Financial Terms Quick Reference

Session 1 - How Money Really Works | Participant Resource | Version 1.0

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Core terms

Asset - Something owned or controlled that has value.

Liability - A financial obligation or amount owed.

Cash flow - Money coming in and money going out over time.

Net worth - Assets minus liabilities.

Compound growth - Growth earned on both principal and prior growth.

Rule of 72 - An estimate of how long money may take to double at a steady rate.

Diversification - Spreading exposure among different investments or categories.

Dollar-cost averaging - Investing a consistent amount at regular intervals.

Beneficiary - A person or entity designated to receive a covered benefit or asset.

Remember

Terms explain concepts; they do not determine what is appropriate for your household.

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