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Can You Add Money to a CD?

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Most CDs don't allow you to add money once you've opened and funded the account, but you can add more money if you open a specialty CD called an add-on CD.



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Our Research Process

In This Guide

With traditional [certificates of deposit](#) (CDs), you choose a term length and typically make one opening deposit to fund the account, leaving that money untouched for the length of the CD term. With a type of specialty CD called an add-on CD, you can make additional deposits at any time before the CD matures.

We at the MarketWatch Guides team explore this specialty CD's pros and cons so you can decide whether it's the right fit for your personal finance goals.

Key Takeaways

- Typically, traditional CDs only allow you to make a one-time deposit when you open an account, so you can't usually add money to a CD after it's been funded.
- Add-on CDs allow you to add money to the account throughout the CD term, helping you continue building your savings.
- This type of CD can benefit people who want to keep adding money to a fixed-rate savings account over time.
- Add-on CDs usually have lower annual percentage yields (APYs) than traditional CDs.

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What Is a CD?

A [CD is a type of deposit account](#) that's offered by banks and credit unions. It comes with a fixed term, and you generally can't remove money from the account during the term without paying an early withdrawal penalty. CDs come in standard versions and specialty versions, such as add-on CDs, [no-penalty CDs](#) and [individual retirement account \(IRA\) CDs](#).

Most CDs have minimum deposit requirements that you pay when you open the account, which typically range from \$500 to \$2,500, though some financial institutions don't require an initial deposit. Most institutions only allow you to fund the account once, either during account opening or within a set period of time after account opening. Your deposit will usually earn a fixed interest rate for the length of the CD term, and interest is usually compounded daily or monthly.

Most CDs are insured by the [Federal Deposit Insurance Corp.](#) (FDIC) or National Credit Union Administration (NCUA) for up to \$250,000 per depositor and per account ownership category at each insured institution.

What Is an Add-On CD?

An add-on CD is a [type of specialty CD](#) that allows you to deposit funds in any amount and at any time to an existing CD. Similar to traditional CDs, add-on CDs are available in different term lengths and with different interest rates, and interest rates are typically fixed. You also can't remove funds from the account early without paying a penalty.

This account can be advantageous to those who want to continue to grow their savings and may not have a larger amount of money to invest initially.

Benefits of Add-On CDs

The biggest advantage over traditional CDs is the flexibility to add funds over time. You can continue to grow your account as often as you'd like until the CD matures. Also, those with fluctuating income may find the ability to contribute to their CD whenever they like to be appealing.

Since CDs typically [earn interest](#) that compounds daily or monthly, the more you add to your CD, the greater the potential for higher overall returns.

Limitations and Conditions of Adding Money to CDs

Add-on CDs have some limitations. For instance, few financial institutions offer add-on CDs, so it can be hard to find accounts with competitive interest rates or appealing requirements. Plus, in exchange for flexibility, add-on CDs typically have lower interest rates than traditional CDs.

Although you can add money to an add-on CD after your initial deposit or funding, you can't remove money whenever you'd like. Like nearly all CDs, add-on CDs are subject to early withdrawal penalties if you take out money before the maturity date.

How To Choose the Right CD for Your Savings Needs

Choosing the right CD for your needs should be based on a combination of factors. Consider how much you want to invest, how long you're willing to leave those funds untouched and where you can find the most competitive rates for the terms you're interested in.

There's a wide spectrum of interest rates available on CDs of all term lengths, so it pays to shop around to find the CD that offers the best combination of attributes for your needs at the best rate possible. [Online banks and credit unions](#) typically offer some of the best CD rates, but many traditional banks and credit unions offer [promotional high-yield CDs](#) as a part of their product mix.

Alternatives to an Add-On CD

"[Add-on CDs] are good for some people, but you must reflect on your goals and what you're trying to accomplish," said Matt Willer, managing director at Phoenix Capital Group. "Then work backward, and the decision will become clear."

If you aren't sure that an add-on CD is right for you, there are other options to consider.

CD Ladder

If you like the safety and predictability of a CD but value flexibility, a [CD ladder](#) could be a better fit. With a CD ladder, you purchase multiple CDs with staggered maturity dates, which can offer more control over your money than putting a large sum in one CD.

For example, someone with \$5,000 could invest \$1,000 in five separate accounts, such as [one-year](#), two-year, [three-year](#), four-year and [five-year CDs](#). Every year for five years one of those [CDs will mature](#), freeing up those funds, plus the interest earned. You can then choose to renew and keep the ladder going or use the funds for a new CD or something else.

High-Yield Savings Accounts (HYSAs)

[High-yield savings accounts](#) have the same level of safety as a CD since they are also FDIC-insured or NCUA-insured, but you can withdraw your funds at any time. This makes an HYSAs more suitable for an emergency fund than a CD. Just be aware that, [like any savings account](#), the interest you'll earn on an HYSAs is variable and can rise and fall based on market conditions.

Money Market Accounts (MMAs)

[Money market accounts](#) are hybrid bank accounts with features of both [checking accounts](#) and savings accounts. They usually have higher interest rates than [savings accounts](#) and they may offer check-writing privileges and a debit card, making it easier to access your money. However, you may need to maintain a certain minimum balance to earn a competitive interest rate. They also come with FDIC or NCUA insurance.

>>Related: [Money Market Accounts vs. CDs](#)

Stocks

Investing in stocks is another alternative to consider, but it comes with greater risk since your money is not insured and there's no guarantee you'll earn money from the investments.

FAQ: Can You Add Money to a CD?

Can you add money to a CD at any time?



Do add-on CDs earn as much interest as traditional CDs?



Are add-on CDs worth it?



**Data accurate at time of publication*

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