

---

Certified Professional in Financial Wellness Evaluation

## Financial Planning Fundamentals

---

Account Analysis is the process of evaluating a company's financial statements to identify trends, strengths, and weaknesses, and to determine the company's overall financial health, this is a key concept in financial planning and is used by financial planners to make informed decisions, it involves reviewing the company's income statement, balance sheet, and cash flow statement to gain a comprehensive understanding of its financial position, for example, a company's account analysis may reveal that it has a high level of debt, which could be a major risk factor, or that it has a strong cash flow position, which could be a key strength.

Account Reconciliation is the process of verifying the accuracy of a company's financial records by comparing them to external statements, such as bank statements, this is an important control measure to ensure that the company's financial records are accurate and reliable, it involves identifying and resolving any discrepancies between the company's internal records and external statements, for example, a company may reconcile its bank statement with its internal cash account to ensure that the two balances match.

Accrual Accounting is a method of accounting that recognizes revenues and expenses when they are earned or incurred, regardless of when the related cash flows occur, this is a key concept in financial accounting and is used by accountants to prepare financial statements, it involves matching revenues with the expenses incurred to generate those revenues, for example, a company may recognize revenue from a sale when the sale is made, even if the customer has not yet paid.

Acid-Test Ratio is a financial metric that measures a company's ability to pay its short-term debts using its liquid assets, it is calculated by dividing the company's liquid assets by its short-term liabilities, for example, a company with a high acid-test ratio may be considered to have a low risk of default.

Active Management is an investment strategy that involves actively buying and selling securities to try to beat the market, this is a key concept in investment management and is used by investment managers to try to generate high returns, it involves using various techniques, such as technical analysis and fundamental analysis, to identify investment opportunities.

Actuarial Science is the study of the financial impact of risk and uncertainty, it is a key concept in insurance and pension planning and is used by actuaries to calculate the likelihood and potential impact of various risks, such as mortality risk and investment risk.

Adjusted Gross Income is a tax concept that refers to an individual's gross income minus certain deductions, such as charitable donations and mortgage interest, it is used to calculate an individual's taxable income.

Alternative Investments are investments that do not fit into the traditional categories of stocks, bonds, and cash, examples of alternative investments include real estate, commodities, and private equity.

Amortization is the process of gradually reducing the value of an asset over its useful life, this is a key

concept in accounting and is used by accountants to match the cost of an asset with the benefits it provides, for example, a company may amortize the cost of a patent over its useful life.

Annual Percentage Rate is the interest rate charged on a loan or credit product over a year, including fees, it is a key concept in consumer finance and is used by lenders to disclose the total cost of a loan.

Annuity is a financial product that provides a series of payments over a fixed period of time, it is a key concept in retirement planning and is used by individuals to generate a steady income stream in retirement.

Asset Allocation is the process of dividing a portfolio among different asset classes, such as stocks, bonds, and cash, to achieve a desired level of risk and return, this is a key concept in investment management and is used by investment managers to manage risk and generate returns.

Asset Class is a category of investments that have similar characteristics, such as stocks, bonds, and commodities, it is a key concept in investment management and is used by investment managers to diversify portfolios.

Asset-Backed Security is a financial security that is backed by a pool of assets, such as mortgages or credit card debt, it is a key concept in securitization and is used by investors to generate returns.

Audit is an independent review of a company's financial statements to ensure that they are accurate and comply with relevant laws and regulations, it is a key concept in corporate governance and is used by auditors to provide assurance to stakeholders.

Average Annual Return is the average return of an investment over a year, it is a key concept in investment management and is used by investment managers to evaluate the performance of an investment.

Balance Sheet is a financial statement that shows a company's assets, liabilities, and equity at a given point in time, it is a key concept in financial accounting and is used by accountants to prepare financial statements.

Bank Reconciliation is the process of verifying the accuracy of a company's cash account by comparing it to the bank statement, it is an important control measure to ensure that the company's financial records are accurate and reliable.

