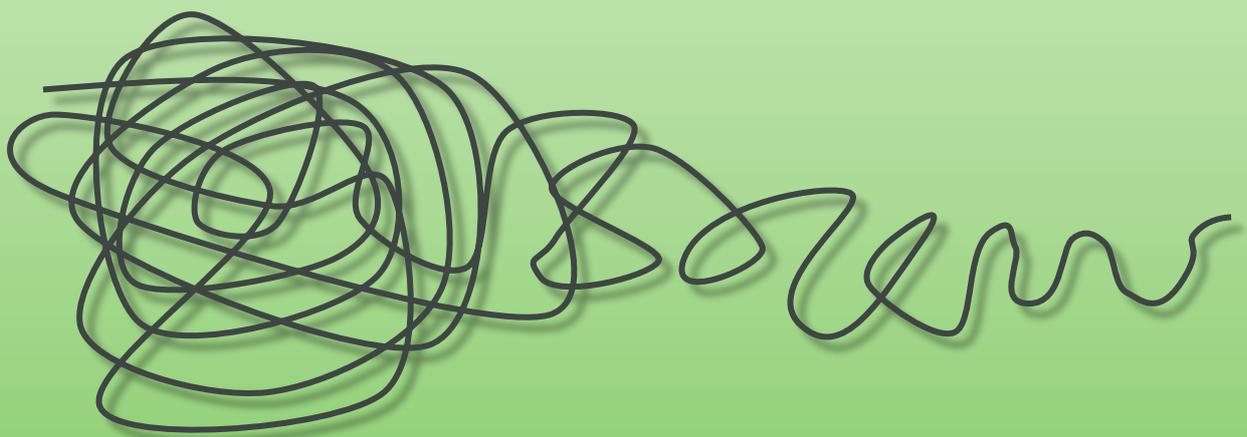


write

Unravelling Financial Jargon



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Published by

Write Limited, PO Box 5938,

Wellington 6140

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Contents

Unravel financial jargon	4
Avoid three traps in definitions	4
Make sure your definitions are easy to understand.....	4
Consult the industry’s glossary	4
Glossary.....	5
A	5
B	6
C	7
D	10
E	11
F.....	12
G.....	14
H.....	15
I	16
J.....	18
K	18
L.....	18
M.....	19
N.....	20
O.....	21
P	21
Q.....	23
R	23
S.....	24
T	26
U.....	27
V	28
W.....	28
Y	28

Unravel financial jargon

Unravelling Financial Jargon is intended mainly for people who write financial documents for the public. But you'll also find it useful if you're a member of the public who needs to understand financial terms.

We think writing financial documents plainly is challenging — harder than writing clear text in many other fields. That's because you're often writing for people who need to understand but who lack specialist knowledge. Financial documents often include legal terms and concepts too — a double challenge.

Avoid three traps in definitions

Many financial terms have no plain language equivalent so you'll need to explain them to make the meaning clear. When defining terms, avoid using:

- another unfamiliar term
- the word you're defining (or a variation of that word)
- complex language or long sentences.

Make sure your definitions are easy to understand

Being perfectly correct isn't enough — your definition must also be perfectly understandable. That means you need to know your audience. We think the three main groups of people who read financial documents are:

- people with low literacy (often those from lower income groups) who have a poor understanding of financial concepts, and who are more likely to borrow than invest
- people with higher levels of literacy (often those from average or higher income groups) who are unfamiliar with many financial concepts, and who are likely to both borrow and invest
- people with higher levels of literacy (often those from average or higher income groups) who understand of financial concepts very well, and who are very likely to both borrow and invest.

Once you've decided who your main audience is, choosing the right definition will be easier. If you're writing for people with low literacy, check if you should include a word or concept at all. If you're writing for the other groups, check if you need to define the term.

Consult the industry's glossary

The Retirement Commission has a comprehensive plain language glossary of financial terms. They partnered with groups across the financial sector to develop that, and we helped too.

