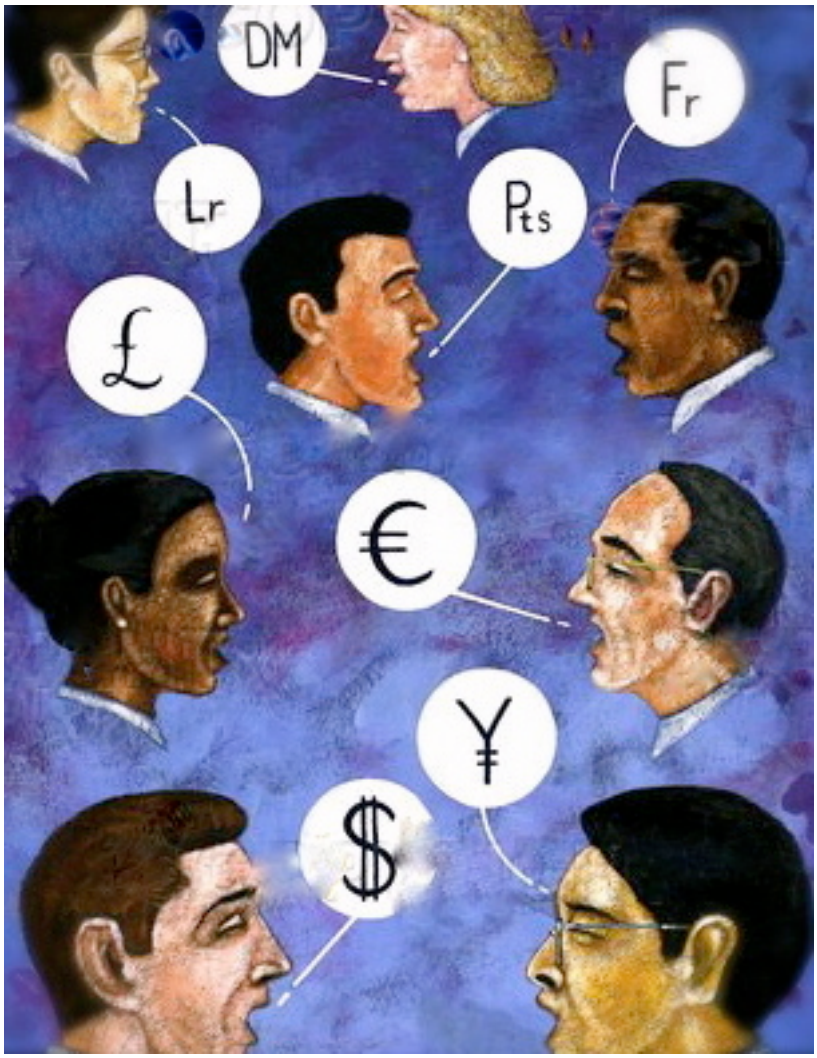
Glossary *(financial, retirement, accounting, tax, banking)*



ENGLISH	SPANISH
Account rebalancing	redistribución de cuenta
Collateral	garantía
Default (on a loan)	incumplimiento (de pago)
Deferral rate/percentage	tasa/índice de aplazamiento
Deferral contributions	contribuciones diferidas
Deferral	prórroga, diferimiento
Credit report	informe crediticio
Collect	cobrar
Cohort default rate	índice de incumplimiento de pago por cohorte

Disbursement check	cheque de reembolso
Delinquent debtor	deudor moroso
Delinquent account	cuenta atrasada
Exchange rate	tipo de cambio
Garnish (wages)	embargar (el salario)
Loan holder	tenedor del pagaré
Loan consolidation	consolidación de préstamos
Life of loan	vigencia del prestamo
Lender of last resort	prestamista de última instancia
Home equity loan	préstamo sobre el valor líquido de una vivienda
Prospectus	prospecto, folleto informativo
Savings bond	bono de ahorro
Interest rate	tasa de interés
Scam	estafa
Settlement	convenio
Settlement account	cuenta de liquidación
Expense account	cuenta de gastos de representación
Repayment plan	plan de pago
In repayment	en condición activa de pago
Repayment period	período de amortización
Rehabilitation (of a loan)	rehabilitación
Promissory note	pagaré
Prepayment	pago anticipado
Outstanding debt	deuda pendiente
Origination fees	comisiones de apertura (de préstamo)
(loan) origination	apertura / formalización (de préstamos)
mutual funds	fondo común de inversión
matching funds/contributions	fondos paralelos
installment	mensualidad (pago)
market value	valor de mercado
securities	valores / títulos valores
fixed rate securities	valores de cambio fijo
fixed-income investments	inversiones de rentas fijas
bonds	bonos
broker	agente de inversiones, agente de bolsa
dealer	comerciante de inversiones, corredor
trader	operador
investors	inversores

