Chapter 9	
401k	A retirement savings plan that is sponsored and set up by an employer for its employees; like other retirement plans, there are strict rules as to when the money can be withdrawn without a penalty and strict contribution limits which change from year to year.
403b	A tax-deferred retirement savings program for employees of educational institutions and some non-profit organizations.
after-tax investments	Money that is deducted from your income after taxes have been deducted for the purpose of investing.
beneficiary	A person chosen by the policyholder whose name is on the life insurance policy and who receives the benefits of the policy after the policyholder's death.
cash value	The value of the investment portion of a whole life insurance policy.
Consumer Price Index (CPI)	An indicator of inflation that measures the change in the total cost of a specific list of services and products.
cost of living adjustment (COLA)	A small increase in a retiree's benefits based on the Consumer Price Index (CPE) or cost of living index.
decreasing term insurance	A type of life insurance policy that pays decreasing death benefits over time, and as a result, has a lower premium than other types of term insurance.
deferred compensation	Money that is given or received at a later date usually in return for services that have been given or received at the present time.
defined benefit plan	An employee pension benefit that is calculated based upon a formula that may involve the average salary before retirement, the age of the employee at retirement, the length of employment and some predetermined percentage multiplier; the employer makes all decisions on the investment options for the money in the plan.
Employee Retirement Income Security Act (ERISA)	The federal act that established protection of pension plans and the PBGC.
face value	The amount of coverage that a life insurance policy provides.

full retirement age	Age at which a person receives full retirement Social Security Benefits.
group term life insurance	Life insurance that employees get through their employers.
increasing term insurance	A type of life insurance policy that pays increasing death benefit over time, and as a result, has a lower premium than other types of term insurance.
individual retirement account (IRA)	An account that is opened by an individual, rather than sponsored by an employer.
Keogh plan	A retirement savings plan for a self-employed professional or the owner of a small business; pre-tax money invested in this type of account is tax-deferred until it is withdrawn.
level term insurance	A type of life insurance policy that pays the same death benefit over the term of the policy. The premiums paid usually remain level throughout the term.
lump-sum payment	Where all of the money owed to a retiree is given in a single payment and no further payments are made to either the retiree or their beneficiary.
mortality table	The APR divided by 12; the rate of interest charged each month.
Old-Age, Survivors, and Disability Insurance (OASDI)	An insurance that pays benefits to retired workers that help them meet their financial obligations and provides benefits to families of retired workers and disabled workers under certain conditions.
pension	A type of retirement plan where an employee receives compensation from an employer after retirement.
Pension Benefit Guaranty Corporation (PBGC) -	A federal government agency that insures most defined benefit pension plans.
Pension Protection Act	The Act which amended ERISA and offered legislation to strengthen and protect many types of pensions.
permanent life insurance	Life insurance that covers you for your lifetime or to a specified age; whole life, universal life, and variable life are types of

	permanent insurance.
pre-tax dollars	A deposit made to a retirement account that is deducted from wages before taxes, and therefore not taxed; pre-tax investments lower a person's current taxable income.
premium	The amount paid for an insurance policy.
qualified joint and survivor annuity	A type of retirement account that offers the retiree a smaller monthly payment but, upon death, the spouse will continue to receive reduced payments until his or her death.
retirement	A time when a person stops working for an employer.
Roth IRA	Deposits are taxable, but when the money is withdrawn after having been there for at least 5 years and the saver is at least 59 ½ years old, the money and the income earned is tax-exempt, or free from all taxes.
semi-retired	A person of retirement age who works only partially or part-time.
single life annuity	Offers the retired employee a fixed monthly amount until death, when all benefits stop.
Social Security benefit	Benefit based on earnings over a person's working lifetime; reduced benefits can start as early as age 62; people born after 1960 must wait to start collecting full retirement benefit until age 67, their full retirement age.
Social Security credit	Based on total wages and self-employment income during the year; the amount of earnings it takes to earn a credit changes each year; in 2009, a person had to earn $1,090 in covered earnings to get one credit; people born after 1929 need 40 credits in their lifetime to qualify for Social Security benefits.
Social Security statement	A record of the money an individual earned every year; it includes the number of credits you have earned.
tax-deferred	Taxes are paid at the time the money is withdrawn from the account, not when the money is actually earned.
tax-exempt	Money that is not taxed.
term life insurance	A type of protection for the policyholder; term insurance covers the policyholder for a specified period of time, usually 5, 10, or 20 years; after that time, the policy is no longer in effect, unless it is renewed for another term.
traditional IRA	a savings plan in which the income generated by the account is tax deferred until it is withdrawn from the account.

universal life insurance	Similar to whole life insurance; the cash value can be used to pay the insurance premium if the policyholder doesn't pay it, but if the cash value is not enough to pay the insurance, the policy can lapse.
variable life insurance	Combines an insurance part with a variety of investment components; these may include stocks, bonds, and money market funds; one of the riskiest types of insurance policies.
vested	The number of years an employee must participate in the plan before having the right to the investment or part of the investment.
whole life insurance	A type of insurance combines a life insurance policy with an investment feature; policyholders pay a premium that is divided between the insurance portion and the investment portion.