

Name _____

Period _____

Vocabulary Savings Investing Student Worksheet

Primary

1. Savings:
2. Investing:
3. Risk:
4. Return:
5. Liquidity:
6. Relationship between risk and return:
7. Stocks:
8. Bonds:
9. Mutual Funds:
10. Real Estate:
11. Certificate of Deposit:
12. Collectibles:
13. Compounding Interest:
14. Fixed Interest Rate:
15. Inflation:
16. Interest:

17. **Interest Rate:**

18. **Liquidity:**

19. **Money Market Account:**

20. **Pay Yourself First:**

21. **Principal:**

22. **Rule of 72:**

23. **Savings Account:**

24. **Savings Bond:**

25. **Simple Interest:**

26. **Time Value of Money:**

SAVING VS. INVESTING VOCABULARY

PRIMARY VOCABULARY

1. **Savings** is the portion of current income not spent on consumption.
2. **Investing** is the purchase of assets with the goal of increasing future income.
3. **Risk** is the chance that the value of an investment will decrease.
4. **Return** is the profit or yield from an investment.
5. **Liquidity** is the ability of an investment to be converted into cash quickly without loss of value.
6. **Relationship between risk and return:** The higher the risk, the higher the return, the lower the risk, the lower the return.
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.
13. **Compounding Interest:** Earning interest on interest.
14. **Fixed Interest Rate:** The interest rate will not change for the lifetime of the investment.

- 15. 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.
- 16. Interest:** Price of money.
- 17. Interest Rate:** Percentage rate paid on the money saved or invested expressed as an annual percentage rate.
- 18. Liquidity:** How easily investments can be converted to cash.
- 19. Money Market Account:** A government insured account offered at most depository institutions.
- 20. Pay Yourself First:** Taking out a portion of a paycheck for saving or investing before using any of the check for spending.
- 21. Principal:** The original amount invested, borrowed, or saved.
- 22. Rule of 72:** Formula figuring the number of years it takes to double principle using compound interest. This is found by dividing the interest rate the money will earn into the number 72.
- 23. Savings Account:** An account to hold money not spent on consumption.
- 24. Savings Bonds:** Promissory notes issued by federal government.
- 25. Simple Interest:** Interest earned on the principal (original) investment.
- 26. 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.