Benchmark is a standard against which the performance of an investment is measured, it is a key concept in investment management and is used by investment managers to evaluate the performance of an investment.

Benefit-Cost Analysis is a method of evaluating the costs and benefits of a project or investment, it is a key concept in financial planning and is used by financial planners to make informed decisions.

Bequest is a gift of money or property that is made through a will, it is a key concept in estate planning and is used by individuals to transfer wealth to future generations.

Bond is a type of investment that represents a loan made by an investor to a borrower, it is a key concept in

fixed income and is used by investors to generate regular income streams.

Budget is a financial plan that outlines projected income and expenses over a specific period of time, it is a key concept in financial planning and is used by individuals and businesses to manage their finances.

Business Valuation is the process of determining the economic value of a business, it is a key concept in mergers and acquisitions and is used by business owners and investors to determine the value of a business.

Call Option is a type of financial derivative that gives the holder the right, but not the obligation, to buy an underlying asset at a specified price, it is a key concept in options trading and is used by investors to manage risk and generate returns.

Capital Asset Pricing Model is a theory that describes the relationship between risk and return for investments, it is a key concept in investment management and is used by investment managers to evaluate the performance of an investment.

Capital Budgeting is the process of evaluating and selecting investment projects, it is a key concept in financial planning and is used by financial planners to make informed decisions.

Cash Flow is the movement of money into or out of a business or investment, it is a key concept in financial accounting and is used by accountants to prepare financial statements.

Cash Flow Statement is a financial statement that shows the inflows and outflows of cash over a specific period of time, it is a key concept in financial accounting and is used by accountants to prepare financial statements.

Certified Financial Planner is a professional designation that is awarded to individuals who have completed a course of study and passed an examination in financial planning, it is a key concept in financial planning and is used by financial planners to demonstrate their expertise.

Charitable Giving is the act of donating money or property to a charity, it is a key concept in estate planning and is used by individuals to reduce their taxable income and support their favorite causes.

Compound Interest is the interest that is earned on both the principal amount and any accrued interest, it is a key concept in consumer finance and is used by lenders to calculate the total amount owed on a loan.

Consumer Price Index is a measure of the average change in prices of a basket of goods and services, it is a key concept in economics and is used by economists to measure inflation.

Contingent Liability is a potential liability that may arise in the future, it is a key concept in financial accounting and is used by accountants to prepare financial statements.

Corporate Finance is the area of finance that deals with the financial management of corporations, it is a key concept in financial management and is used by financial managers to make informed decisions.

Cost-Benefit Analysis is a method of evaluating the costs and benefits of a project or investment, it is a key concept in financial planning and is used by financial planners to make informed decisions.

Credit Risk is the risk that a borrower will default on a loan, it is a key concept in consumer finance and is used by lenders to evaluate the creditworthiness of borrowers.

Currency Risk is the risk that changes in exchange rates will affect the value of an investment, it is a key concept in international finance and is used by investors to manage risk.

Current Asset is an asset that is expected to be converted into cash within a year, it is a key concept in financial accounting and is used by accountants to prepare financial statements.

Current Liability is a liability that is expected to be paid within a year, it is a key concept in financial accounting and is used by accountants to prepare financial statements.

Current Ratio is a financial metric that measures a company's ability to pay its short-term debts using its liquid assets, it is calculated by dividing the company's current assets by its current liabilities, for example, a company with a high current ratio may be considered to have a low risk of default.

Debt Financing is the use of debt to finance a business or investment, it is a key concept in corporate finance and is used by financial managers to raise capital.

Debt Service is the payment of interest and principal on a loan, it is a key concept in consumer finance and is used by lenders to calculate the total amount owed on a loan.

Default Risk is the risk that a borrower will default on a loan, it is a key concept in consumer finance and is used by lenders to evaluate the creditworthiness of borrowers.