[Download *De-Jargonizing Money* \(PDF, 3MB\)](#)

If you can't find the right plain language term, we may be able to make a suggestion too. Email us and we'll see what we can come up with for you.

enquiries@write.co.nz

Glossary

Financial term

Plain language definition or alternative

A

accrual accounting	a form of bookkeeping that accounts for things when you agree to buy or sell them (rather than when the money actually changes hands)
accrue	add something (for example, interest) at regular times (for example, monthly)
accumulate	get more (assets or money)
actual investment return	the money you earn on your investment after taking out fees, tax, and other costs
actuarial advice	advice about insurance risks and premiums
actuarial valuation	a report, usually prepared for a retirement fund, that shows what the fund's risks and costs are likely to be in the future
actuary	a person who uses statistics about life expectancy, accidents, and risks to help work out what insurance premiums should be
(under) administration	receivership; where the administration of the company is controlled by someone appointed by a court to save or sell a company in financial trouble
affidavit	a written statement made under oath (a solemn promise that the statement is true)
affiliates	partners, people, or organisations connected to another organisation
aggregate amount	a total amount, made by adding together other smaller totals
amalgamation	combining two companies or organisations
amendment	a small change in a document, especially a legal or financial document
annual	yearly, every year
annual report	a report to shareholders that describes a company's operations and financial performance for a financial year
annuity	a regular payment (a bit like a pension) that is paid out for the rest of a person's life
applicant	a person who applies for something
apportioned	shared out

appreciation	increase in value
arbitrage	buying and selling of stocks or bills to take advantage of price differences in different markets
arrears	a payment that is overdue
asset classes	different types of investments, such as shares, property, fixed interest, or cash
asset mix	a mix of different types of investment
asset	something a person or organisation owns, such as property or investments
audit	an inspection of financial accounts
auditor	a person who inspects financial accounts
authorise	agree to, give authority to, officially assign
authorised person	a person who has the power to act in a certain way or sign something

B

balance	(in banking) the amount available in your account to withdraw (in bookkeeping) the amount left after adding up income and taking away costs
balance sheet	a document that gives the balance of an account
balanced fund	a mix of different types of investment that includes some with a safe, agreed return (such as bonds) and others that are riskier (such as shares)
bank bill	a short-term investment made with a bank for 185 days or less. You buy the bill for less than its face value, and sell it at its face value
bankrupt	insolvent; declared broke by a court
bare trust	a trust in which the trustees' only job is to give out money to the beneficiaries as set out in the trust deed (also called a simple trust or a naked trust)
barrister	a lawyer who specialises in court work
bear market	when the share market is losing value
benchmark	a standard, a point of reference
beneficiary	a person who benefits (gains) from something such as a trust or will

benefit	profit, advantage, a payment made to someone
board of trustees	a group of people who govern and look after a fund, trust, or other organisation (see also trustee)
body corporate	an organisation that has a separate legal identity to its owners — it has its own identity and the same rights and responsibilities as a person
bond	a certificate issued by a government or public company that promises to repay borrowed money at a fixed interest rate at a certain time. A bond can be traded. The one who issues the bond (issuer) is the borrower, the one who holds the bond (holder) is the lender, and the interest is the coupon (see coupon)
bond rate	the interest rate on a bond — usually a percentage of the money borrowed
bonus	an unexpected benefit, extra money
bound by the terms of	restricted by rules (in an agreement or Act)
broker	a person who buys or sells on behalf of someone else
brokerage	a fee or commission paid to a broker
budget	a detailed estimate of expected income and costs for a period of time
building society	an organisation offering banking and other financial services that is owned jointly by those who invest in or borrow from it
bull market	a share market gaining value
buy-back transaction	an agreement in which the owner and occupier of a house signs over ownership (usually in return for money). The original owner keeps the right to live in the house and has the right to buy it back

C

calendar days	whole days including Saturday and Sunday (compared with business or working days, which are Monday to Friday 9am–5pm)
calendar month	a full month beginning on the first day and ending on the last day; a period from a numbered day in one month to the same numbered day the following month, less one (for example, 25 March to 24 April)
call account	an account that you can take money from at short notice
call	ask for payment of an investment or loan

capital	the original amount you invested, principal
capital asset	any asset used to make money such as property, bonds, and shares
capital gains	the profit (money you gain) when you sell an asset
capital gains tax	a tax charged in some countries on the profit from selling assets (not in New Zealand)
capital growth	an increase in the value of assets in a fund, or of the value of stock
cash	actual coins and notes; bank bills or floating rate notes or any other asset that can be quickly converted to cash (see also cash equivalents)
cash accounting	a system of accounting in which income and expenses are shown in the year-end financial statements only when the money is actually received or paid out — the opposite of accrual
cash equivalents	short-term investments that can be converted into cash immediately
cash flow	how well money is flowing in and out of a business — the company must have enough money in the bank to pay its bills
cash in	exchanging an asset for cash
certified accountant	an accountant who has met the requirements of a registered professional organisation, such as CPA in Australia. (Accountants can be either certified or chartered, depending on what professional organisation they belong to)
chartered accountant	an accountant who has met the requirements of a professional organisation that has a royal charter, such as the New Zealand Institute of Chartered Accountants. (Accountants can be either certified or chartered, depending on what professional organisation they belong to)
certified copy	an official copy of an original document that is signed by someone authorised to say it is a true copy
cheque (US: check)	a written order telling a bank to pay money from your bank account to the person named on the cheque
claim	an official request for money — often as compensation for something
collateral	something you own that you promise to hand over to a lender if you do not pay your debt. For example, a house may be collateral for a mortgage
commencement date	the date on which something starts

