Possible terms and ideas we can use

Stocks

- **Share**: A single unit of ownership in a company. Companies divide their ownership into shares, and investors can buy and own multiple shares.
- **Market Cap (Market Capitalization):** The total value of a company's outstanding shares of stock. It's calculated by multiplying the current stock price by the total number of outstanding shares.
- **Dividend**: A portion of a company's earnings distributed to its shareholders on a regular basis, typically quarterly. Dividends are often seen as a way for companies to share profits with shareholders.
- **Ticker Symbol**: A unique series of letters assigned to a publicly traded company's stock for trading purposes. Ticker symbols are used to identify stocks on stock exchanges.
- **Volume**: The number of shares of a stock traded during a given period, typically measured over a day. High volume often indicates strong investor interest in a stock.
- **Volatility**: The degree of variation of a stock's trading price over time. High volatility means the stock's price can change dramatically in a short period, while low volatility implies more stable price movements.
- **Blue Chip Stocks**: Stocks of large, well-established companies with a history of stable earnings and dividends. These companies are often considered safer investments due to their financial stability.
- **Bear Market**: A market condition characterized by declining stock prices, generally by 20% or more from recent highs. It often reflects negative investor sentiment and economic downturns.
- **Bull Market**: A market condition characterized by rising stock prices and investor optimism. It typically occurs during periods of economic growth and positive investor sentiment.

Investing

- **Stock**: A type of security that represents ownership in a company. When you own a stock, you own a portion of the company's assets and earnings.
- **Bond**: A debt investment where an investor loans money to an entity (typically a corporation or government) for a defined period at a fixed interest rate.
- **Mutual Fund**: An investment vehicle made up of a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments, and other assets.
- **ETF** (Exchange-Traded Fund): Similar to a mutual fund, an ETF is a collection of securities that often tracks an underlying index, but it trades on an exchange like a stock.
- **Diversification**: Spreading your investments across different asset classes (like stocks, bonds, and real estate) to reduce risk. The idea is that if one investment performs poorly, others may perform better, balancing out potential losses.
- **Asset Allocation**: The process of spreading investments among different asset classes (like stocks, bonds, and cash) based on an individual's risk tolerance, investment goals, and time horizon.

- **Dividend**: A portion of a company's earnings distributed to its shareholders, typically in cash, as a reward for investing in the company's stock.
- **Index:** A benchmark used to measure the performance of a group of securities in a particular market, such as the S&P 500, which tracks the performance of 500 large-cap U.S. stocks.
- **Risk**: The potential for loss or the variability of returns on an investment. Generally, higher-risk investments have the potential for higher returns, but they also come with a greater chance of loss.
- **Return:** The gain or loss of an investment over a certain period, often expressed as a percentage. Positive returns indicate gains, while negative returns indicate losses.

Budgeting

- **Net Worth**: The difference between your assets (what you own) and your liabilities (what you owe). It's a measure of your overall financial health and can help you track your progress over time.
- **Disposable Income**: The amount of money you have available for spending or saving after paying taxes and necessary expenses, such as housing, food, and utilities.
- **Budget Surplus**: When your income exceeds your expenses, resulting in leftover funds that can be saved or used for discretionary spending.
- **Budget Deficit**: When your expenses exceed your income, resulting in a shortfall that may need to be covered by borrowing money or dipping into savings.
- **Needs vs**. **Wants**: Distinguishing between essential expenses (needs) and non-essential expenses (wants) can help prioritize spending and ensure that you cover your basic necessities before indulging in discretionary purchases.
- **Biweekly vs**. **Monthly Budgeting**: Planning your budget on a biweekly basis (every two weeks) versus a monthly basis can help align your budget with your pay schedule and ensure you're adequately managing your finances throughout the month.
- **Envelope Budgeting**: A budgeting method where you allocate cash into physical envelopes for different spending categories, such as groceries, entertainment, and transportation. Once the cash in an envelope is gone, you stop spending in that category until the next budgeting period.
- **Emergency Fund**: A savings account set aside to cover unexpected expenses or financial emergencies, such as medical bills, car repairs, or job loss. It's recommended to have three to six months' worth of living expenses saved in an emergency fund.
- **Impulse Spending**: Making unplanned purchases on items or services without considering their long-term impact on your budget. Avoiding impulse spending can help you stick to your budget and achieve your financial goals more effectively.
- **Financial Literacy**: The knowledge and understanding of financial concepts, such as budgeting, saving, investing, and managing debt. Improving your financial literacy can empower you to make informed financial decisions and achieve financial stability.

Other ways of earning extra income

- **Capital Allocation**: The process of distributing financial resources among different investment opportunities or business ventures to maximize returns and manage risk effectively.
- **Options Trading**: A type of financial derivative that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a predetermined price within a specified time period.
- **Hedge Fund**: An investment fund that pools capital from accredited investors and uses various strategies, including leverage and derivatives, to generate returns for its investors.
- **Venture Capital**: Funding provided by investors to startups and small businesses with high growth potential in exchange for an equity stake in the company.
- **Private Equity**: Investments made in privately held companies or assets with the goal of increasing their value over time through strategic management, restructuring, or operational improvements.
- **Dividend Reinvestment Plan (DRIP):** A program offered by some companies that allows shareholders to automatically reinvest dividends paid out by the company to purchase additional shares, often at a discounted price.
- **Stock Options**: A type of financial derivative that gives the holder the right to buy or sell a specific amount of stock at a predetermined price within a specified time frame. Stock options are often used as part of executive compensation packages or as a way to speculate on the price movement of a stock.
- **Capital Gain Distributions**: Profits earned by mutual funds or exchange-traded funds (ETFs) from the sale of securities within the fund's portfolio, which are distributed to shareholders periodically.
- **Leverage**: The use of borrowed funds to increase the potential return of an investment. While leverage can amplify gains, it also increases the risk of losses.
- **Angel Investor**: An affluent individual who provides capital to startups and early-stage companies in exchange for ownership equity or convertible debt. Angel investors often provide not only funding but also mentorship and strategic advice to entrepreneurs.