

Math for Financial Literacy © 2013
Chapter 13: Financial Planning—Glossary

401(k). Retirement plan sponsored by an employer, similar to an individual retirement account.

annuity. Insurance product used as an investment.

beneficiaries. Those who receive the assets of an estate as stated in a will.

beneficiary. In probate terms, the person who will receive the assets of an estate as stated in a will.

executor. Person who is appointed by a will to manage an estate.

income-generating asset. Anything in which a person invests money that generates income; also called a *revenue-generating asset*.

individual retirement arrangement (IRA). Retirement account that allows individuals to save money for retirement.

opportunity cost. What a person gives up by choosing one option over another.

passive income. Income from an activity or investment in which the owner does not actively participate.

pension. Retirement plan that is provided by employers for their employees to be used as income after they retire.

probate. Legal process that settles any debts and claims against a person's estate after he or she has died.

revenue-generating asset. Anything in which a person invests money that generates income; also called an *income generating asset*.

royalties. Payments made to the owner of an asset for the use of that asset.

trust. Legal arrangement through which a trustee holds assets for the interest of a beneficiary.

trustee. Person or institution that safeguards a trust.

will. Legal document that expresses a person's wishes for their estate at death.