commission	a fee you pay to a broker or agent who sells a product or asset for you
commodity	raw materials that can be processed and sold like milk, wool, meat, and gold
commodity markets	markets in which raw materials like milk, wool, meat, and gold are traded
company	an organisation registered with the Companies Office
comply with	go along with, keep the rules
compound interest/returns	interest earned on the total which includes the original amount and the interest already earned
consent (noun or verb)	agreement, permission; to agree or allow
conservative fund	an investment fund that makes investments with a low-to-medium risk
constitutes	amounts to; sets up
consumer price index	CPI — a measure, usually done each year, of the change in the price of a set list of goods and services bought by a typical household
contribution	money paid into a fund or plan
contributions holiday	taking a break from paying money into a fund or plan
convert	change money into a different currency
corporate bond	a bond issued by a company, not a government
corporation	a company — usually a large company — or group of companies in the United Kingdom, a group of people elected to govern a city or town
co-sign	sign a document that someone else also signs
counterparty	the other person or organisation in an agreement or court case
coupon	an interest payment made on a bond
CPI	consumer price index — a measure, usually done each year, of the change in the price of a set list of goods and services bought by a typical household
credit	the ability to buy without paying at the time, with an agreement to pay later
credit card	a card (such as VISA, Mastercard) issued by a bank or business that allows you to electronically borrow money to pay for goods or services
creditor	lender

credit rating	a way of checking whether a person is good at repaying debts
the Crown	used in New Zealand and similar countries to mean the Government, particularly in legal documents and Court cases
Crown contributions	the amount of money the Government adds on to a person's investment; for example, in a superannuation fund
Crown guarantee	a promise by the Government to repay any debts
current liabilities	debts that a business normally has to every pay each year such as rent, taxes, salaries
cushion	money set aside to cover unexpected costs; a debt-to-equity ratio of less than 40%
custody	safekeeping

D

debenture	a debt, recorded on a certificate, that is unsecured (backed only by the promise of the borrower and not by any real asset)
debit card	a card issued by a bank to give electronic access to money in your bank account; you can use the card to pay for things or to withdraw cash (often called an EFTPOS card). A 'VISA debit card' can also be used to pay for goods in place of a VISA credit card
debtor	borrower
debt security	a written promise to repay a debt on a certain date at an agreed interest rate. A debt security can be traded
declarant	the person who makes a legal statement
declaration	a legal statement about something
deduction	an amount of money subtracted from a total
deed	a signed document in which an owner of something gives rights to another person
deemed	considered, thought to be
defensive assets	financial assets that are low risk, but that generally have lower returns, such as bonds and cash
default	to not do what you've agreed to do, for example not paying back a debt
delinquent mortgage	a mortgage where the borrower has missed payments
deposit	money put into a fund or account
deposit slip	the form, on a slip of paper, that accompanies money or cheques being paid into a bank account

depreciation	a decrease in value of an asset — caused by wear and tear, or age
derivative	a financial product whose value is based on (derived from), and depends on, the value of another asset
derivative instrument	a document that has the agreed conditions for cashing in the derivative
direct credit	a way of paying someone by transferring money into their bank accounts a way of making one-off payments online
direct debit	a way of paying bills regularly by allowing an organisation to take money from your bank account — can be a fixed or different amount each time
disclosure	the legal responsibility to give all necessary information
disclosure statement	a document that gives relevant information about a person or company to make sure they are fully informed
discretionary trust	a type of trust that gives a trustee the power to decide which beneficiaries get funds from the trust and how much they get
dispute resolution	settling an argument by using a fair process such as mediation or arbitration
distribution	paying interest, principal, or dividend from investments or company funds
diversification	having different types of investment to reduce risk
dividend	the part of a company's profit paid to shareholders
domicile	the country where a person lives legally or where a company is registered
double-dip recession	when a country goes into recession twice with only a short recovery in between (a recession is when gross domestic product (GDP) shrinks during a quarter)
down-side risk	the likely financial loss if economic conditions get worse

