



# Glossary of Common Terms & Concepts

The terms below cover key concepts related to the 2012-2013 financial theme and the three featured books.

**Budget:** A spending plan for managing money during a specific period of time. A standard budget includes a time frame, income, expense categories, estimated costs, actual costs, and savings.

**Dividend:** The share of a company's annual profits paid to stockholders. Payments are determined per share.

**Interest:** A payment made by a bank or other financial institution for the use of money deposited in an account. Compound interest is earned when a bank or other financial institution uses the amount of interest already earned in an account when determining the next interest payment--paying interest on interest earned.

**Investment:** The spending of money with the goal of making a profit by depositing it in a bank or credit union or by buying a stock in a company.

**Investment Risk:** The chance of losing some or all of the money an investor has placed in a specific financial product, such as a stock.

**Investor:** A person, company or other organization that has money invested in something, especially stocks.

**Goal:** Something that somebody wants to achieve.

**Goal Setting:** The process of identifying something specific that someone wants to achieve and how that goal will be achieved. Goals should be specific, be written down so the results can be measured, be reachable, and have a time deadline.

**Savings:** Money that is set aside for use later.

**Shareholder:** Owner of one or more shares of stock in a corporation.

**Stock:** A share or specific portion of a company that is bought and sold.

**Stock Exchange or Stock Market:** An organized financial marketplace where stocks are sold.

**Wall Street:** The financial district where stock exchanges and several brokerages and banks are located; a street in New York City where the major financial district is located.



*Reference sources for glossary: Encarta Webster's College Dictionary, copyright 2005; and glossary in "Stock Market Pie" by J.M. Seymour.*