Deferred Tax is a tax that is owed but not yet paid, it is a key concept in tax accounting and is used by accountants to prepare financial statements.

Defined Benefit Plan is a type of pension plan that promises a specified benefit to employees, it is a key concept in retirement planning and is used by employers to provide retirement benefits to employees.

Defined Contribution Plan is a type of pension plan that promises a specified contribution to employees, it is a key concept in retirement planning and is used by employers to provide retirement benefits to employees.

Depreciation is the reduction in value of an asset over its useful life, it is a key concept in accounting and is used by accountants to match the cost of an asset with the benefits it provides.

Derivative is a financial security that derives its value from an underlying asset, it is a key concept in financial markets and is used by investors to manage risk and generate returns.

Diversification is the strategy of spreading investments across different asset classes to reduce risk, it is a key concept in investment management and is used by investment managers to manage risk and generate

returns.

Dividend is a payment made by a company to its shareholders, it is a key concept in equity investing and is used by investors to generate regular income streams.

Earnings Per Share is a financial metric that measures a company's profitability, it is calculated by dividing the company's net income by its total number of shares outstanding, for example, a company with a high earnings per share may be considered to be highly profitable.

Economic Indicator is a statistic that is used to measure the performance of an economy, it is a key concept in economics and is used by economists to evaluate the health of an economy.

Efficient Market Hypothesis is a theory that states that financial markets are informationally efficient, it is a key concept in financial markets and is used by investors to evaluate the performance of an investment.

Emergency Fund is a pool of money that is set aside to cover unexpected expenses, it is a key concept in financial planning and is used by individuals to manage risk and achieve financial stability.

Enterprise Risk Management is the process of identifying, assessing, and managing risks that could affect an organization's ability to achieve its objectives, it is a key concept in risk management and is used by organizations to manage risk and achieve their goals.

Equity is the ownership interest in a business or investment, it is a key concept in corporate finance and is used by financial managers to raise capital.

Equity Financing is the use of equity to finance a business or investment, it is a key concept in corporate finance and is used by financial managers to raise capital.

Estate Planning is the process of planning for the distribution of an individual's assets after their death, it is a key concept in estate planning and is used by individuals to transfer wealth to future generations.

Estate Tax is a tax that is imposed on the transfer of an individual's assets after their death, it is a key concept in tax accounting and is used by accountants to prepare financial statements.

Expected Return is the anticipated return on an investment, it is a key concept in investment management and is used by investment managers to evaluate the performance of an investment.

Financial Accounting is the process of preparing financial statements that provide information about a company's financial position and performance, it is a key concept in accounting and is used by accountants to prepare financial statements.

Financial Analysis is the process of analyzing financial data to make informed decisions, it is a key concept in financial planning and is used by financial planners to make informed decisions.

Financial Goal is a specific objective that an individual or organization wants to achieve, it is a key concept in financial planning and is used by financial planners to make informed decisions.

Financial Institution is an organization that provides financial services, such as banks and insurance companies, it is a key concept in financial markets and is used by investors to manage risk and generate returns.

Financial Management is the process of planning, organizing, and controlling an organization's financial activities, it is a key concept in financial management and is used by financial managers to make informed decisions.

Financial Modeling is the process of creating a mathematical model of a financial situation to make informed decisions, it is a key concept in financial planning and is used by financial planners to make informed decisions.

Financial Plan is a document that outlines an individual's or organization's financial goals and objectives, it is a key concept in financial planning and is used by financial planners to make informed decisions.

Financial Ratio is a metric that is used to evaluate a company's financial performance, it is a key concept in financial analysis and is used by financial analysts to evaluate the performance of an investment.

Financial Regulation is the process of regulating financial markets and institutions to protect investors and maintain stability, it is a key concept in financial markets and is used by regulators to manage risk and protect investors.

