Grantley Speaking
Episode 14: So This is Payday

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. **Investors** - An investor is any person or other entity (such as a firm or mutual fund) who commits capital with the expectation of receiving financial returns.
3. **Investment** - An asset or item acquired with the goal of generating income or appreciation. In an economic sense, an investment is the purchase of goods that are not consumed today but are used in the future to create wealth. In finance, an investment is a monetary asset purchased with the idea that the asset will provide income in the future or will later be sold at a higher price for a profit.
4. **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.
5. **Returns** - A return, also known as a financial return, in its simplest terms, is the money made or lost on an investment.
6. **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.
7. **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.
8. **Bonus** - A bonus is a financial compensation that is above and beyond the normal payment expectations of its recipient.

9. **Budgeting** - Budgeting is the process of creating a plan (a budget) to spend your money. This spending plan helps you know in advance whether you have enough money to do the things you need and want to do.

10. **Track your spending** - Tracking your expenses can help you improve your awareness of what you are spending and where you are spending it. From there you can identify what spending activities you need to change.

11. **Credit card** - A credit card is a borrowing tool used to buy items; you can also use it to transfer balances or withdraw cash. Once a month you receive a statement of your borrowing. You then have the option to pay off the full balance on the card, or an amount less than that, as long as you make at least the minimum payment. If you don't repay in full, you'll usually be charged interest. You'll be given a credit limit – make sure you keep within this, as the charges for not doing so can be high.

12. **Income Tax Returns** - An income tax return is a tax form filed with a tax agency by a taxpayer to report, calculate and pay tax.

13. **Envelope System** – A system where you place money into envelopes for various spending purposes (e.g. rent, food, gas). The idea is that money assigned for that purpose is what you are allowed to spend. There is no transfer between envelopes.

14. ***All who help yuh buy a big guts horse don' help yuh feed it.*** – [Bajan proverb] The person who leads you into trouble is never around to help you get back out.

15. **1990s financial crisis in Barbados** – Barbados went into a deep recession in the 1990s after three years of steady decline. It was during that time that the then government introduced an eight per cent pay cut for public sector workers as a means of reducing state expenditure.

16. **(Financial) instrument** -Any asset purchased by an investor can be considered a financial instrument. They can be bought and sold as things that hold and produce value.

Definitions extracted from:

www.360financialliteracy.org

www.businessdictionary.com

www.investopedia.com

www.marketbusinessnews.com

www.mymoneycoach.ca