

MODULE 8: Vocab & Key Terms

Insurance & Retirement

Premiums

The amount you pay for your health insurance every month.

Life Insurance

A type of insurance in which the policyholder pays a fixed premium over time, and receives a predetermined amount of money upon death or proof of terminal illness.

Health Insurance

A type of insurance that covers the costs of medical care for health-related expenses.

Disability Insurance

A type of insurance that provides income to a person who cannot work due to illness or injury.

Property Insurance

A type of insurance that compensates the insured for losses to their personal property from fire, theft, vandalism, water damage, and other perils.

Liability Insurance

A type of insurance that protects individuals and businesses from claims arising out of injury or damage caused by their negligent activities or omissions.

Professional Liability (E&O) Insurance

A type of liability insurance specifically designed to protect professionals such as attorneys, accountants, real estate agents, and others against claims made by clients alleging negligence or malpractice while performing their services or duties.

Workers' Compensation Insurance

A mandatory form of business insurance required by law in most states that provides compensation to workers injured on the job regardless of fault in exchange for relinquishing their right to sue their employers for damages related to the injury caused on the job.

Auto Insurance

An insurance policy designed to cover losses resulting from traffic accidents involving motor vehicles (cars, trucks, etc.). It also covers legal liability resulting from those accidents as well as damages caused by uninsured motorists.

Long-Term Care Insurance

A policy designed to cover costs associated with long-term care services such as nursing homes and assisted living facilities for individuals unable to provide this care for themselves due to physical disability or cognitive impairment such as Alzheimer's disease or dementia.

Annuities

A financial product typically sold by life insurers that pays out one lump sum up front or periodic payments over time based on an interest rate set at purchase while also providing certain tax benefits such as deferring gains until withdrawn at retirement age.

Retirement Planning

This is the process of saving and investing to create financial security for retirement. It involves estimating your life expectancy and calculating the amount you will need to have saved up in order to fund your desired lifestyle into retirement.

401(k) Plan

This is a type of employer-sponsored retirement plan that allows employees to save pre-tax dollars into a tax-advantaged account, usually with an employer match up to a certain percentage of contributions each year.

Roth IRA

This is an individual retirement account (IRA) that offers tax-free growth on investments and allows tax-free withdrawals after age 59 ½, as long as certain conditions are met. Contributions are made with after-tax income, but qualified distributions are not taxed at all and can be taken at any time without penalty.

Social Security Benefits

This is the federal insurance program created by Congress in 1935 which provides monthly benefits to retired workers and their dependents, survivors, disabled workers, and more depending on their work history and earnings over time.

Defined Benefit Plans

These plans are offered by employers where employers promise employees future pension benefits based on fixed formulas that include employee age, salary history and years worked at the company when they retire from service with the company rather than focusing on current contributions made by either the employee or employer towards funding.