Financial Reporting is the process of preparing financial statements that provide information about a company's financial position and performance, it is a key concept in accounting and is used by accountants to prepare financial statements.

Financial Risk is the risk that a financial investment will not generate the expected return, it is a key concept in risk management and is used by investors to manage risk and generate returns.

Financial Statement is a document that provides information about a company's financial position and performance, it is a key concept in accounting and is used by accountants to prepare financial statements.

Fiscal Policy is the use of government spending and taxation to manage the economy, it is a key concept in economics and is used by economists to evaluate the health of an economy.

Fixed Asset is an asset that is not expected to be converted into cash within a year, it is a key concept in financial accounting and is used by accountants to prepare financial statements.

Fixed Income is a type of investment that generates a regular income stream, it is a key concept in fixed income and is used by investors to generate regular income streams.

Foreign Exchange is the exchange of one currency for another, it is a key concept in international finance and is used by investors to manage risk and generate returns.

Forward Contract is a type of financial derivative that obligates the buyer and seller to exchange an asset at a specified price on a specified date, it is a key concept in financial markets and is used by investors to

manage risk and generate returns.

Fundamental Analysis is a method of evaluating a company's financial performance by analyzing its financial statements and other data, it is a key concept in investment management and is used by investment managers to evaluate the performance of an investment.

Futures Contract is a type of financial derivative that obligates the buyer and seller to exchange an asset at a specified price on a specified date, it is a key concept in financial markets and is used by investors to manage risk and generate returns.

Generally Accepted Accounting Principles are a set of rules and standards that govern financial accounting, it is a key concept in accounting and is used by accountants to prepare financial statements.

Growth Stock is a type of stock that is expected to experience high growth in the future, it is a key concept in equity investing and is used by investors to generate returns.

Hedging is the strategy of reducing risk by taking a position in a security that offsets the risk of another security, it is a key concept in risk management and is used by investors to manage risk and generate returns.

Income Statement is a financial statement that shows a company's revenues and expenses over a specific period of time, it is a key concept in financial accounting and is used by accountants to prepare financial statements.

Index Fund is a type of investment that tracks a specific market index, such as the S&P 500, it is a key concept in investment management and is used by investment managers to generate returns.

Inflation is a sustained increase in the general price level of goods and services, it is a key concept in economics and is used by economists to evaluate the health of an economy.

Inflation Risk is the risk that inflation will reduce the purchasing power of an investment, it is a key concept in risk management and is used by investors to manage risk and generate returns.

Initial Public Offering is the first sale of stock by a company to the public, it is a key concept in corporate finance and is used by financial managers to raise capital.

Insurance is a contract that provides protection against a specific risk or loss, it is a key concept in risk management and is used by individuals and businesses to manage risk.

Interest Rate is the cost of borrowing money, it is a key concept in consumer finance and is used by lenders to calculate the total amount owed on a loan.

Interest Rate Risk is the risk that changes in interest rates will affect the value of an investment, it is a key concept in risk management and is used by investors to manage risk and generate returns.

International Finance is the study of financial transactions that take place across national borders, it is a key

concept in international finance and is used by investors to manage risk and generate returns.

Investment is the act of putting money into a financial asset with the expectation of earning a return, it is a key concept in investment management and is used by investment managers to generate returns.

Investment Banking is the area of finance that deals with the creation and trading of financial securities, it is a key concept in corporate finance and is used by financial managers to raise capital.

Investment Manager is a professional who is responsible for managing a portfolio of investments, it is a key concept in investment management and is used by investment managers to generate returns.

Investment Portfolio is a collection of investments that are held by an individual or institution, it is a key concept in investment management and is used by investment managers to generate returns.

Investment Strategy is a plan that outlines the goals and objectives of an investment portfolio, it is a key concept in investment management and is used by investment managers to generate returns.

Leverage is the use of debt to finance a business or investment, it is a key concept in corporate finance and is used by financial managers to raise capital.

