Certified Professional in Financial Wellness Evaluation

Retirement Planning

Accelerated Death Benefit Rider: a rider that can be added to a life insurance policy, allowing the policyholder to receive a portion of the death benefit if they are diagnosed with a terminal illness, this can be useful in retirement planning as it provides an additional source of funds for medical expenses. Related terms: life insurance, terminal illness, long-term care.

Active Management: an investment strategy in which the portfolio manager actively buys and sells securities to achieve the investment objectives, this can be useful in retirement planning as it allows for flexibility and adaptability in response to changing market conditions. Related terms: passive management, asset allocation, investment objectives.

Adjusted Gross Income (AGI): the total income earned by an individual or household, minus certain deductions and exemptions, this is an important concept in retirement planning as it affects the amount of taxes owed and the eligibility for certain benefits. Related terms: taxable income, deductions, exemptions.

Annuity: a financial product that provides a guaranteed income stream for a set period of time or for life, this can be useful in retirement planning as it provides a predictable source of income. Related terms: fixed annuity, variable annuity, lifetime income.

Asset Allocation: the process of dividing investments among different asset classes, such as stocks, bonds, and real estate, to achieve a desired level of risk and return, this is an important concept in retirement planning as it helps to manage risk and increase potential returns. Related terms: diversification, investment portfolio, risk tolerance.

Automatic Enrollment: a feature of some employer-sponsored retirement plans, in which employees are automatically enrolled in the plan unless they opt out, this can be useful in retirement planning as it encourages employees to start saving for retirement. Related terms: default investment, opt-out, employee contributions.

Beneficiary: the person or entity designated to receive the benefits of a life insurance policy, retirement account, or other financial product, this is an important concept in retirement planning as it ensures that the desired individuals or entities receive the benefits. Related terms: primary beneficiary, contingent beneficiary, estate planning.

Bond: a type of investment in which an investor loans money to a borrower, such as a corporation or government entity, in exchange for regular interest payments and the return of principal, this can be useful in retirement planning as it provides a relatively stable source of income. Related terms: fixed income, credit risk, interest rate.

Catch-up Contribution: an additional contribution that can be made to a retirement account by individuals who are age 50 or older, this can be useful in retirement planning as it allows individuals to save more for retirement. Related terms: elective deferral, annual limit, retirement account.

Certified Financial Planner (CFP): a professional designation awarded to individuals who have completed a certification program in financial planning, this can be useful in retirement planning as it ensures that the individual has the necessary knowledge and skills to provide comprehensive financial planning services. Related terms: financial planning, certification program, professional designation.

Charitable Remainder Trust (CRT): a type of trust that allows an individual to donate assets to a charity while also providing a lifetime income stream, this can be useful in retirement planning as it provides a way to support charitable causes while also generating income. Related terms: charitable donation, trust planning, tax benefits.

Compound Interest: the process of earning interest on both the principal amount and any accrued interest, this is an important concept in retirement planning as it helps to grow savings over time. Related terms: interest rate, time value, compound growth.

Defined Benefit Plan: a type of retirement plan in which the employer promises to pay a certain benefit amount to the employee in retirement, based on a formula that takes into account the employee's salary and years of service, this can be useful in retirement planning as it provides a predictable source of income. Related terms: pension plan, employer contributions, guaranteed benefit.

Defined Contribution Plan: a type of retirement plan in which the employer and/or employee contribute to an individual account, and the benefit amount is based on the account balance, this can be useful in retirement planning as it allows for flexibility and portability. Related terms: 401(k) plan, employee contributions, vesting schedule.

Diversification: the process of spreading investments across different asset classes to reduce risk and increase potential returns, this is an important concept in retirement planning as it helps to manage risk and increase potential returns. Related terms: asset allocation, portfolio management, risk management.

Dividend: a payment made by a corporation to its shareholders, typically on a quarterly or annual basis, this can be useful in retirement planning as it provides a source of income. Related terms: stock ownership, shareholder value, income stream.

Economic Growth: an increase in the production of goods and services in an economy, this is an important concept in retirement planning as it can impact the value of investments and the overall economy. Related terms: inflation rate, unemployment rate, gross domestic product.

Employee Stock Ownership Plan (ESOP): a type of retirement plan in which the employer contributes company stock to an employee-owned trust, this can be useful in retirement planning as it provides a way for employees to own a portion of the company. Related terms: company stock, employee ownership, vesting schedule.

Employer Match: a contribution made by an employer to an employee's retirement account, typically based on the employee's own contributions, this can be useful in retirement planning as it provides an additional source of funds for retirement. Related terms: 401(k) plan, employee contributions, vesting schedule.

