



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 preserving 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

\$20,000 initial investment ²								
\$5,000 3-month term	12-month term				12-month term			
\$5,000 6-month term		12-month term				12-month term		
\$5,000 9-month term			12-month term				12-month term	
\$5,000 12-month term				12-month term				12-month term
Today	3 Months	6 Months	9 Months	12 Months	15 Months	18 Months	21 Months	24 Months

Initial term Second term Third term

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

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 2:

To create a \$1,000 monthly cash flow for 36 months, 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 months.³ 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.

\$36,000 initial investment						
\$6,000 6-month term	Cash Reserve					
\$6,000 12-month term		Cash Reserve				
\$6,000 18-month term			Cash Reserve			
\$6,000 24-month term				Cash Reserve		
\$6,000 30-month term					Cash Reserve	
Today	6 Month	12 Month	18 Month	24 Month	30 Month	36 Month

☐ Initial term ☐ Second term

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 before the end of a term. Rates may be lower upon renewal.

Certificates are backed by the assets of Ameriprise Certificate Company (ACC). ACC is not a bank, and the securities it offers are not deposits or obligations of, or backed or guaranteed or endorsed by, any bank or financial institution, nor are they insured by the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board or any other agency. Although ACC’s qualified assets on deposit currently exceed the deposit amounts required by applicable regulations, if there are losses on ACC’s assets, ACC may not have sufficient resources to meet its obligations, including making interest and/or principal payments on your certificates. Most of ACC’s assets are debt securities and are subject to risks including credit risk, interest rate risk and prepayment and extension risk.

Examples are for illustrative purposes only.

³Any principal withdrawn during the term above the 10% level from the Flexible Savings Certificate is assessed a 2% withdrawal charge.



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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.

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