



GSEFLG

FLASH

CARDS

Greater Sacramento Financial Literacy Group

ASSET

Items of ownership convertible to cash; such as a business, art, real estate stocks, bonds, inventories, machinery etc, items that bring in cash and or appreciate in value.



AS-SET

The classic painting that Jeff received was a great **asset**.

LIABILITY

A liability is defined as a company's financial debt or legal obligations, such as taxes, borrowed funds, bills pay role expenses etc.. Liabilities take money out of a company.



Li-a-bil-i-ty

The Johnsons gave the car back because it was a **Liability**.

BEAR MARKET

Bear Markets are associated with the decline of the overall stock market, a index(S &P 500, NASDAQ) or individual stock declines 20% or more over a certain period of time (normally 2 months).



BEAR **MAR**-KET

The fear of a **BEAR MARKET** made investors panic

BULL MARKET

Bull Markets are associated with conditions where the entire stock market, a index (S &P 500,NASDAQ) has risen over 20% in a certain time frame; the term can also be used with other asset classes such as real estate, bonds & commodities



BUL MAR-KET

The Bull market had investors with high confidence due to rising stock prices

STOCKS

A Stock is a share of ownership of a company, that can be issued private through companies or sold publicly on the STOCK EXCHANGE



STÄK

Instead of getting a loan, Jims business issued **STOCK** to raise money

SHAREHOLDER

Share holder, also known as stockholder, is any person, company or institution that owns at least one share of a company stock. Shareholders are part owners of a company and are entitled to all company profits.



SHARE-HOLD-ER

As a **SHAREHOLDER**, I receive weekly emails pertaining to the companies I own

EQUITY

Any stock or asset that represents ownership has EQUITY.

Equity is simply the value of the asset after all liabilities are subtracted.



EK-WI-TEE

Once the company subtracted all the liabilities ,it had 1 million in EQUITY

FEDERAL RESERVE

Also known as "THE FED", is responsible for how much money is in the economy. It has 13 central banks across the U.S and was created in 1913. The FED, also controls interest rates which causes inflation or deflation through out the economy.



FED-ER-RAL RE-ZERV

Investors blamed the FEDERAL RESERVE for the bear markets

DIVIDENDS

Is a portion of the company's profits that is paid out to shareholders. Dividends can be issued as cash, shares of stock or property, though cash dividends are most common.



DIVI-DEND

Johns company was doing well so he increased **DIVIDEND** payments to investors

INDEX FUND

An index fund is simply a fund that allows you to purchase a whole market or index (S&P 500, DOW JONES, ETC ETC). Its similar to a mutual fund, but without all the high fees & the necessary portfolio manager making your picks



In-dex fuhnd

INDEX FUNDS ARE GREAT FOR NEW INVESTORS, DUE TO LOWER RISK

MUTUAL FUND

Is a pool of money collected from various investors for the purpose of investing in stocks, bonds and other assets. Their sole purpose is to produce positive income for investors, while professional money managers control the actual investments.



MUU-CHOO-UL FUHND

Tim chose a **MUTUAL FUND** because he didn't have time to research stocks and investing

ETF

Exchange-Traded Fund is the proper name, its similar to a stock because it can be traded and the price fluctuates like a stock, but it is a collection of stocks, bonds or commodities that are all similar. Unlike mutual funds that contain various different stocks, and **ETF is like a fruit basket with 1 family of fruit..**



Joe couldn't afford Facebook and Google stock so he invested in a **ETF** that had all social media stocks

PORTFOLIO

A group of assets such as stocks, bonds, real estate commodities etc etc, that are held by and investor or investing organization with some sort of financial goals in order



PÔRT-FOL-E-O

James had a large percentage of dividend stocks in his **PORTFOLIO**

DIVERSIFICATION

Is an investing strategy used by either single investors or professionals to spread their money out between assets such as , bonds stocks, real estate and other securities to limit their exposure to market down turns or crashes.



DI-**VER**-SI-**FI**-CA-**TION**

DIVERSIFICATION was good for Linda, she was able to spread her capital around in good companies

BONDS

Is an agreement between a lender and a borrower (normally the government or corporation looking to raise capital), when the borrower agrees to pay a certain interest rate for the life term of the bond, and once the BONDS matures the initial money loaned out is returned back to the lender



The government issued 100 BONDS to raise money for new roads

COMPOUND INTEREST

COMPOUND INTEREST is simply
the interest that your interest
earns.

