

Building a certificate ladder to help reach financial security.

Laddering your cash reserves with face-amount certificates is a smart way to keep cash available for today's expenses and put money aside for tomorrow. In this strategy, you purchase multiple certificates with different term lengths, building a "ladder" of investments. Money becomes available to you as the term on each rung of the ladder ends — available for spending or re-investing.

Laddering is based on two simple principles:

- Certificates with shorter terms let you access your cash sooner, but offer a lower interest rate.
- Certificates with longer terms generally give you a better interest rate, but your cash is less accessible.

In other words, if you invested in a single short-term certificate, you wouldn't need to wait very long to access your cash, but you'd get a lower return. And a single long-term certificate may give you a better yield, but you'd have to wait longer to access the cash without a penalty.

You can build a certificate ladder in different ways, but each has the same goal: to create the appropriate level of liquidity with the highest possible yield while protecting your principal.

A certificate ladder can help you:

- Build a cash reserve for the unexpected and for short- and long-term needs
- Improve the return on your cash while providing liquidity
- Fill a cash flow gap or create a stable source of cash flow to fund your lifestyle in retirement

Talk to your advisor to determine how to structure a certificate ladder that's appropriate for your situation.

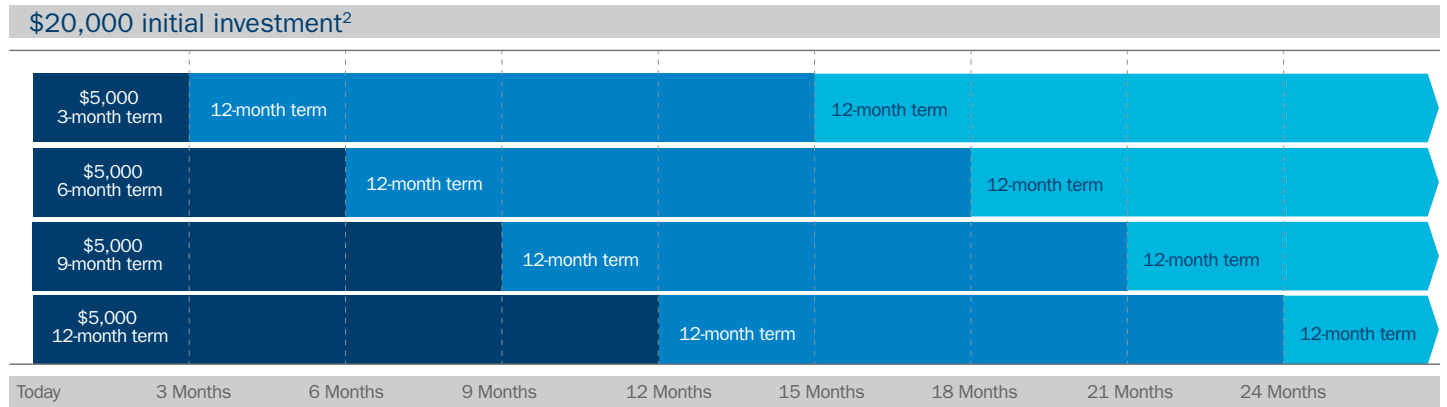
Making the most of your cash investment.

Having a cash reserve is an essential component of a more confident retirement. Depending on your situation, we recommend having a cash reserve large enough to cover six to 36 months of expenses. Building a laddering strategy with your cash reserves keeps a portion of your money regularly available while generating a total return higher than you'd get with short-term certificates alone.

Like most investors, you probably want to keep part of your long-term investment portfolio in cash. A laddering strategy can help you get a better return on your cash, while allowing you to access your money regularly if you need it. It can also help you take advantage of any increase in interest rates. With a laddering strategy, in an increasing rate environment, you could reinvest a portion of your money periodically in potentially higher yielding certificates. This may result in a higher overall yield than you would have earned if you had invested in a single certificate.