institutional investors	inversores institucionales
mortgage brokers	corredores de hipotecas
bondman	operador de bonos
yield	rendimiento / rentabilidad / interés
CDs	certificados de depósito
Rates	tasas / porcientos / tarifas
Terms of investment	período de inversion
Safe and sound	sano y salvo
Finance officers	funcionarios de activos financieros
Statements	estados de cuenta
To trade	vender / negociar
Maturities	fechas de vencimiento
Secondary market	Mercado secundario
Liquidity	liquidez
Securities group	grupo de activos financieros
Municipal bonds	bonos municipales
Mutual funds	fondo de inversión colectivo
Corporate bonds	obligación negociable
US Government Bonds	bonos del gobierno de E.U
Voucher	comprobante
To void	anular
Waiver	renuncia / eximición
To waive	dispensar
Reimbursement	reembolso
Rollover	reinversión
Withholding	retención
Schedule C	Anexo C
(Bank) branch	sucursal (bancaria)
small cap stock	acciones de pequeña capitalización
subsidiary (n)	sucursal, filial
subsidiary (a)	subsidiaria/o
stock	accion
stock option	opción de compra de acciones
borrower	prestatario
lender	prestamista
subsidized loan	préstamo con subsidio / p. subvencionado
accrual	acumulación
target date retirement funds	fecha planeada para fondos de retiro

to tax	gravar
taxes	impuestos, gravámenes
tax deferred	con impuestos diferidos
tax exempt	exento de impuestos
tax liability	obligacion tributaria
taxable	tributable
tax payer	contribuyente de impuestos
tax return	declaración de impuestos
tax basis	costo de adquisición
terms (of promissory note)	condiciones, términos
trust fund	fondo de fideicomiso
money order	giro
dues	cuentas pendientes
fiduciaries	fiduciarios
Federal Securities Industry Regulations	relaciones de los títulos valores federales
Bloomberg Data	Información de la agencia Bloomberg
Shares	acción / cuotaparte
Money Market Funds	Fondos del mercado monetario
US Treasury Bonds	Bonos del Departamento del Tesoro
Callable / non-callable bonds	bonos rescatables / no rescatables
Mortgage-backed bonds	bonos respaldados por hipotecas
Mortgage	hipoteca
Floating bonds	bonos flotantes
Bills	cuentas
Liquid funds	fondos disponibles
(investment) portfolio	cartera (de inversiones)
funding base	base de rendimiento
physical CDs	CDs físicos
notes	notas / pagarés
interest and principal	interés y capital principal
past through (of interest)	transferible
discount notes	pagarés de descuento
AAA rated	super seguro
Passive bond	bono que no devenga intereses
Assets	bienes (activos) *(invested money)*
Asset allocation	distribución/asignación de activos
Non-fluctuating net asset value	valor neto de bienes (activos) no fluctuantes
Fixed assets	activos fijos (inmovilizados)

Capital assets	activos fijos
Term	plazo
Accrued interest	intereses acumulados
APR	TAE tasa anual equivalente / efectiva
Balance	saldo
Thrifts	Instituciones de Ahorro
Credit Unions	Cooperativas de crédito / c. financieras
Federally guaranteed	con garantía del gobierno federal
Compliance	cumplimiento (de regulaciones, normas)
Compliance (department)	Departamento de Control
High yield	alta rentabilidad
Allowance	bonificación / descuento / reducción
Allowable investments	inversiones reducibles
Cash flow	flujo de caja / flujo de fondos

HELPFUL TERMS & DEFINITIONS (alphabetically arranged)

