



Words to Know

Bond: Loans to corporations or to the government for a certain period, called a term. At the end of the term, the bond matures and can be repaid by the company.

Compound interest: When you deposit money into a savings account, your money earns its own money, called interest. Compound interest is what you get when you earn interest on your interest.

Diversification: When an investor spreads the risk of loss over a variety of savings and investment options.

Dividends: Money paid regularly by a company to its shareholders out of its profits or reserves.

FDIC (Federal Deposit Insurance Corporation): Part of the federal government, the FDIC's biggest job is to protect the savings of Americans in FDIC-insured banks. This means that if an FDIC-insured bank doesn't have enough money to pay back the people it owes, the FDIC will make sure all depositors get their money. The FDIC also makes rules and regulations that help prevent bank failures.

501(c)(3): A nonprofit organization that is exempt from income tax.

Fraud: Misleading, cheating, or tricking.

Insider trading: Fraudulent trading of stocks or securities based on private information.

Interest: Additional money that can be earned in a savings account, or additional money that has to be paid on a credit card.

Investment: Putting money in things like stocks, bonds, and real estate—anything that can help money grow.

IRA: Individual Retirement Arrangements. These are contributions that may be tax deductible, based on the amount of your contribution and your income.

Regulator: A person or organization that makes sure that banks and financial businesses act in a responsible way and do not break the law.

Renters insurance: Covers a renter's personal property in case of damage by fire, theft, flooding, and more. It can also cover the renter if someone is injured in their residence and sues for negligence.

Savings: Money that is not spent and has been set aside to use later.

Securities: Financial assets that have value and can be bought, sold, or traded, including stocks, bonds, options, and mutual fund shares. Securities are under tight government regulation by the SEC (Securities and Exchange Commission).

U.S. savings bond: A long-term investment option backed by the full faith and credit of the U.S. Government.

Stocks: A way to invest in a company by buying shares. If the company does well, the investor receives dividends.

Wealth: The value of everything a person owns (assets).