Article published on March 22nd 2012 | Loans

Whenever you have money in the bank, you would expect it to earn you a bit of interest each year. This is a very important concept that most people do not think about fully. For instance, rather than saving your money in any regular account, you would get a higher interest rate when you put the money in a savings account. This is something that a number of people may not know, especially if they are of the younger generation and are not fully conversant with the workings of bank account deposits. However, even if you know a thing or two about savings in a bank, you may need to do more in order to find the best way to make that money earn you more money.

For instance, there are many banks which have dismal savings account interest rates. Most of the commercial banks offer such rates at below ten percent per year. This means that you would need to save lots of money in order for it to earn you any significant income. However, the other more urgent issue about saving money in such an account is how the low interest rate is going to affect the value of the money that you have.

Though it is a hard concept to get one's mind around, money does not retain its value over time. For instance, you will find that what a dollar could buy five decades ago is much more than what it can buy now. The rate at which money loses its value is what is commonly referred to as inflation. This concept basically means that if you have a dollar today and keep it without it earning any interest, it will have lost some of its value in ten years. In order to reduce or even counter the effects of inflation, most people prefer to save their money in a way that gains them interest.

The disadvantage of a regular savings account is that the savings account interest is often much lower than the rate of inflation. This means that it only works to slightly offset the loss in value that your money accrues while in the bank. If you are looking to avoid this, you can try and save your money in high yield savings accounts instead of the ordinary ones. These often have a much higher savings account interest rate, and you may even get some offering in excess of ten percent interest.

A figure such as ten percent interest is laughable when you compare it with other savings modes such as hedge funds which may sometimes yield even twice or three times that. However, the most powerful thing about high yield savings account is that they are extremely secure. The interest rate is guaranteed, which means that there is no room for losing your money. If you are trying to ensure that your life savings are intact and that they earn you fair interest, you would be much wiser investing them in such a savings account rather than exposing yourself to the risks of other kinds of investment vehicles.

Article Source:
http://www.articleside.com/loans-articles/what-do-you-know-about-bank-savings-account-interest-rates.htm - Article Side

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Although it is hard to expect anything great from a savings account interest rates, there is still comparison work for you to do if you want to determine the a best interest rates from any one bank. For the individuals who prefer stability, savings account interest rates can still keep them happy in view of the low risk involved.

Article Keywords:
interest, rate, mortgage, bank, loan

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