E

effective from (date)	starting from
eligible	suitable, meet the criteria for entry
emerging (markets or companies)	starting to do well
endorsed by	supported by; confirmed by

enduring power of attorney	an authority you give to someone else to make decisions for you if you lose the mental or physical ability to do it yourself (New Zealand)
entitlement	a right to something
entity	a person or organisation that has its own legal and independent existence
entry fee	the fee paid to enter or join something, such as to join an investment fund
equity	the value of any asset after expenses have been paid
ethical investment	investing in businesses that try to make a positive contribution to the environment and quality of life. Not investing in companies that profit from things like tobacco, gambling, alcohol, and arms production
execution	carrying out the terms of a legal contract
executor	a person, appointed by a will or the courts, who is responsible for paying a dead person's debts and giving out assets as set out in the person's will (or by law, if there is no will)
exit fee	the fee you pay to leave something, such as the fee to leave an investment fund
expense	the cost of doing business
expense ratio	the annual fee, covering management and operating costs, that an investment company charges investors
external funding	money for operating costs or growth that comes from outside a business

F

fair dividend rate	FDR — a way of calculating tax on FIFs (foreign investment funds)
fair price	a price that is good for both buyer and seller
fair value	also called fair market value. A fair estimate of what a good, service, or asset is likely to sell for on the current market
fall	a drop in cost or value
FDR	fair dividend rate — a way of calculating tax on FIFs (foreign investment funds)
fee	a charge for services
fees and expenses	the business costs of running an investment fund

fiduciary	a business or person who acts as trusted agent for someone else
FIF	foreign investment fund — a New Zealand term for certain types of off-shore (non-New Zealand) investments
financial advisor	a person who helps people manage their money by giving advice about savings, investments, insurance, and mortgages
financial institution	an organisation that lends, borrows, or invests money, or manages money on behalf of someone else
Financial Markets Authority	FMA — set up in 2011 to regulate New Zealand’s financial markets
financial year	any 12-month period used for making financial statements
financier	a person who is involved in lending money, financing projects, or managing large investments
financial instrument	a contract that shows there is a financial transaction for either a debt (such as a loan) or an asset (such as bonds, currency, and stocks)
financial reporting standards	FRS — a set of accounting standards, used worldwide, for how different kinds of transactions should be recorded (see also IFRS and NZ IFRS)
financial statement	a financial report that summarises an organisation’s income, expenses, and profit
fiscal prudence	making decisions about spending in a way that avoids unnecessary risk
fixed interest	an interest rate that is set for an agreed period of time
float	a small sum of cash kept to pay for small purchases the value of a company’s shares available for public purchase
to float	(currency) to let a currency find its own value based on supply and demand (investment) to make shares in a company available to the public at a fixed price
fluctuation	change in value up and down
foreclosure	the legal process in which the bank can take and sell a mortgaged property when the owner can’t repay a loan (when the property is security for the loan)
foreign investment fund	FIF — a New Zealand term meaning certain types of investment (outside New Zealand)

FMA	Financial Markets Authority, set up in 2011 to regulate New Zealand's financial markets
fortnightly	every 2 weeks
franchise	a type of business arrangement where a firm that has a successful product or service (the franchisor) has a contract with other people or businesses (the franchisees), allowing them to use the franchisor's trade name and methods (examples are Subway and McDonald's)
FRS	financial reporting standards — a set of accounting standards, used worldwide, for how different kinds of transactions should be recorded (see also IFRS and NZ IFRS)
fund manager	someone who makes decisions about investments for a fund. Also known as an investment manager
funding ratio	a ratio of an investment fund's assets to its liabilities — this shows its ability to cover payments

G

GAAP	generally accepted accounting practice
GDP	gross domestic product — the total value of goods and services produced in a country for 1 year
GNP	gross national product — the GDP (gross domestic product) plus the value of goods and services produced by citizens of a country who live outside the country
gearing ratio	measures how much a company is funded by debt. High gearing means higher debt (called 'leverage' in the US and 'solvency' in Australia) (see negative gearing)
global bond	a bond issued in several countries at the same time (typically by a multi-national company or a national government)
good faith	sincerely trying to deal fairly with others
governance	the way a board of directors or trustees control their organisation
government bond	a certificate issued by a government that promises to repay borrowed money at a fixed rate at a certain time (see bond)
Government Superannuation Fund	a retirement fund set up in 1948 for New Zealand government employees. The fund is now closed to new members but still pays benefits to existing members. The GSF is different to the New Zealand Superannuation Fund.
gross	before tax, fees, or other costs are taken out