Liability is a debt or obligation that a company or individual has, it is a key concept in financial accounting and is used by accountants to prepare financial statements.

Liquidity is the ability to convert an asset into cash quickly and at a fair price, it is a key concept in financial markets and is used by investors to manage risk and generate returns.

Liquidity Risk is the risk that an investor will not be able to sell an investment quickly enough or at a fair price, it is a key concept in risk management and is used by investors to manage risk and generate returns.

Long-Term Care is a type of care that is provided to individuals who are unable to care for themselves, it is a key concept in health care and is used by individuals to plan for their future care needs.

Management Fee is a fee that is paid to a investment manager for their services, it is a key concept in investment management and is used by investment managers to generate revenue.

Market Capitalization is the total value of a company's outstanding shares, it is a key concept in equity investing and is used by investors to evaluate the size of a company.

Market Risk is the risk that the value of an investment will fluctuate due to changes in market conditions, it is a key concept in risk management and is used by investors to manage risk and generate returns.

Mergers and Acquisitions is the process of combining two or more companies into a single entity, it is a key concept in corporate finance and is used by financial managers to create value for shareholders.

Microeconomics is the study of individual economic units, such as households and firms, it is a key concept in economics and is used by economists to evaluate the health of an economy.

Modern Portfolio Theory is a theory that describes the relationship between risk and return for investments, it is a key concept in investment management and is used by investment managers to evaluate the performance of an investment.

Monetary Policy is the use of interest rates and the money supply to manage the economy, it is a key concept in economics and is used by economists to evaluate the health of an economy.

Money Market is a market that provides short-term financing to companies and governments, it is a key concept in financial markets and is used by investors to manage risk and generate returns.

Mortgage is a loan that is secured by a property, it is a key concept in consumer finance and is used by individuals to purchase a home.

Mortgage-Backed Security is a financial security that is backed by a pool of mortgages, it is a key concept in securitization and is used by investors to generate returns.

Mutual Fund is a type of investment that pools money from many investors to invest in a diversified portfolio of stocks, bonds, and other securities, it is a key concept in investment management and is used by investment managers to generate returns.

Net Asset Value is the total value of a company's assets minus its liabilities, it is a key concept in financial accounting and is used by accountants to prepare financial statements.

Net Present Value is the present value of a stream of cash flows, it is a key concept in financial management and is used by financial managers to evaluate the performance of an investment.

Net Worth is the total value of an individual's or company's assets minus its liabilities, it is a key concept in financial accounting and is used by accountants to prepare financial statements.

Option is a type of financial derivative that gives the holder the right, but not the obligation, to buy or sell an underlying asset at a specified price, it is a key concept in financial markets and is used by investors to manage risk and generate returns.

Payout Ratio is the percentage of a company's earnings that are paid out as dividends, it is a key concept in equity investing and is used by investors to evaluate the performance of an investment.

Pension Plan is a type of retirement plan that provides a guaranteed income stream to employees, it is a key concept in retirement planning and is used by employers to provide retirement benefits to employees.

Performance Measurement is the process of evaluating the performance of an investment, it is a key concept in investment management and is used by investment managers to evaluate the performance of an investment.

Personal Finance is the management of an individual's financial affairs, it is a key concept in financial planning and is used by individuals to manage their finances.

Portfolio is a collection of investments that are held by an individual or institution, it is a key concept in investment management and is used by investment managers to generate returns.

Portfolio Management is the process of managing a portfolio of investments, it is a key concept in investment management and is used by investment managers to generate returns.

Preferred Stock is a type of stock that has a higher claim on assets and dividends than common stock, it is a key concept in equity investing and is used by investors to generate returns.

Present Value is the current value of a future stream of cash flows, it is a key concept in financial management and is used by financial managers to evaluate the performance of an investment.

Price-Earnings Ratio is a financial metric that measures a company's stock price relative to its earnings, it is a key concept in equity investing and is used by investors to evaluate the performance of an investment.

