Name____ Period__________

VOCABULARY INVESTING
Student Worksheet

PRIMARY VOCABULARY

1. **Savings:**

2. **Investments:**

3. **Investing:**

4. **Risk:**

5. **Return:**

6. **Liquidity:**

7. **Stocks:**

8. **Bonds:**

9. **Mutual Funds:**

10. **Real Estate:**

11. **Certificate of Deposit:**

12. **Collectibles:**

Short Term Investing Strategies

13. **Buying on margin:**

14. **Short selling:**

Long- term Investing Strategies

15. **Diversification:**

16. **Dollar Cost Averaging:**

17. **Buy and Hold Technique:**

18. **Regulatory Pyramid:**

19. **Prospectus:**

20. **Annual Report:**

SUPPLEMENTARY VOCABULARY

21. **Compounding Interest:**

22. **Fixed Interest Rate:**

23. **Inflation:**

24. **Interest:**

25. **Interest Rate:**

26. **Principal:**

27. **Simple Interest:**

28. **Time Value of Money:**

VOCABULARY INVESTING
Teacher Key

PRIMARY VOCABULARY

1. **Savings:** is the portion of current income not spent on consumption.

2. **Investments**: Investing is the purchase of assets with the goal of increasing future income.

3. **Investing:** The purchase of assets with the goal of increasing future income.

4. **Risk:** The chance that the value of an investment will decrease.

5. **Return:** The profit or yield from an investment.

6. **Liquidity:** The ability of an investment to be converted into cash quickly without loss of value.

7. **Stocks:** An investment that represents ownership in a company or corporation.

8. **Bonds:** A security representing a loan of money from a lender to a borrower for a set time period, which pays a fixed rate of interest.

9. **Mutual Funds:** An investment that pools money from several investors to buy a particular type of investment, such as stocks.

10. **Real Estate:** An investor buys a piece of property, such as land or building, in hope of generating a profit.

11. **Certificate of Deposit:** a deposit that earns a fixed interest rate for a specified length of time, the longer the time period the greater the rate of return; however, there is a substantial penalty for early withdrawal.

12. **Collectibles:** Unique items that are relatively rare or highly valued such as art work, baseball trading cards, coins, automobiles, antiques.

Short Term Investing Strategies

13. **Buying on margin:** is where an investor borrows part of the money needed to invest in a stock from a brokerage firm.

14. **Short selling:** is when an investor sells shares of stock that they do not own with the intent to buy them back later at a lower price.

Long- term Investing Strategies

15. **Diversification:** is spreading your assets among different types of investments to reduce risk ("Not putting all your eggs in one basket")

16. **Dollar Cost Averaging:** is buying an equal amount of the same stock at equal intervals.

17. **Buy and Hold Technique:** is where an investor buys sock and holds on to it for a number of years.

18. **Regulatory Pyramid:** a Network of safeguards that surround the securities industry- from the individual brokerages all the way up to the US Congress.

19. **Prospectus:** A formal written offer to sell securities that sets forth a plan for a proposed business enterprise. A prospectus should contain the facts that an investor needs to make an informed decision.

20. **Annual Report:** a document detailing the business activity of a company over the previous year, and containing an income statement, cash flow statement, and balance sheet.

<u>SUPPLEMENTARY VOCABULARY</u>

21. **Compounding Interest:** Earning interest on interest.

22. **Fixed Interest Rate:** The interest rate will not change for the lifetime of the investment.

23. **Inflation:** Steady rise in the general level of prices. Occurs when the supply of money rises faster than the supply of goods and services available for purchase.

24. **Interest:** Price of money.

25. **Interest Rate:** Percentage rate paid on the money saved or invested expressed as an annual percentage rate.

26. **Principal:** The original amount invested, borrowed, or saved.

27. **Simple Interest:** Interest earned on the principal (original) investment

28. **Time Value of Money:** A calculations which adjust for the fact that dollars to be received or paid out in the future are not equivalent to those received or paid out today because of compounding interest.