gross interest	the interest on savings or investments before tax is taken out
gross domestic product	GDP — the total value of goods and services produced in a country for one year
gross national product	GNP — the GDP (gross domestic product) plus the value of goods and services produced by citizens of a country who live outside the country
gross pay	total pay before tax, KiwiSaver, student loans, child support, and so on are taken out
growth	increase in value
growth assets	assets with the potential to increase in value over time (usually shares and property)
growth fund	a fund that invests in shares in fast-growing companies and makes money by selling shares when the price has increased. Investing in growth funds is riskier than some other kinds of investment
GSF	Government Superannuation Fund — a retirement fund set up in 1948 for state sector employees. The fund is now closed to new members but still pays benefits to existing members. The GSF is different to the New Zealand Superannuation Fund
guarantee	a formal promise that certain conditions will be met — often a contract to pay someone else’s debt if they can’t pay it
guarantor	someone who agrees to pay someone else’s loan if they can’t

H

hardship withdrawal	withdrawing money from a savings or retirement plan earlier than agreed because you urgently need the money. The terms and conditions of the plan will say when hardship withdrawal is allowed, and how much you can withdraw
hedge fund	an investment fund that uses a very wide range of strategies to bring high returns while protecting against losses
hedging	reducing the risk of one investment by making another investment that helps protect against possible loss
holding	something a person owns, usually assets, businesses, or property
holding company	a company that exists to buy and own shares of other companies

I

IAS	international accounting standards — a set of standards from the International Federation of Accountants that came before the IFRS and ISA
imputation	a way a company can pass on tax credits to its shareholders so the dividends paid to its shareholders are not taxed twice (used in New Zealand and Australia)
imputation credits	tax credits that mean company dividends to shareholders aren't taxed twice (see imputation)
in lieu of	in place of, instead of
in perpetuity	forever
in reliance on	taking as true
income	money you make: <ul style="list-style-type: none">• in return for work• from selling things• as profit from investments
income assets (sometimes called defensive assets)	assets that produce a return in the form of interest, but don't change in underlying value; these include bank deposits, bonds, debentures, and bank bills
income tax	tax paid on income
incorporated body	another name for a body corporate; that is, a legal organisation (such as a company or trust) that has the same rights, responsibilities, protections, privileges, and liabilities of a person (see body corporate)
incorporation	the official process of creating a legal organisation such as a company, trust, or society
indemnity	money someone promises to pay you if they cause you loss, damage, or injury
independent advice	advice from a person who does not benefit from giving it
index fund	a type of mutual fund that tries to match or track the performance of a market index, such as the Standard & Poor's 500 Index (S&P 500); the fund invests mainly in securities listed in the index — it does less trading and needs less management
index tracking	the process of using an index fund

individual savings account	ISA — a savings account that residents in the United Kingdom can have: the interest made on the savings is tax free and does not have to be declared
inflation	a general increase in prices and a decrease in what you can buy for your money
insolvent	unable to pay debts, broke, bankrupt
insurance contract	the legally binding agreement between an insurance company and the person who owns the policy
intangible assets	assets that cannot be seen or touched, but that affect a person's income, such as trade secrets, knowledge of things, and copyright
interest	payment for the use of money; for example, money that a lender charges for a loan or credit, or money you earn when you deposit or invest funds
IFRS	International Financial Reporting Standards — a set of professional standards developed by a Board of the International Federation of Accounting that say how things should be reported in financial accounts (see also FRS and NZ IFRS)
international accounting standards	IAS — a set of standards from the International Federation of Accountants that came before the IFRS and ISA
International Financial Reporting Standards	IFRS — a set of professional standards developed by a Board of the International Federation of Accounting stating how transactions and other events should be reported in financial accounts (see also FRS and NZ IFRS)
International Standards on Auditing	ISA — professional standards developed by a Board of the International Federation of Accountants, giving the responsibilities of an independent auditor
investment	buying something, such as stocks, property, or shares, and expecting to make a profit
investment fund	a company that pools the money deposited by members and invests it
investment returns	the difference between the amount invested and the amount you get back
investment risk	the possibility of having no return or a loss on an investment
investor	someone who invests with the goal of making a profit
Inland Revenue Department	IRD or IR — the New Zealand tax office
Inland Revenue Service	IRS — the US tax office

IR, IRD	Inland Revenue Department — the New Zealand tax office
IRS	Inland Revenue Service — the US tax office
ISA	International Standards on Auditing — professional standards developed by the International Federation of Accountants, giving the responsibilities of an independent auditor
ISA	individual savings account — a savings account that UK residents can have: the interest made on the savings is tax free and does not have to be declared

J

Justice of the Peace	JP — a well-respected person in the community who has some legal responsibilities; a JP can witness and verify documents and signatures. Different rules apply for JPs in different countries
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K