A

Adjusted Gross Income (AGI)
An interim calculation in the computation of income tax liability. It is computed by subtracting certain allowable adjustments from gross income.
Administrator
A person appointed by the court to settle an estate when there is no will.
After-Tax Return
The return from an investment after the effects of taxes have been taken into account.
Aggressive Growth Fund
A mutual fund whose primary investment objective is substantial capital gains.
Alternative Minimum Tax
A method of calculating income tax that disallows certain deductions, credits, and exclusions. This was intended to ensure that individuals, trusts, and estates that benefit from tax preferences do not escape all federal income tax liability. People must calculate their taxes both ways and pay the greater of the two.
Annuity
An insurance-based contract that provides future payments at regular intervals in exchange for current premiums. Annuity contracts are usually purchased from banks, credit unions, brokerage firms, or insurance companies.

Asset
Anything owned that has monetary value.
Asset Allocation
The process of repositioning assets within a portfolio to maximize return for a given level of risk. This process is usually done using the historical performance of the asset classes within sophisticated mathematical models.
Asset Class
A category of investments with similar characteristics.
Audit
The examination of the accounting and financial documents of a firm by an objective professional. The audit is done to determine the records' accuracy, consistency, and conformity to legal and accounting principles.

B

Balanced Mutual Fund
A mutual fund whose objective is a balance of stocks and bonds. Such funds tend to be less volatile than stock-only funds.
Bear Market
When the stock market appears to be declining overall, it is said to be a bear market.
Beneficiary
A person named in a life insurance policy, annuity, will, trust, or other agreement to receive a financial benefit upon the death of the owner. A beneficiary can be an individual, company, organization, and so on.
Blue Chip Stock
The common stock of a company with a long history of profitability and consistent dividend payments.
Bond
A bond is evidence of a debt in which the issuer promises to pay the bondholders a specified amount of interest and to repay the principal at maturity. Bonds are usually issued in multiples of $1,000.
Book Value
The net value of a company's assets, less its liabilities and the liquidation price of its preferred issues. The net asset value divided by the number of shares of common stock outstanding equals the book value per share, which may be higher or lower than the stock's market value.
Bull Market
When the stock market appears to be advancing overall, it is said to be a bull market.
Buy-Sell Agreement
A buy-sell agreement is an arrangement between two or more parties that obligates one party to buy the business and another party to sell the business upon the death, disability, or retirement of one of the owners.

C

Capital Gain or Loss
The difference between the sales price and the purchase price of a capital asset. When that difference is positive, the difference is referred to as a capital gain. When the difference is negative, it is a capital loss.

Cash Equivalents
Short-term investments, such as U.S. Treasury securities, certificates of deposit, and money market fund shares, that can be readily converted into cash.

Cash Surrender Value
The amount that an insurance policyholder is entitled to receive when he or she discontinues coverage. Policyholders are usually able to borrow against the surrender value of a policy from the insurance company. Loans that are not repaid will reduce the policy's death benefit.

CERTIFIED FINANCIAL PLANNER® Practitioner
A credential granted by the Certified Financial Planner Board of Standards, Inc. (Denver, CO) to individuals who complete a comprehensive curriculum in financial planning and ethics. CFP®, CERTIFIED FINANCIAL PLANNER® and federally registered CFP (with flame logo)® are certification marks owned by the Certified Financial Planner Board of Standards. These marks are awarded to individuals who successfully complete the CFP Board's initial and ongoing certification.

Certified Public Accountant (CPA)
A professional license granted by a state board of accountancy to an individual who has passed the Uniform CPA Examination (administered by the American Institute of Certified Public Accountants) and has fulfilled that state's educational and professional experience requirements for certification.

Charitable Lead Trust
A trust established for the benefit of a charitable organization under which the charitable organization receives income from an asset for a set number of years or for the trustor's lifetime. Upon the termination of the trust, the asset reverts to the trustor or to his or her designated heirs. This type of trust can reduce estate taxes and allows the trustor's heirs to retain control of the assets.

Charitable Remainder Trust
A trust established for the benefit of a charitable organization under which the trustor receives income from an asset for a set number of years or for the trustor's lifetime. Upon the termination of the trust, the asset reverts to the charitable organization. The trustor receives a charitable contribution deduction in the year in which the trust is established, and the assets placed in the trust are exempt from capital gains tax.