Equity: ownership in a company or asset, such as stock or real estate, this can be useful in retirement planning as it provides a potential source of growth and income. Related terms: stock ownership, real estate, asset allocation.

Estate Planning: the process of planning for the distribution of one's assets after death, this is an important concept in retirement planning as it ensures that the desired individuals or entities receive the assets. Related terms: wills, trusts, probate court.

Exchange-Traded Fund (ETF): a type of investment that tracks a particular index or sector, and can be traded on an exchange like a stock, this can be useful in retirement planning as it provides a flexible and diversified investment option. Related terms: index fund, sector rotation, trading flexibility.

Fixed Annuity: a type of annuity that provides a guaranteed income stream for a set period of time or for life, based on a fixed interest rate, this can be useful in retirement planning as it provides a predictable source of income. Related terms: guaranteed income, fixed interest, lifetime income.

Flexible Spending Account (FSA): a type of savings account that allows employees to set aside pre-tax dollars for certain expenses, such as healthcare or childcare, this can be useful in retirement planning as it provides a way to save for specific expenses. Related terms: pre-tax dollars, healthcare expenses, childcare expenses.

Growth Stock: a type of stock that is expected to experience high growth in value, this can be useful in retirement planning as it provides a potential source of growth and income. Related terms: stock ownership, growth potential, risk tolerance.

Health Savings Account (HSA): a type of savings account that allows individuals to set aside pre-tax dollars for healthcare expenses, this can be useful in retirement planning as it provides a way to save for healthcare expenses. Related terms: pre-tax dollars, healthcare expenses, portability.

Income Stream: a regular payment or series of payments, such as from an annuity or pension, this is an important concept in retirement planning as it provides a predictable source of income. Related terms: guaranteed income, lifetime income, annuity benefits.

Inflation: a sustained increase in the general price level of goods and services in an economy, this is an important concept in retirement planning as it can impact the purchasing power of savings and investments. Related terms: inflation rate, cost of living, purchasing power.

Investment Portfolio: a collection of investments, such as stocks, bonds, and mutual funds, that are managed to achieve a desired level of risk and return, this is an important concept in retirement planning as it helps to manage risk and increase potential returns. Related terms: asset allocation, diversification, risk management.

IRA (Individual Retirement Account): a type of retirement savings account that allows individuals to contribute pre-tax dollars, and potentially reduce their taxable income, this can be useful in retirement planning as it provides a way to save for retirement. Related terms: pre-tax dollars, tax benefits, retirement savings.

Joint Account: a type of bank or investment account that is owned by two or more individuals, this can be useful in retirement planning as it provides a way for multiple individuals to manage assets together. Related terms: co-ownership, joint ownership, estate planning.

Keogh Plan: a type of retirement plan for self-employed individuals or small business owners, this can be useful in retirement planning as it provides a way for self-employed individuals to save for retirement. Related terms: self-employed, small business, retirement plan.

Life Insurance: a type of insurance that provides a death benefit to the policyholder's beneficiaries, this can be useful in retirement planning as it provides a way to protect loved ones from financial loss. Related terms: death benefit, beneficiary, estate planning.

Lifetime Income: a regular payment or series of payments that is guaranteed to last for the lifetime of the recipient, this is an important concept in retirement planning as it provides a predictable source of income. Related terms: guaranteed income, annuity benefits, retirement income.

Liquidity: the ability to quickly and easily convert an investment or asset into cash, this is an important concept in retirement planning as it helps to ensure that individuals have access to cash when needed. Related terms: cash flow, emergency fund, liquid assets.

Long-Term Care (LTC) Insurance: a type of insurance that provides coverage for long-term care expenses, such as nursing home care or home health care, this can be useful in retirement planning as it provides a way to protect against long-term care expenses. Related terms: long-term care, insurance coverage, care expenses.

Medicare: a federal health insurance program for individuals age 65 or older, or for certain younger individuals with disabilities, this is an important concept in retirement planning as it provides a way to access healthcare services. Related terms: healthcare coverage, medicare benefits, retirement planning.

Mutual Fund: a type of investment that pools money from multiple investors to invest in a diversified portfolio of stocks, bonds, or other securities, this can be useful in retirement planning as it provides a way to invest in a diversified portfolio. Related terms: diversification, investment portfolio, professional management.

Net Worth: the total value of an individual's or household's assets, minus their liabilities, this is an important concept in retirement planning as it helps to understand overall financial situation. Related terms: asset valuation, liability management, financial planning.