Private Equity is a type of investment that involves the purchase of a private company, it is a key concept in alternative investments and is used by investors to generate returns.

Probability is a measure of the likelihood of an event occurring, it is a key concept in statistics and is used by investors to evaluate the risk of an investment.

Profit is the income that is earned by a business or investment, it is a key concept in financial accounting and is used by accountants to prepare financial statements.

Quantitative Analysis is a method of evaluating a company's financial performance using numerical data, it is a key concept in investment management and is used by investment managers to evaluate the performance of an investment.

Real Estate is a type of investment that involves the purchase of property, it is a key concept in alternative investments and is used by investors to generate returns.

Real Estate Investment Trust is a type of investment that allows individuals to invest in real estate without directly owning physical properties, it is a key concept in alternative investments and is used by investors to generate returns.

Recession is a period of economic decline, it is a key concept in economics and is used by economists to evaluate the health of an economy.

Return on Equity is a financial metric that measures a company's profitability, it is calculated by dividing the company's net income by its total shareholders' equity, for example, a company with a high return on equity may be considered to be highly profitable.

Return on Investment is a financial metric that measures the return of an investment, it is calculated by dividing the gain of an investment by its cost, for example, a company with a high return on investment may be considered to be highly profitable.

Risk is the possibility that an investment will not generate the expected return, it is a key concept in risk management and is used by investors to manage risk and generate returns.

Risk Management is the process of identifying, assessing, and managing risks, it is a key concept in risk management and is used by organizations to manage risk and achieve their goals.

Risk Premium is the excess return that is demanded by investors for holding a risky investment, it is a key concept in investment management and is used by investment managers to evaluate the performance of an investment.

Security is a financial instrument that represents an ownership interest or a debt, it is a key concept in financial markets and is used by investors to manage risk and generate returns.

Sharpe Ratio is a financial metric that measures the excess return of an investment over the risk-free rate, it is a key concept in investment management and is used by investment managers to evaluate the performance of an investment.

Short Sale is a type of investment that involves the sale of a security that the investor does not own, it is a key concept in financial markets and is used by investors to manage risk and generate returns.

Short-Term Debt is a debt that is expected to be paid within a year, it is a key concept in financial accounting and is used by accountants to prepare financial statements.

Small-Cap Stock is a type of stock that has a small market capitalization, it is a key concept in equity investing and is used by investors to generate returns.

Socially Responsible Investing is a type of investing that involves the consideration of social and environmental factors, it is a key concept in investment management and is used by investment managers to generate returns.

Standard Deviation is a measure of the volatility of an investment, it is a key concept in statistics and is used by investors to evaluate the risk of an investment.

Stock is a type of security that represents an ownership interest in a company, it is a key concept in equity investing and is used by investors to generate returns.

Stock Option is a type of financial derivative that gives the holder the right, but not the obligation, to buy or sell a stock at a specified price, it is a key concept in financial markets and is used by investors to manage risk and generate returns.

Stock Split is a corporate action that involves the division of a company's stock into a larger number of shares, it is a key concept in corporate finance and is used by financial managers to increase the liquidity of a company's stock.

Systematic Risk is the risk that is inherent in the market as a whole, it is a key concept in risk management and is used by investors to manage risk and generate returns.

Tax is a fee that is imposed by the government on an individual's or company's income, it is a key concept in tax accounting and is used by accountants to prepare financial statements.

Tax Planning is the process of planning for the payment of taxes, it is a key concept in tax accounting and is used by accountants to prepare financial statements.

Technical Analysis is a method of evaluating a company's financial performance using charts and other technical indicators, it is a key concept in investment management and is used by investment managers to evaluate the performance of an investment.

Time Value of Money is the concept that a dollar today is worth more than a dollar in the future, it is a key concept in financial management and is used by financial managers to evaluate the performance of an investment.