Chartered Financial Consultant (ChFC)
A professional financial planning designation granted by The American College (Bryn Mawr, PA) to individuals who complete a comprehensive curriculum in financial planning. Prerequisites include passing a series of written examinations, meeting specified experience requirements and maintaining ethical standards. The curriculum

encompasses wealth accumulation, risk management, income taxation, planning for retirement needs, investments, estate and succession planning.

Chartered Life Underwriter (CLU)

A professional designation granted by The American College to individuals who complete a comprehensive curriculum focused primarily on risk management. Prerequisites include passing a series of written examinations, meeting specified experience requirements, and maintaining ethical standards. The curriculum encompasses insurance and financial planning, income taxation, individual life insurance, life insurance law, estate and succession planning, and planning for business owners and professionals.

COBRA

The Consolidated Omnibus Budget Reconciliation Act is a federal law requiring employers with more than 20 employees to offer terminated or retired employees the opportunity to continue their health insurance coverage for 18 months at the employee's expense. Coverage may be extended to the employee's dependents for 36 months in the case of divorce or death of the employee.

Coinsurance or Co-Payment

The amount an insured person must pay for a covered medical and/or dental expense if his or her insurance doesn't provide 100 percent coverage.

Commodities

The generic term for goods such as grains, foodstuffs, livestock, oils, and metals which are traded on national exchanges. These exchanges deal in both "spot" trading (for current delivery) and "futures" trading (for delivery in future months).

Common Stock

A unit of ownership in a corporation. Common stockholders participate in the corporation's profits or losses by receiving dividends and by capital gains or losses in the stock's share price.

Community Property

State laws vary, but generally all property acquired during a marriage - excluding property one spouse receives from a will, inheritance, or gift - is considered community property, and each partner is entitled to one half. This includes debt accumulated. There are currently nine community property states: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin.

Compound Interest

Interest that is computed on the principal and on the accrued interest. Compound interest may be computed continuously, daily, monthly, quarterly, semiannually, or annually.

Consumer Price Index

The U.S. Department of Labor's main indicator of inflation. The Consumer Price Index is calculated each month from the cost of some 400 retail items in urban areas throughout the United States.

D

Deduction
An amount that can be subtracted from gross income, from a gross estate, or from a gift, thereby lowering the amount on which tax is assessed.
Defined Benefit Plan
A qualified retirement plan under which a retiring employee will receive a guaranteed retirement fund, usually payable in installments. Annual contributions may be made to the plan by the employer at the level needed to fund the benefit. The annual contributions are limited to a specified amount, indexed for inflation.
Defined Contribution Plan
A retirement plan under which the annual contributions made by the employer or employee are generally stated as a fixed percentage of the employee's compensation or company profits. The amount of retirement benefits is not guaranteed; rather, it depends upon the investment performance of the employee's account.
Diversification
Investing in different companies, industries, or asset classes. Diversification may also mean the participation of a large corporation in a wide range of business activities.
Dividend
A pro rata portion of earnings distributed in cash by a corporation to its stockholders. In preferred stock, dividends are usually fixed; with common shares, dividends may vary with the fortunes of the company.
Dollar Cost Averaging
A system of investing in which the investor buys a fixed dollar amount of securities at regular intervals. The investor thus buys more shares when the price is low and fewer shares when it rises, and the average cost per share is lower than the average price per share. This strategy does not protect against loss in declining markets and involves continuous investments, regardless of fluctuating price levels.

E

Efficient Frontier
A statistical result from the analysis of the risk and return for a given set of assets that indicates the balance of assets that may, under certain assumptions, achieve the best return for a given level of risk.
Employer-Sponsored Retirement Plan
A tax-favored retirement plan that is sponsored by an employer. Among the more common employer-sponsored retirement plans are 401(k) plans, 403(b) plans, simplified employee pension plans, and profit-sharing plans.
Equity
The value of a person's ownership in real property or securities; the market value of a property or business, less all claims and liens upon it.
ERISA
The Employee Retirement Income Security Act is a federal law covering all aspects of

employee retirement plans. If employers provide plans, they must be adequately funded and provide for vesting, survivor's rights, and disclosures.

ESOP (employee stock ownership plan)
A defined contribution retirement plan in which company contributions must be invested primarily in qualifying employer securities.