Pension Plan: a type of retirement plan in which the employer promises to pay a certain benefit amount to the employee in retirement, based on a formula that takes into account the employee's salary and years of service, this can be useful in retirement planning as it provides a predictable source of income. Related terms: defined benefit, employer contributions, guaranteed benefit.

Portfolio Management: the process of managing a collection of investments to achieve a desired level of risk and return, this is an important concept in retirement planning as it helps to manage risk and increase potential returns. Related terms: asset allocation, diversification, risk management.

Probate: the legal process of settling an estate after an individual's death, this is an important concept in retirement planning as it can impact the distribution of assets. Related terms: estate planning, wills, trusts.

Qualified Domestic Relations Order (QDRO): a court order that recognizes an individual's right to receive a portion of a former spouse's retirement benefits, this can be useful in retirement planning as it provides a way to divide retirement assets in the event of a divorce. Related terms: divorce, retirement benefits, property division.

Real Estate Investment Trust (REIT): a type of investment that allows individuals to invest in real estate without directly owning physical properties, this can be useful in retirement planning as it provides a way to invest in real estate. Related terms: real estate, investment trust, diversification.

Required Minimum Distribution (RMD): the minimum amount that must be withdrawn from a retirement account each year, starting at age 72, this is an important concept in retirement planning as it can impact the taxation of retirement accounts. Related terms: retirement account, taxation, distribution rules.

Retirement Account: a type of savings account that is specifically designed for retirement savings, such as a 401(k) or IRA, this can be useful in retirement planning as it provides a way to save for retirement. Related terms: retirement savings, tax benefits, investment options.

Reverse Mortgage: a type of loan that allows homeowners to borrow against the equity in their home, this can be useful in retirement planning as it provides a way to access cash without having to sell the home. Related terms: home equity, loan options, retirement income.

Risk Management: the process of identifying and mitigating potential risks, such as investment risk or longevity risk, this is an important concept in retirement planning as it helps to manage risk and increase potential returns. Related terms: investment risk, longevity risk, insurance coverage.

Roth IRA: a type of individual retirement account that allows individuals to contribute after-tax dollars, and potentially withdraw the funds tax-free in retirement, this can be useful in retirement planning as it provides a way to save for retirement and potentially reduce taxes. Related terms: after-tax dollars, tax-free withdrawals, retirement savings.

Self-Directed IRA: a type of individual retirement account that allows individuals to invest in a wide range of assets, such as real estate or stocks, this can be useful in retirement planning as it provides a way to invest in alternative assets. Related terms: alternative investments, investment options, retirement savings.

Social Security: a federal program that provides a guaranteed income stream to eligible recipients, such as retirees or individuals with disabilities, this is an important concept in retirement planning as it provides a predictable source of income. Related terms: guaranteed income, retirement benefits, disability benefits.

Stock: a type of security that represents ownership in a company, this can be useful in retirement planning as it provides a potential source of growth and income. Related terms: equity ownership, stock market, dividend income.

Tax Deferral: the ability to delay paying taxes on investment earnings or retirement account withdrawals, this is an important concept in retirement planning as it can help to reduce taxes and increase savings. Related terms: tax benefits, retirement account, investment earnings.

Time Value of Money: the concept that a dollar today is worth more than a dollar in the future, due to the potential for earnings and growth, this is an important concept in retirement planning as it helps to understand the importance of saving and investing for the future. Related terms: compound interest, investment growth, future value.

Trust: a type of legal arrangement that allows an individual to manage and distribute assets on behalf of another individual or entity, this can be useful in retirement planning as it provides a way to manage and distribute assets. Related terms: estate planning, trust planning, asset management.

Vesting Schedule: a schedule that outlines when an employee's retirement benefits or stock options become fully owned, this is an important concept in retirement planning as it can impact the amount of benefits or options that an employee receives. Related terms: retirement benefits, stock options, employee ownership.

Will: a legal document that outlines an individual's wishes for the distribution of their assets after death, this is an important concept in retirement planning as it ensures that the desired individuals or entities receive the assets. Related terms: estate planning, probate, asset distribution.

Withdrawal Strategy: a plan for withdrawing funds from a retirement account or investment portfolio, this is an important concept in retirement planning as it can impact the sustainability of retirement income. Related terms: retirement income, withdrawal rules, sustainable income.

Yield: the return on an investment, expressed as a percentage, this is an important concept in retirement planning as it helps to understand the potential returns on investments. Related terms: investment return, interest rate, dividend yield.

Zero-Coupon Bond: a type of bond that does not make regular interest payments, but instead is sold at a discount and matures at face value, this can be useful in retirement planning as it provides a predictable source of income. Related terms: bond investment, zero-coupon, discount pricing.