Morgan Stanley

FIXED-INCOME ESSENTIALS

Brokered CDs: Bank-Safe. Market-Smart.

The safety of a bank deposit. The flexibility of an investment you can trade. Here's how brokered CDs work, and what to know before you invest.

01 What is a brokered CD?

A brokered CD is a bank-issued CD you buy through your Morgan Stanley advisor, not directly from a bank. Because we work with a network of FDIC-insured issuing banks, you can shop a wide range of terms and rates through one relationship and one account.

Like any CD, it pays a fixed rate for a fixed term. The difference: it lives inside your brokerage account, and it can often be sold on the secondary market before it matures if your plans change.

IN SHORT *bank-CD safety and insurance, with the flexibility of an investment account.*

02 How a brokered CD works

1

Select your CD

Pick the term and rate that fit your goals from our network of issuing banks. Your advisor can help.

2

Funds are deposited

Your money goes to the issuing bank, where it sits as an FDIC-insured deposit up to applicable limits.

3

Interest accrues

Your rate is locked in for the full term, paid out periodically or at maturity depending on the CD.

4

Maturity or early sale

At maturity, your principal comes back in full. Need cash sooner? You can often sell on the secondary market at the going price.

03 Brokered CD vs. traditional bank CD

	Brokered CD	Traditional Bank CD
Where you buy it	Through your brokerage / wealth manager	Directly from the bank
Where it lives	In your investment account	In a bank deposit account
Choice of issuers	Many banks, one account	One bank only
Early access	Sell on the secondary market	Withdraw early, usually with a penalty
Price before maturity	Moves with interest rates	N/A, held to maturity
FDIC insurance	Yes, up to limits per issuing bank	Yes, up to limits

04 Benefits and considerations

Potential benefits	Important considerations

- FDIC-insured up to applicable limits at each issuing bank
- One account, access to many banks, terms, and rates
- A fixed rate you can count on for the full term
- Sell before maturity if you need flexibility
- Spread deposits across banks to extend coverage

- Sell early and you may get back more, or less, than you paid
- A sale needs a willing buyer and depends on current rates
- Rates are fixed, so you won't benefit if they rise
- Coverage is per bank; multiple CDs at one issuer can exceed limits
- Some CDs are callable, meaning the bank can redeem them early

05 Key terms to know

Term	How long your money is committed, from 6 months to 60 months.
Maturity	The date the CD ends and your principal is returned in full.
Secondary market	Where you can sell a brokered CD before maturity, at the current market price.
Callable CD	A CD the bank can redeem early, returning your principal plus interest earned.
FDIC coverage	Insurance on eligible funds, up to legal limits at each issuing bank.

Speak with your Morgan Stanley advisor

We'll help you build a CD strategy around your cash-flow needs and long-term goals.

CONTACT US

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