Estate Conservation
Activities coordinated to provide for the orderly and cost-effective distribution of an individual's assets at the time of his or her death. Estate conservation often includes wills and trusts.

Estate Tax
Upon the death of a decedent, federal and state governments impose taxes on the value of the estate left to others (with limitations).

Executive Bonus Plan
The employer pays for a benefit that is owned by the executive. The bonus could take the form of cash, automobiles, life insurance, or other items of value to the executive.

Executor
A person named by the probate courts or the will to carry out the directions and requests of the decedent.

F

Fixed Income
Income from investments such as CDs, Social Security benefits, pension benefits, some annuities, or most bonds that is the same every month.

401(k) Plan
A defined contribution plan that may be established by a company for retirement. Employees may allocate a portion of their salaries into this plan, and contributions are excluded from their income for tax purposes (with limitations). Contributions and earnings will compound tax deferred. Withdrawals from a 401(k) plan are taxed as ordinary income, and may be subject to an additional 10 percent federal tax penalty if withdrawn prior to age 59 ½.

403(b) Plan
A defined contribution plan that may be established by a nonprofit organization or school for retirement. Employees may allocate a portion of their salaries into this plan, and contributions are excluded from their income for tax purposes (with limitations). Contributions and earnings will compound tax deferred. Withdrawals from a 403(b) plan are taxed as ordinary income, and may be subject to an additional 10 percent federal tax penalty if withdrawn prior to age 59 ½.

Fundamental Analysis
An approach to the stock market in which specific factors - such as the price-to-earnings ratio, yield, or return on equity - are used to determine what stock may be favorable for investment.

G

Gift Taxes
A federal tax levied on the transfer of property as a gift. This tax is paid by the donor. The first $12,000 a year from a donor to each recipient is exempt from tax. Most states also impose a gift tax. The gift tax exemption is indexed annually for inflation.

H

Holographic Will
A will entirely in the handwriting of the testator. Without witnesses, holographic wills are valid and enforceable only in some states.

I

Index
A calculation that uses a selection of stocks or bonds to gauge a certain market. The Dow Jones Industrial Average, for example, is an index of 30 large industrial companies on the New York Stock Exchange.

Individual Retirement Account (IRA)
Contributions to a traditional IRA are deductible from earned income in the calculation of federal and state income taxes if the taxpayer meets certain requirements. The earnings accumulate tax deferred until withdrawn, and then they are taxed as ordinary income. Individuals not eligible to make deductible contributions may make nondeductible contributions, the earnings on which would be tax deferred.

Inflation
An increase in the price of products and services over time. The government's main measure of inflation is the Consumer Price Index.

Intestate
The condition of an estate left by a decedent without a valid will. State law then determines who inherits the property or serves as guardian for any minor children.

Investment Category
A broad class of assets with similar characteristics. The five investment categories include cash equivalents, fixed principal, equity, debt, and tangibles.

Irrevocable Trust
A trust that may not be modified or terminated by the trustor after its creation.

J

Joint and Survivor Annuity
Most pension plans must offer this form of pension plan payout that pays over the life of the retiree and his or her spouse after the retiree dies. The retiree and his or her spouse must specifically choose not to accept this payment form.

Joint Tenancy
Co-ownership of property by two or more people in which the survivor(s) automatically assumes ownership of a decedent's interest.
Jointly Held Property
Property owned by two or more persons under joint tenancy, tenancy in common, or, in some states, community property.

K

Keogh Plan
This retirement plan, named for Eugene Keogh, is designed for self-employed individuals. Up to $46,000 of self-employed income may be deducted from compensation and set aside into the plan.

L

Liability
Any claim against the assets of a person or corporation: accounts payable, wages, and salaries payable, dividends declared payable, accrued taxes payable, and fixed or long-term obligations such as mortgages, debentures, and bank loans.
Limited Partnership
Limited partnerships pool the money of investors to develop or purchase income-producing properties. When the partnership subsequently receives income from these properties, it distributes the income to its investors as dividend payments.
Liquidity
The ease with which an asset or security can be converted into cash without loss of principal.
Living Trust
A trust created by a person during his or her lifetime.
Lump-Sum Distribution
The disbursement of the entire value of a profit-sharing plan, pension plan, annuity, or similar account to the account owner or beneficiary. Lump-sum distributions may be rolled over into another tax-deferred account.

