

## Unit 4 Vocabulary

You need a description, sentence, and image for each of the vocabulary words.

1. **Incentives:** a reward or something positive that is generally used to encourage someone to do something
2. **Investment plan:** a plan where investors make regular, equal payments into a mutual fund, trading account or retirement account
3. **Stocks:** purchased for partial ownership of a company or cooperation
4. **Bonds:** the written pledge of a government or a municipality to repay a specific sum of money with interest
5. **Mutual funds:** an investment alternative in which investors pool their money to buy stocks, bonds, and other securities based on selections of professional managers who work for an investment company
6. **Progressive taxes:** percentage of tax paid increases as income increases
7. **Regressive taxes:** percent of tax paid decreases as income increases
8. **Proportional taxes:** percentage of tax on income regardless of how much a person makes
9. **Sales tax:** A tax paid by consumers on purchased goods and on some services.
10. **Loans:** a sum of money that is expected to be paid back with interest.
11. **Simple interest rates:** determined by multiplying the daily interest rate by the principal by the number of days that elapse between payments.
12. **Compound interest rates:** the addition of interest to the principal sum of a loan or deposit, or in other words, interest on interest.
13. **Automobile insurance:** a policy purchased by vehicle owners to mitigate costs associated with getting into an auto accident
14. **Health insurance:** a type of insurance coverage that pays for medical and surgical expenses incurred by the insured
15. **Life insurance:** a contract between an insurance policy holder and an insurer or assurer, where the insurer promises to pay a designated beneficiary a sum of money in exchange for a premium, upon the death of an insured person
16. **Disability insurance:** offers income protection to individuals who become disabled for a long period of time, and as a result can no longer work during that time period
17. **Property insurance:** a policy that provides financial reimbursement to the owner or renter of a structure and its contents, in the event of damage or theft
18. **Deductibles:** a specified amount of money that the insured must pay before an insurance company will pay a claim.
19. **Premiums:** an amount to be paid for an insurance policy

20. **Joint liability:** allows parties to share the risks associated with taking on additional debt, and to protect themselves in the event of legal litigation and lawsuits