KiwiSaver	a voluntary superannuation savings scheme with a range of membership benefits including retirement saving, government contributions, employer contributions, saving withdrawal for first home, and first home deposit subsidy
KiwiSaver Act 2006	a New Zealand Act of Parliament setting up the KiwiSaver scheme. The Act aims to ‘increase individuals’ well-being and financial independence, particularly in retirement, and to provide retirement benefits’

L

lease	a contract to use or occupy property (noun) to use or occupy property under a contract (verb)
lessee	the tenant — the person with the right to use or occupy property
lessor	the landlord — the person who allows the property to be used or occupied
leverage	use borrowed money to buy an investment, expecting that the profit will be more than the interest on the loan
liability	an obligation such as a debt or a duty or responsibility
liquidation	the process of closing down a business by selling assets and using the money to pay the business debts

liquidity	the ability to convert an asset to cash quickly (also known as marketability)
locked in	when money cannot be taken out of an investment until a specific date, such as in a retirement plan

M

margin	<p>‘margin’ has several meanings</p> <p>(in banking) either:</p> <ul style="list-style-type: none"> • the difference between a loan and the market value of the asset you use as security for that loan • the amount the bank adds to loan interest or subtracts from deposit interest to make money for the bank <p>(in commerce) the difference between the cost price and the selling price</p> <p>(in trading) the difference between what is paid and what is earned on a trade</p> <p>(in securities trading) the amount of money (or the value of securities) deposited with a broker in case losses are made</p> <p>(in economics) the minimum an organisation needs to earn to pay its way</p>
market	a place where providers of a product or service can find the people and organisations who are interested in and able to buy; often used to mean the financial market (people and organisations who buy and sell investments and loans)
market comparisons	working out the value of something by looking at the cost of similar items in the appropriate marketplace
market index	an index that combines several stocks or investments together and expresses their total value against a value from a specific date; an index that represents an entire stock market and can be used by investors as a benchmark to compare to their own returns over time
market performance	how well a company does or how well its products sell
market value	the price you would get if you sold an asset (also known as market price)
market volatility	short-term rises and falls in the market
maturity	the time when a security, bond, or loan is due to be cashed in or repaid, or the state of reaching that time

maximise	make the most of
maximum	the most you can have
Memorandum of Amendments	a list of changes to a published disclosure document
minimise	make as small as possible
minimum threshold amount	the smallest amount you can invest
moneys/monies payable	the amount of money to be paid
mortgage diversion facility	a loan to buy a house, building, or land, where the bank holds the title until the debt is paid
mortgagee	an organisation that lends money for a property
mortgagor	a person who borrows money to buy a property

N

negative correlation	a relationship between two things where one increases when the other decreases, and decreases when the other increases (see positive correlation)
negative gearing	borrowing money to buy an income-earning asset when the income will not be enough to pay the interest on the loan
negative returns	losing money on an investment
net	after tax and fees are taken out
net assets	the value of assets minus the value of debts
New Zealand International Financial Reporting Standards	NZ IFRS — the New Zealand version of international financial reporting standards that incorporates New Zealand regulations
ninety (90) day bank bill rate	the rate of return on a 90-day investment
nominated beneficiaries	the people named to benefit, for example, from a will or trust
nominee	person whose name is given as the holder of investments, but who is not actually the owner
notwithstanding	despite, even though
NZ IFRS	New Zealand International Financial Reporting Standards — the New Zealand version of international financial reporting standards that incorporates New Zealand regulations
New Zealand Superannuation Fund	the New Zealand Government's retirement fund that pays superannuation (a pension) for people in New Zealand over 65 years old

O

oath	a solemn promise
OCR	official cash rate — the interest rate paid by banks in the overnight money market in Australia and New Zealand
official assignee (New Zealand) or official receiver	a person or company appointed by the court to manage the finances of a person or company that has gone bankrupt
official cash rate	OCR — the interest rate paid by banks in the overnight money market in Australia and New Zealand
the original	the document with the actual signature(s)
opt out	choose not to join or participate
option	the right to have first choice on buying or selling something