M

Marginal Tax Bracket
The range of taxable income that is taxable at a certain rate. Currently, there are six marginal tax brackets: 10 percent, 15 percent, 25 percent, 28 percent, 33 percent, and 35 percent.
Marital Deduction
A provision of the tax codes that allows all assets of a deceased spouse to pass to the surviving spouse free of estate taxes. This provision is also referred to as the unlimited

marital deduction.

Money Market Fund
A mutual fund that specializes in investing in short-term securities and that tries to maintain a constant net asset value of $1.

Municipal Bond
A debt security issued by municipalities. The income from municipal bonds is usually exempt from federal income taxes. In many states, it is also exempt from state income taxes in the state in which the municipal bond is issued.

Municipal Bond Fund
A mutual fund that specializes in investing in municipal bonds.

Mutual Fund
A collection of stocks, bonds, or other securities purchased and managed by an investment company with funds from a group of investors.

N

Net Asset Value
The price at which a mutual fund sells or redeems its shares. The net asset value is calculated by dividing the net market value of the fund's assets by the number of outstanding shares.

P

Pooled Income Fund
A trust created by a charitable organization that combines the contributions of several donors and distributes income to those donors based on the earnings of the trust. The trust is managed by the charitable organization, and contributions are partially deductible for income tax purposes.

Portfolio
All the investments held by an individual or a mutual fund.

Preferred Stock
A class of stock with claim to a company's earnings, before payment can be made on the common stock, and that is usually entitled to priority over common stock if the company liquidates. Generally, preferred stocks pay dividends at a fixed rate.

Prenuptial Agreement
A legal agreement arranged before marriage stating who owns property acquired before marriage and during marriage and how property will be divided in the event of divorce. ERISA benefits are not affected by prenuptial agreements.

Price/Earnings Ratio (P/E Ratio)
The market price of a stock divided by the company's annual earnings per share. Because the P/E ratio is a widely regarded yardstick for investors, it often appears with stock price quotations.

Principal

In a security, the principal is the amount of money that is invested, excluding earnings. In a debt instrument such as a bond, it is the face amount.

Probate
The court-supervised process in which a decedent's estate is settled and distributed.

Profit-Sharing Plan
An agreement under which employees share in the profits of their employer. The company makes annual contributions to the employees' accounts. These funds usually accumulate tax deferred until the employee retires or leaves the company.

Prospectus
A document provided by mutual fund companies to prospective investors. The prospectus gives information needed by investors to make informed decisions prior to investing in a specific mutual fund. The prospectus includes information on the minimum investment amount, the fund's objectives, past performance, risk level, sales charges, management fees, and any other expense information about the fund, as well as a description of the services provided to investors in the fund.

Q

Qualified Domestic Relations Order (QDRO)
At the time of divorce, this order would be issued by a state domestic relations court and would require that an employee's ERISA retirement plan accrued benefits be divided between the employee and the spouse.

Qualified Retirement Plan
A pension, profit-sharing, or qualified savings plan that is established by an employer for the benefit of the employees. These plans must be established in conformity with IRS rules. Contributions accumulate tax deferred until withdrawn and are deductible to the employer as a current business expense.

R

Revocable Trust
A trust in which the creator reserves the right to modify or terminate the trust.

Risk
The chance that an investor will lose all or part of an investment.

Risk-Averse
Refers to the assumption that rational investors will choose the security with the least risk if they can maintain the same return. As the level of risk goes up, so must the expected return on the investment.

Rollover
A method by which an individual can transfer the assets from one retirement program to another without the recognition of income for tax purposes. The requirements for a rollover depend on the type of program from which the distribution is made and the type of program receiving the distribution.

Roth IRA
A nondeductible IRA that allows tax-free withdrawals when certain conditions are met. Income and contribution limits apply.