(your money earns interest when
invested & compound interest is
when the interest keeps piling up)



COM-POUND IN-TER-EST

Long term stock investors love how
COMPOUND INTEREST multiplies their
money over time

CAPITAL GAINS

Is the rise in the value of a investment (asset) that makes it worth more than when you first purchased it. The gain is only realized when you sell the asset.



CAP-IT-AL GAINS

Brandy had \$10,000 in CAPITAL GAINS when she sold all her stocks

U.S. TREASURY

Is the government department responsible for issuing all Treasury notes, printing money, minting coins, collecting taxes, enforcing tax laws and managing all government accounts and debt issues, while overseeing banks in cooperating with the F.E.D.



The F.E.D purchased 500,000 bonds from the [U.S. Treasury](#) to control money supply and manage interest rates

S & P 500

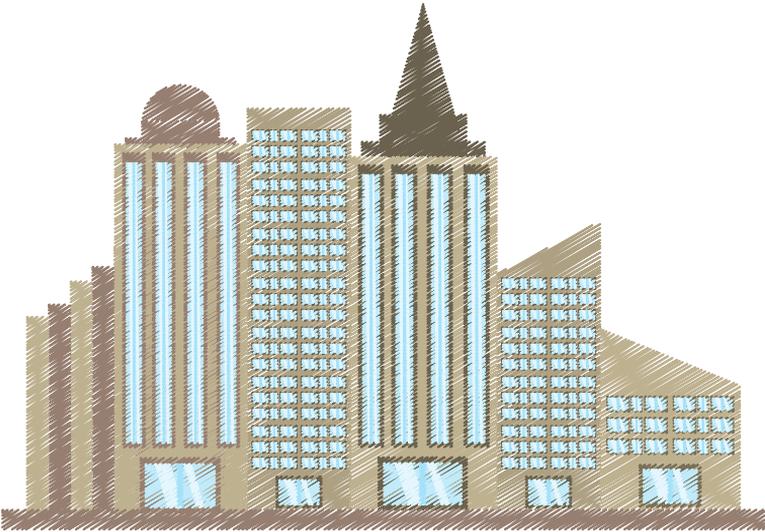
The Standard And Poor 500 is the actual name, is a selection of 500 of the largest companies traded and represent the entire stock market.



When most investors speak of the **S&P 500** they normally say "THE MARKET" ..

THE DOW JONES

**Is a collection of the top 30
companies in the U.S.**



THE DOW JONES are said to be
the most influential corporations in
the U.S

NEW YORK STOCK EXCHANGE

Also known as the "BIG BOARD" is the largest stock and equities exchange in the world, based on market capitalization of listed securities.



**The New York STOCK
EXCHANGE** is estimated worth
\$23 trillion dollars

INFLATION

Is when the average price of goods and services in the economy increase, but the purchasing power of the dollar decreases.

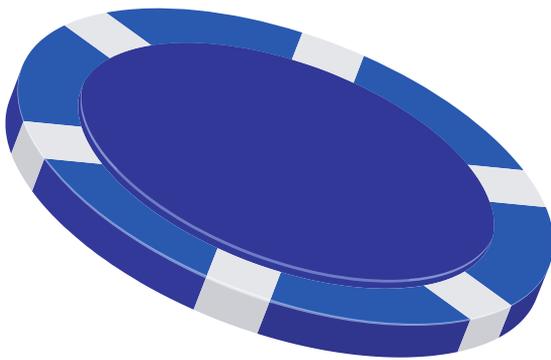


IN-FLA-TION

The F.E.D is trying to keep **INFLATION** down, but the President has other plans due to political reasons

BLUE CHIP STOCK

A BLUE CHIP STOCK is a large well established company that is financially sound, has been operating for many years and typically has a market capitalization in the billions. Is often the leader or in the top 3 of that sector.



Most **BLUE CHIP STOCKS** pay dividends to investors

STOCK SPLIT

A STOCK SPLIT IS WHEN A COMPANY DECIDES TO MULTIPLY ITS SHARES TO WITHOUT BOOSTING THE ACTUAL VALUE OF THE SHARES. SIMPLY PUT, WITH A 2 TO 1 STOCK SPLIT, EVERY 1 SHARE HELD BY AN INVESTOR HE (OR SHE) NOW HAS 2. BUT THE 2 SHARES STILL HAVE THE SAME VALUE AS IT DID WHEN THE INVESTOR HAD 1



The company STOCK SPLIT didn't increase Joe's money, but it gave him more stock