

403B - a retirement plan for specific employees of public schools, tax-exempt organizations and certain ministers. These plans can invest in either annuities or mutual funds. A 403(b) plan is another name for a tax-sheltered annuity (TSA) plan.

401K - a qualified employer-established plan to which eligible employees may make salary deferral (salary reduction) contributions on a post-tax and/or pretax basis.

IRA - A plan that individuals may establish to arrange and plan for retirement.

Social Security - benefits that are paid out monthly to retired workers and their spouses who have, during their working years, paid into the system. Benefits are also available to qualifying individuals who are completely and permanently disabled, and are determined by a specific and rigid set of criteria.

Bond - a debt investment in which an investor loans money to an entity (typically corporate or governmental) which borrows the funds for a defined period of time at a variable or fixed interest rate.

Interest - the charge for the privilege of borrowing money, typically expressed as annual percentage rate.

Compounding Interest - interest calculated on the initial principal and also on the accumulated interest of previous periods of a deposit or loan.

Investing - the act of committing money or capital to an endeavor (a business, project, real estate, etc.) with the expectation of obtaining an additional income or profit.

Liquidity - the degree to which an asset or security can be quickly bought or sold in the market without affecting the asset's price.

Mutual Fund - an investment vehicle made up of a pool of moneys collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and other assets.

Tax-Deferred - investment earnings such as interest, dividends or capital gains that accumulate tax free until the investor takes constructive receipt of the gains.

Inflation - a sustained increase in the general level of prices for goods and services in a county, and is measured as an annual percentage change.

Life Expectancy - the statistical age until which a person can be expected to live.

Lifestyle – the way in which a person or group lives

Certificate of Deposit - a savings certificate with a fixed maturity date, specified fixed interest rate and can be issued in any denomination aside from minimum investment requirements.

Contribution - to act of giving (money, time, knowledge, assistance, etc.) to a common supply, fund, etc.

Diversification - a risk management technique that mixes a wide variety of investments within a portfolio.

Distribution - when the trading volume of a security is greater than that of the previous day without any price increase.

Dividend - a distribution of a portion of a company's earnings, decided by the board of directors, to a class of its shareholders.

Rollover - occurs when reinvesting funds from a mature security into a new issue of the same or a similar security; transferring the holdings of one retirement plan to another without suffering tax consequences; or moving a forex position to the following delivery date.

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Participant – a person who takes part in something.

Risk - the chance an investment's actual return will differ from the expected return.

Risk Tolerance - the degree of variability in investment returns that an investor is willing to withstand.