P

parent company	a company that owns enough of another firm to control how that firm is managed and operated
payout	money paid from winning something or as a return on investment
penalty	a punishment for breaking a rule, contract, or law
per annum	Latin term that means 'for each year'
performance (of an investment)	how well or badly the investment does
in perpetuity	forever
PIE	portfolio investment entity — an organisation registered with Inland Revenue to allow tax on investment income based on the prescribed investor rate (PIR) of their investors, rather than at the organisation's tax rate (New Zealand term)
policy	a contract to supply insurance
policy number	a unique number that insurance companies give to each insurance contract
pooled	to put money or other assets from several people or organisations together, as in a fund or superannuation scheme
portfolio	a collection of investments all owned by the same person or organisation

portfolio investment entity	PIE — an organisation registered with Inland Revenue to allow tax on investment income based on the prescribed investor rate (PIR) of their investors, rather than at the organisation’s tax rate (New Zealand term)
positive correlation	a relationship between two things (variables) where one increases when the other increases, and decreases when the other decreases (see negative correlation)
positive returns	making money on an investment
post-	after
power of attorney	a document where a person gives another person the authority to sign and act for them in legal or financial matters
pre-	before
premium	(in insurance) money paid (often in instalments) in return for insurance cover (in investment) the difference between the price something sells for, and the price stated on it
principal	the total amount of money being borrowed, lent, or invested
pro rata	Latin term that means ‘in some proportion’ (for example, dividends are paid pro rata; that is, the proportion of money each person gets depends on the number of shares they hold)
profit	gain
progressive rate	the way taxes may be set, where tax rate increases according to the income being taxed the way that insurance premiums may be changed, where new clients or renewing clients are charged at a new rate, and other clients are brought onto the new rate during the year when they join or renew
property	possessions — often used to mean land and buildings; for example, a property fund invests in land and buildings — returns come from rent and/or a change in the value of a property itself
property manager	a person who manages land and buildings on other people’s behalf, such as for renting
prospectus	a written summary of the most important things you need to know about an investment fund or business opportunity; a prospectus should give you the information you need to make an informed decision
prosper	do well

Public Trust (New Zealand)	an independent New Zealand organisation to help people protect and manage family interests and assets
purchase	buy
the prudent person test	what a reasonable person would do
pursuant to	as set out in

Q

quantitative easing	a government monetary policy, used when interest rates are very low, to increase the money supply. The central bank (such as the Reserve Bank of New Zealand) buys financial assets from other banks which increases the banks' money supply and encourages lending
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R

realised	cash in, accepted losses or gains
receiver	a person appointed to manage a bankrupt company
in receivership	bankrupt, with an appointed administrator
recession	a drop in most types of business activity, and an increase in unemployment, lasting longer than a few months; a drop in GDP for two or more quarters in a row
recommence	begin again
to redeem	to pay off, recover ownership, or cash in
registered	recorded on an official list
regulatory changes	changes in the law
related party	a person or organisation able to control or influence another person or organisation
remuneration	money or other benefits paid to someone for a service or work
resolution	decision
resources	money, material, staff, and other assets used for day-to-day activities
responsible investment	an approach to investment decisions that seeks to create long-term social, environmental, and economic value
retail	services or goods sold to the public
returns	income, profit

revoke	end, withdraw, or reverse; for example, a revocable trust is one that can be ended by the person who set it up
revolving credit	credit that is carried over from one month the next
ride out the highs and lows	seek a stable financial return over time by not taking action while the market goes up and down; another similar expression is 'harvest the highs and ride out the lows'
right of access	entitlement to enter, examine, use, or retrieve something
ring-fence	to set aside money for a particular purpose; also used to mean the legal separating off of certain assets and liabilities by creating a separate legal entity, often in another country
rise	increase in cost or value
risk	the possibility of harm or loss
risk profile	(of a company) a description of the number, type, and possible effects of risks a company faces (of an investor) a description of the level of risk a person is comfortable with
risk tolerance (also: sleep factor)	the amount of uncertainty and risk a person is comfortable with; how much risk it takes to disturb their sleep

S

safe haven	a commodity, asset, or currency that investors prefer in times of financial crisis because it doesn't lose value or because it is easy to liquidate
salary	money you earn from your job that is a fixed amount each year, no matter how many hours you work
savings account	a deposit account with a financial institution that pays interest and does not allow withdrawal by cheque
scheme	a plan, arrangement, or way of working
securities	assets that are not 'real' (like money and property), but have financial value — debt securities (such as banknotes, bonds, and debentures), equity securities (such as shares and stocks), and derivative contracts (such as forwards and swaps)
security interest	rights over the disposal of property created by an agreement to secure payment of a debt
security	a property or an investment used as a guarantee for paying a debt

