Grantley Speaking
Episode 15: No One Wants to Work Forever

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

9. **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.

10. **Principal -** The original sum of money borrowed in a loan or put into an investment.

11. **National Insurance (NIS) -** A tax system paid by employees and employers to fund national benefits.

12. **Appropriate Actuarial Adjustment -** An actuarial adjustment occurs when the assumptions surrounding the timing or amount of a future benefit pay out change. In pension arrangements, actuarial adjustments are made to the retirement benefits when an individual retires before or after normal pension age.

13. **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.

    Some pension plans may allow a worker to voluntarily contribute *additional* parts of their current income from wages into an investment plan to help fund retirement. The employer may also match a portion of the worker's annual contributions, up to a specific percentage or dollar amount.

14. **Fixed Income Security –** These are debt instruments that pay a fixed amount of interest — in the form of coupon (annual interest rate paid) payments — to investors. The principal invested returns to the investor at maturity (date on which the principal amount of a debt instrument becomes due).

15. **Employer-Sponsored/ Stand-Alone Pension Plan -** This is where a single or stand-alone employer sponsors a pension plan which is made available to the employees of that company.

16. **Fortress Caribbean Pension Fund –** The Fortress Caribbean Pension Fund invests the contributions of employees from companies' registered pension plans.

17. ***Fortress Caribbean Pension Fund Asset Classes*** - These are three classes of shares that employees can invest in through the Fortress Caribbean Pension Fund. They have separate investment objectives and offer varying mixes in equity, fixed income and real estate investments. They are the Aggressive Accumulator (AA), Conservative Consolidator (CC), Capital Secure (CS).

18. **Fortress Multi-Employer Pension Plan – A pension plan alternative that** allows multiple companies or employers to collectively contribute to a pension fund that is independently administered.

19. **Registered Retirement Savings Plan** - This is simply a government registered account designed to hold your mutual fund investments now, and then provide you with regular income after you retire. It is essentially a personal pension plan and is available to investors whether they have another pension plan or not.

20. **Annuity -** An annuity is a financial product purchased by members of a defined contribution pension plan at the point of retirement. It provides a steady cash flow for a retired individual for at least as long as they are alive.

21. **Income Drawdown -** With an income drawdown a retiree leaves their pension invested and takes a portion of the pension each year as an income. It may go up or down in value and the retiree may or may not outlive the fund. If the fund is depleted, the pension ceases.

    Fortress provides this alternative to retirees with the **INNOVA Lifestage Income Plan.**

22. **Guarantee Periods -** A set period of time where an annuity is guaranteed to continue making payments, even if the annuitant dies. If the annuitant dies before the end of the guarantee period, the remaining payments are made to the beneficiaries of the deceased. A guarantee period will generally last from five to ten years.

23. **Beneficiary -** An individual or entity chosen to receive benefits from a will, trust, deed or insurance policy.

24. **Disposable Income -** The amount of money that individuals have available for spending and saving after income taxes have been accounted for.

Definitions extracted from:

www.360financialliteracy.org

www.businessdictionary.com

www.investopedia.com

www.marketbusinessnews.com

www.superbrokers.ca