Example 1:

Divide a \$20,000 investment into four \$5,000 *Ameriprise* Flexible Savings Certificates with terms of three, six, nine and 12 months. In exchange for a longer commitment, the longer-term certificates will generally earn more. As each shorter-term certificate reaches the end of its term, you can extend the ladder and earn a higher yield by renewing the certificate for a longer period of time (in this case, 12 months). You end up with four 12-month term certificates, with start dates separated by three months. Each certificate's rate resets at a different time, smoothing out interest rates.¹



¹ Rates may be lower upon renewal.
² All investments: *Ameriprise* Flexible Savings Certificates

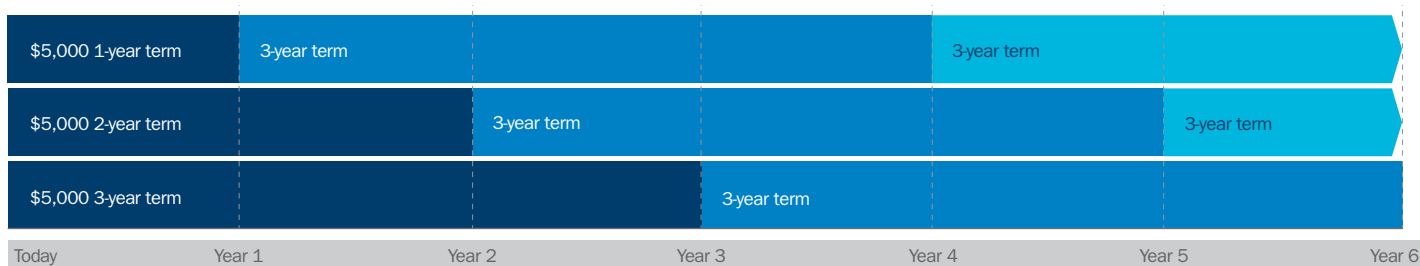
Example 2:

In this strategy, the clients purchase 1-, 2- and 3-year *Ameriprise* Stock Market Certificates at the same time. At the end of the term, they purchase (or renew) into the longest term available (3 years).

By electing this strategy, the client:

- Will have liquidity each year
- Will eventually be fully invested into 3-year terms, which potentially offer the highest maximum return (cap)

Assuming positive market performance, this strategy will produce an overall higher yield than if all the dollars were placed into a single 1-year Stock Market Certificate.

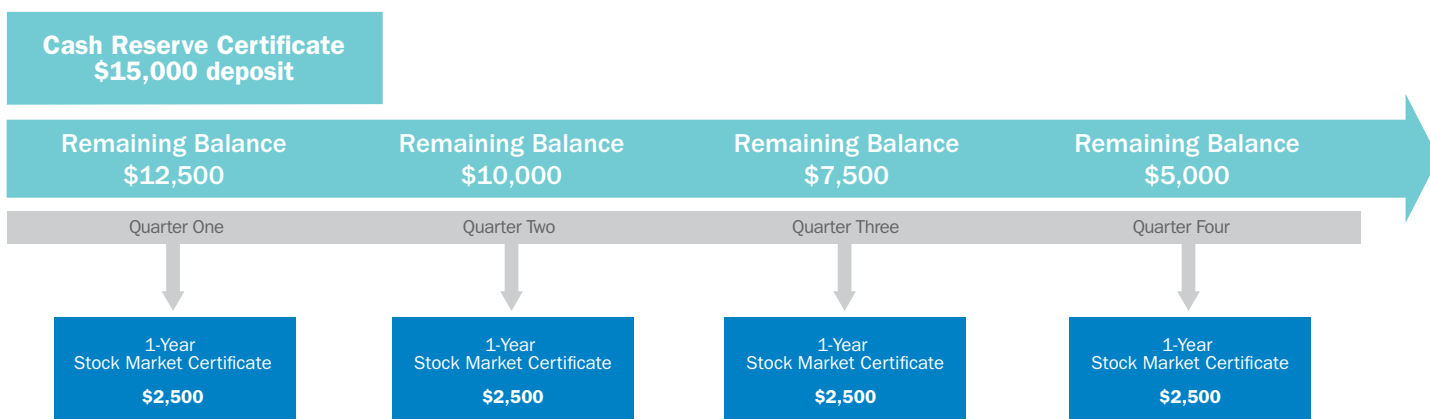


Example 3:

Another option for laddering Stock Market Certificates is to stagger their purchase over a particular period, such as one year. In this strategy, you deposit \$15,000 into an *Ameriprise* Cash Reserve Certificate then set up instructions to move \$2,500 each quarter into a new 1-year Stock Market Certificate.