S

Security
Evidence of an investment, either in direct ownership (as with stocks), creditorship (as with bonds), or indirect ownership (as with options).
Simplified Employee Pension Plan (SEP)
A type of plan under which the employer contributes to an employee's IRA. Contributions may be made up to a certain limit and are immediately vested.
Single-Life Annuity
An insurance-based contract that provides future payments at regular intervals in exchange for current premiums. Generally used as a supplement to retirement income and pays over the life of one individual, usually the retiree, with no rights of payment to any survivor.
Split-Dollar Plan
An arrangement under which two parties (usually a corporation and employee) share the cost of a life insurance policy and split the proceeds.
Spousal IRA
An IRA designed for a couple when one spouse has no earned income. The maximum combined contribution that can be made each year to an IRA and a spousal IRA is $10,000 (in 2008) or 100 percent of earned income, whichever is less. This total may be split between the two IRAs as the couple wishes, provided the contribution to either IRA does not exceed $5,000.

T

Tax Bracket
The range of taxable income that is taxed at a certain rate. Brackets are expressed by their marginal rate.
Tax Credit
Tax credits, the most appealing type of tax deductions, are subtracted directly, dollar for dollar, from your income tax bill.
Tax Deferred
Interest, dividends, or capital gains that grow untaxed in certain accounts or plans until they are withdrawn.
Tax-Exempt Bonds
Under certain conditions, the interest from bonds issued by states, cities, and certain other government agencies is exempt from federal income taxes. In many states, the interest from tax-exempt bonds will also be exempt from state and local income taxes.
Taxable Income

The amount of income used to compute tax liability. It is determined by subtracting adjustments, itemized deductions or the standard deduction, and personal exemptions from gross income.

Technical Analysis
An approach to investing in stocks in which a stock's past performance is mapped onto charts. These charts are examined to find familiar patterns to use as an indicator of the stock's future performance.

Tenancy in Common
A form of co-ownership. Upon the death of a co-owner, his or her interest passes to his or her chosen beneficiaries and not to the surviving owner or owners.

Term Insurance
Term life insurance provides a death benefit if the insured dies. Term insurance does not accumulate cash value and ends after a certain number of years or at a certain age.

Testamentary Trust
A trust established by a will that takes effect upon death.

Testator
One who has made a will or who dies having left a will.

Total Return
The total of all earnings from a given investment, including dividends, interest, and any capital gain.

Trust
A legal entity created by an individual in which one person or institution holds the right to manage property or assets for the benefit of someone else. Types of trusts include: Testamentary Trust – A trust established by a will that takes effect upon death; Living Trust – A trust created by a person during his or her lifetime; Revocable Trust – A trust in which the creator reserves the right to modify or terminate the trust; Irrevocable Trust – A trust that may not be modified or terminated by the trustor after its creation

Trustee
An individual or institution appointed to administer a trust for its beneficiaries.

Trustee-to-Trustee Transfer
A method of transferring retirement plan assets from one employer's plan to another employer plan or to an IRA. One benefit of this method is that no federal income tax will be withheld by the trustee of the first plan.

U

Universal Life Insurance
A type of life insurance that combines a death benefit with a savings element which accumulates tax deferred at current interest rates. Under a universal life insurance policy, the policyholder can increase or decrease his or her coverage, with limitations, without purchasing a new policy.

V

Variable Universal Life Insurance
A type of life insurance that combines a death benefit with a savings element that accumulates tax deferred. Under a variable universal life insurance policy, the cash value in the policy can be placed in a variety of subaccounts with different investment objectives. The policyholder can transfer funds among the subaccounts as he or she wishes. Fees are charged after a certain number of transfers.

Volatility
The range of price swings of a security or market over time.

W

Welfare Benefit Plan
An employee benefit plan that provides such benefits as medical, sickness, accident, disability, death, or unemployment benefits.

Whole Life Insurance
A type of life insurance that offers a death benefit and also accumulates cash value, tax deferred at fixed interest rates. Whole life insurance policies generally have a fixed annual premium that does not rise over the duration of the policy. Whole life insurance is also referred to as "ordinary" or "straight" life insurance.

Will
A legal document that declares a person's wishes concerning the disposition of property, the guardianship of his or her children, and the administration of the estate after his or her death.

Y

Yield
In general, the yield is the amount of current income provided by an investment. For stocks, the yield is calculated by dividing the total of the annual dividends by the current price. For bonds, the yield is calculated by dividing the annual interest by the current price. The yield is distinguished from the return, which includes price appreciation or depreciation.

Z

Zero-Coupon Bond
This type of bond makes no periodic interest payments but instead is sold at a steep discount from its face value. Bondholders receive the face value of their bonds when they mature.