settle	to make a payment and receive what has been agreed (for example, property); to pay a debt
sharebroker (also see stockbroker)	a person who acts as an agent in buying, selling, and giving advice on shares
shares	an investment that gives a person part-ownership of a company, along with all the other people who have shares; also called stocks or equities
shortfall	the difference between money required and money available
short-term cash deposits	an amount of money placed in a bank or other financial institution for no more than a year
significant financial hardship	unable to pay for basic living expenses, health, or funeral-related expenses
socially responsible investing	investing in companies that think about the social, environmental, and economic effects of their activities and decisions
sole trustee	the only trustee
solemnly declare	make a promise legally, take an oath
solicitor	lawyer; in the United Kingdom, a lawyer who does office work (trial work is handled by a barrister)
solvent (solvency)	having enough assets to pay liabilities
sovereign debt	government debt; the amount of money a country owes to the holders of its government bonds
speculation	making a high-risk investment on the chance of a quick or large profit
statutory declaration	a written statement declared to be true in front of witnesses; used as a legal document in Commonwealth countries to say that something is true, such as identity or nationality; it is similar to an affidavit, but is not made under oath (see affidavit)
statutory requirement	required by law
stockbroker (also see sharebroker)	a person who acts as an agent for buying and selling securities
stocks	an investment that gives a person part-ownership of a company, along with all the other people who have stocks; also called shares or equities
strategy	a plan of action designed to achieve a vision
subject to	depending on, under

subprime lending	a term used in the US and other countries that means lending to people who may be less likely to repay their loan, such as people with a poor credit rating. The interest rates are usually higher
subsidiary	a company owned and controlled by another company
subsidy	money given by the government to support something that will benefit the public
superannuation fund	an investment fund designed to collect, and invest, payments made during a person's working life, and to pay the person when they retire
superannuation	the lump sum or regular payments paid to a retired person
supporting documentation	written information used to support an agreement, proposal, report, or transaction
surrender value	the amount that an insurance company pays when a policyholder cancels their life insurance before its maturity date. This is usually lower than the value of the policy when it matures
switch	to move money out of one investment scheme or fund and into another

T

target funding ratio	the ratio of a fund's assets to its liabilities that it is most comfortable with
tax credit	an amount of money that you can deduct (take away) from the amount of tax you owe
tax resident	a person who has to pay tax in a country because they have their main home or main place of business there
tax return	a statement of your income and personal details that you give to the government — used to work out how much tax you should pay
term	how long money is invested for
terms and conditions	arrangements, provisions, requirements, rules, specifications, and standards that are part of an agreement or contract
terms of reference	the purpose, scope, and structure of something, such as a project or committee

tracking stock	a stock that is closely connected to one you want to monitor; a stock created for a company division so that the performance of that division can be monitored separately from the rest of the company
tracking	monitoring performance, keeping up with
traction	momentum, strength
transaction history	a record of all of a person's transactions with an organisation
transaction	the action of buying or selling something
treasurer	a person in charge of money for a group, club, or society
treasury	the government department that manages public money
trigger point	a circumstance or event that causes a change
true copy	an exact copy of a document
trust	a legal arrangement where people (trustees) are responsible for managing property or money for the benefit of those named in the trust deed (see trustee and beneficiary)
trust deed	a signed document that sets out the way a trust must operate
trust fund	a fund made up of assets intended to benefit those named in the trust deed (see beneficiary)
trustee	a person or organisation responsible for managing trust assets (see board of trustees)

U

the undersigned	the person whose name is signed at the end of a document
unhedged	an investment that is not protected against loss by investing in something else less risky
unit price	the price of one item
unit trust	an investment company that combines individual investments (units) to form an investment fund; unit trusts allow small investors to have a wider range of investments than each investor could have alone
unmodified audit opinion (also unqualified audit opinion)	where the auditor says that, in their opinion, they have been able to access all the data they need, and the financial statements comply with the correct financial reporting standards

unrealised	not cashed in; losses or gains in the value of an asset that hasn't been turned into cash
uplift	a rise in the market

V

value	what something is worth
vendor	a person or company that sells goods, services, shares, or property
verify	confirm that a thing is true
vested benefits	benefits you have a right to without any conditions
vested in	officially given to
vested interest / vested right	a right to future possession of property or assets that cannot be taken away
volatility	ups and downs over a short term

W

wages	money you earn when being paid by the hour — wages can change from week to week depending on the hours worked
waive	let go, don't insist on, give up the right to something, forgo
wholesale	on a large scale, selling in large quantities for resale
wind up	close an organisation down
withdraw	take out (money) or take away (permission)
withhold	to hold a payment back
withholding tax	a tax on self-employed contractors, casual labourers, and agents in many industries — the tax is collected and paid to Inland Revenue by the business involved; a fund also pays withholding tax on behalf of its investors
witness	a person who sees an event (such as the signing of a document)
wound up	closed, brought to an end, finished

Y

year to date	until this point in the current financial year
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