Grantley Speaking

Episode 5: Delayed Gratification

1. **Mutual funds** - A mutual fund is a way for many people to pool their money and buy stocks, bonds or other securities. Mutual funds are divided into shares and each investor in the fund buys a number of shares that corresponds to the amount of money invested. Investors therefore participate proportionally in the gains or losses of the fund. The price of each share is known as the Net Asset Value (NAV). The NAV is simply the total value of the securities the fund owns divided by the number of the fund's shares outstanding.
2. **Investing** - The process of committing your savings to a goal, with the expectation of obtaining a future benefit that outweighs the cost.
3. **Stocks** - A stock (also known as "shares" and "equity") is a type of security that signifies ownership in a corporation and represents a claim on part of the corporation's assets and earnings.
4. **Bonds** – A debt security, similar to an IOU. Borrowers issue bonds to raise money from investors willing to lend them money for a certain amount of time.

   When you buy a bond, you are lending to the issuer, which may be a government, or corporation. In return, the issuer promises to pay you a specified rate of interest during the life of the bond and to repay the principal, also known as face value or par value of the bond, when it "matures," or comes due after a set period of time.
5. **Real Estate** - Property consisting of land or structures attached to land. As an investment, this refers to property that generates income or is otherwise intended for investment purposes rather than as a primary residence.
6. **Publicly Traded Companies** – Those businesses whose shares can be freely traded on a stock exchange or over-the-counter. Also known as a publicly traded company, publicly held company, or public corporation. The stocks of this type of company belong to members of the general public, as well as pension funds, and other large investing organisations.
7. **Investor** - any person or other entity (such as a firm or mutual fund) who commits capital with the expectation of receiving financial returns.
8. **Diversification** - Diversification can be neatly summed up as, "Don't put all your eggs in one basket." The idea is that if one investment loses money, the other investments will make up for those losses. Diversification can't guarantee that your investments won't suffer if the market drops. But it can improve the chances that you won't lose money, or that if you do, it won't be as much as if you weren't diversified.
9. **Risk** - The chance an outcome or investment's actual return will differ from the expected outcome or return. Risk includes the possibility of losing some or all the original investment.
10. **Return** - A return, also known as a financial return, in its simplest terms, is the money made or lost on an investment.
11. **Compound Interest** - This is interest that is calculated both on an original sum of money and on interest which has previously been added to that original sum.

12. **Retirement loan** – A unicorn. Plan, save and invest today for a financially secure retirement.

13. **Income stream** - An amount of money that keeps coming in or being produced from an investment or by selling products or services.

14. **Retirement age** – Following four years of incremental increases, the pensionable age in Barbados was increased to 67. years on January 1, 2018.

15. **Instant gratification** - Instant gratification is the desire to experience pleasure or fulfilment without delay or deferment. Basically, it's when you want it; and you want it now.

16. **Delayed gratification** - The ability to resist the temptation for an immediate, but usually smaller, reward and wait for an enduring reward or achievement later.

17. **The dog food story** – Fact or fiction? We don't know but check it out and tell us you're not scarred for life!

18. **Paying yourself first** - Simply automatically routing a specified savings contribution from each paycheck at the time it is received. It's widely considered by financial experts as a very effective way to ensure you continue making your chosen savings contributions month after month.

19. **Income tax** - An income tax is a tax that governments impose on income generated by businesses and individuals.

20. **National insurance** – A tax system paid by employees and employers to fund national benefits.

21. **Additional voluntary contributions** - An extra allocation of funds to a retirement savings account that is above the amount that an employer will provide as a matching contribution. An employee can make additional voluntary contributions at her or his own discretion.

22. **Retirement plan** – Sometimes also referred to as a pension plan. This plan requires an employer to make contributions into a pool of funds set aside for a worker's future benefit. The pool of funds is invested on the employee's behalf, and the earnings on the investments generate income to the worker when they retire.

23. **Dollar cost averaging** - This is a strategy whereby an investor buys the same dollar amount of an investment on regular intervals. A monthly savings plan is one way to achieve this. The idea is to reduce the effect of short-term market volatility over time.

Definitions extracted from:

www.360financialliteracy.org
www.entrepreneur.com
www.investopedia.com
www.marketbusinessnews.com