By electing this strategy, the client:

- Is entering the market at four distinct points versus investing all at one time (dollar-cost-averaging into the market)³
- Will continue to have liquid cash available in the Cash Reserve Certificate
- Will have \$2,500 available quarterly if the need arises or can renew into new 1-year terms as desired



These are just a few of the ways a certificate ladder can fit into your overall investment strategy. Talk to your advisor to determine how to structure a certificate ladder that's appropriate for your situation. Liquidity depends on the type of certificate and term you choose. You may lose principal if you withdraw funds from the Flexible Savings Certificate or Stock Market Certificate before the end of a term. Rates may be lower upon renewal.

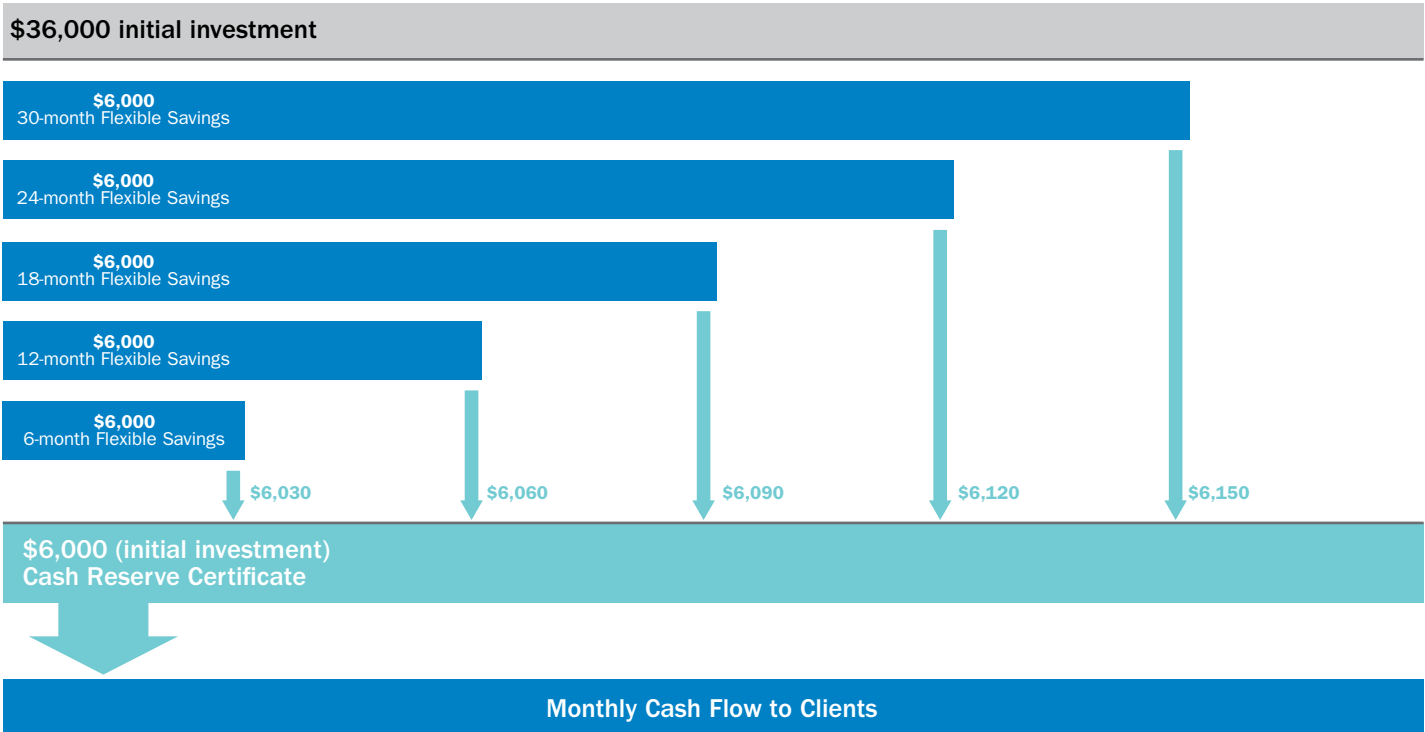
Creating a cash flow stream to supplement your lifestyle.

