

# The Ultimate Beginner's Guide to Investing in Treasury Inflation Protected Securities (TIPS)

## What are TIPS

Treasury Inflation Protected Securities (TIPS) are a type of bond issued by the U.S. government that are designed to protect investors from inflation. TIPS are backed by the full faith and credit of the U.S. government, so they are considered to be a very safe investment.



## Explore TIPS: A Practical Guide to Investing in Treasury Inflation-Protected Securities by David A. Livermore

★★★★☆ 4.4 out of 5

Language	: English
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Text-to-Speech	: Enabled
Screen Reader	: Supported
Enhanced typesetting	: Enabled
Word Wise	: Enabled
Print length	: 90 pages
Lending	: Enabled



The principal value of TIPS is adjusted each year based on the rate of inflation, as measured by the Consumer Price Index (CPI). This means that if inflation rises, the value of your TIPS will increase, and vice versa.

TIPS pay interest payments every six months, just like regular Treasury bonds. However, the interest payments on TIPS are not adjusted for inflation.

## Why invest in TIPS?

There are several reasons why you might want to invest in TIPS:

\* **To protect against inflation.** TIPS are a good way to protect your investments from the effects of inflation. If inflation rises, the value of your TIPS will increase, so you will not lose money. \* **To diversify your portfolio.** TIPS can help to diversify your portfolio and reduce your overall risk. TIPS are not correlated to stocks or bonds, so they can help to smooth out the returns of your portfolio. \* **To save for retirement.** TIPS can be a good way to save for retirement because they provide a steady stream of income that is protected from inflation.

## How to invest in TIPS

There are several ways to invest in TIPS:

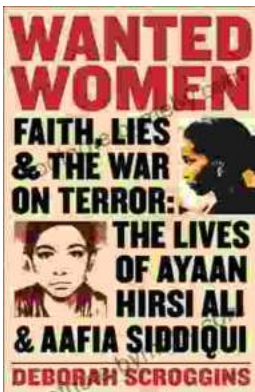
\* **Buy individual TIPS bonds.** You can buy individual TIPS bonds through a broker. \* **Invest in TIPS mutual funds or ETFs.** TIPS mutual funds and ETFs are a good way to invest in TIPS without having to buy individual bonds. \* **Invest in TIPS through a retirement account.** You can invest in TIPS through a 401(k) or IRA.

TIPS are a good investment for investors who are looking for a safe way to protect their money from inflation. TIPS are backed by the full faith and credit of the U.S. government, so they are a very low-risk investment. TIPS can also help to diversify your portfolio and smooth out the returns of your investments.

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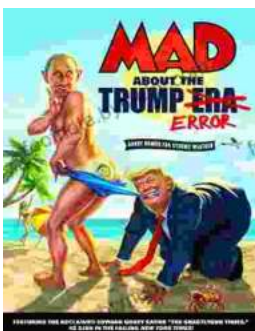


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