

Budget - a spending plan based on income and expenses

Claim - When someone asks their insurance company for money or replacement products, e.g. if an insured product has been damaged or stolen.

Compounding - The return (money) that's earned on both the money that's been invested and the money that's been added to the account because of investment returns (increases).

Diversification - owning a range of variety of different investments to reduce the risk of one investment performing really badly and then losing significant money (not putting all eggs in one basket)

Dividends - The bit of the profit a company may pay the investor on a regular basis

Emergency fund - money put aside for unexpected expenses

Excess - The amount of money to pay when someone makes a claim

Expenditure - money going out i.e. that is spent

Gross pay - the total amount an employer pays to a member of staff

Income - money coming in from work or from investments

Income tax - the amount of tax, collected monthly from gross pay

Insurance - A way of paying a company in order to be protected from having to pay a larger amount of money

Invest - putting resources into an asset (item) with the hope that the value will grow over time

Investment - money that goes into an asset with the hope that it will grow in value over time

Index fund - tracks a bundle of companies (could be hundreds) in a market (such as following the FTSE100)

National insurance - an amount paid to the government from the total salary to cover any illness or absence from work

Needs - something that is essential

Net pay - the amount of money left after all regular deductions including income tax and national insurance, and any savings towards a pension

Pension - an amount set aside as savings regularly to pay a monthly income when you retire or reach retirement age

Policy - Who and what is covered by insurance Who and what is covered by insurance

Premium - Amount paid each month/ year for insurance

Risk - the amount of uncertainty when it comes to an investment, which may lead to losing money

Savings - money that is not spent

Savings Accounts - An account to put money in and earn interest. There are many different types of savings accounts from

- Fixed-rate (lock away money for set amount of time)
- Easy-access (can withdraw money easily)
- Regular Saver (can access money more easily)
- Green-savings accounts (where savings are only used to fund environmentally friendly projects)

Stock market - tracks the performance of a group of stocks. The main stock market in the UK is the FTSE 100 which tracks the 100 largest UK companies.

Student loan - an amount of money borrowed to pay for university or college tuition fees

Wants - something that is not essential