If you're retired, you may find that you need additional income from your portfolio, either to pay for basic expenses or to enhance your lifestyle. By building a laddering strategy, you can generate cash flow and earn a higher yield than you would in a fully liquid Cash Reserve Certificate.

Example:

To create a \$1,000 monthly cash flow, consider purchasing a \$6,000 Cash Reserve Certificate (available anytime) and \$6,000 each of a 6-, 12-, 18-, 24- and 30-month Flexible Savings Certificate.

At the beginning of months one through six, take out \$1,000 of principal from the Cash Reserve Certificate to cover expenses. At the end of month six, instead of renewing your six-month Flexible Savings Certificate, transfer that money into a Cash Reserve Certificate. Because you can withdraw money from a Cash Reserve Certificate anytime without penalty, you have \$1,000 of guaranteed principal available to cover each of the next six months⁴. If you do the same with your 12-, 18-, 24- and 30-month certificates, your guaranteed principal can meet your \$1,000 monthly cash flow target while also generating more interest income than keeping it all in the Cash Reserve Certificate. At the end of the 36 months, you'll even have money left over because of the interest your certificates will earn along the way. You can also continuously replenish the funds in your three-year reserve by purchasing another \$6,000 30-month Flexible Savings Certificate every six months.



The above graphic represents principal investments and assumes 0.50% interest for the Cash Reserve Certificate and 1.00% for all terms of the Flexible Savings Certificate. If you withdraw more than 10% of principal from a Flexible Savings Certificate before the end of the term rather than as illustrated, early withdrawal penalties will apply. After \$1,000 monthly withdrawals, the remaining Cash Reserve Certificate balance = \$490 (total interest earned in all certificates, rounded, assuming not compounded).





Financial Advice | Retirement | Investments | Insurance | Banking

Ameriprise Financial
2773 Ameriprise Financial Center
Minneapolis, MN 55474
ameriprise.com

You should consider the investment objectives, risks, charges and expenses of certificates carefully before investing. For a free prospectus, which contains this and other important information about our certificates, please visit ameriprise.com. Read the prospectus carefully before you invest.

Examples are for illustrative purposes only.

³ Dollar cost averaging does not assure a profit or protect against loss.

⁴ Any principal withdrawn during the term above the 10% level from the Flexible Savings Certificate or Stock Market Certificate, is assessed a 2% withdrawal charge.

Stock Market Certificate holders may have taxable income each year that they own the certificate, even if they do not receive an interest payment during the year. See the prospectus for additional tax information, and consult your tax advisor before purchasing a Stock Market Certificate in a taxable account.

Certificates are backed by reserves of cash and qualified assets on deposit of Ameriprise Certificate Company and are not federally or FDIC insured, and include investment risk, including possible loss of principal. The assets backing the certificates have varying ratings and generally increase in market value as interest rates fall and decrease in market value as interest rates rise. These assets have risks, including credit risk, interest rate risk, prepayment and extension risk.

Ameriprise Certificates are issued by Ameriprise Certificate Company and distributed by Ameriprise Financial Services, LLC. Member FINRA and SIPC.

© 2019-2020 Ameriprise Financial, Inc. All rights reserved.

246828 K (06/20)