

EXERCISE 10.1

Investment Bingo

There are 24 terms below the bingo board. Write one term in each square so that you have 24 different terms on your board.

		<i>Free Lunch</i>		

Rate of return

Incentive

Rule of 72

Liquidity risk

Nominal rate of return

Certificate of deposit

**Money market
mutual fund**

Real estate

Compound interest

Income

Financial risk

Real rate of return

Passbook savings account

Inflation

Stock mutual fund

Annual rate of return

Opportunity cost

Wealth/Net worth

Market price risk

Fraud risk

U.S. Savings Bond

Inflation risk

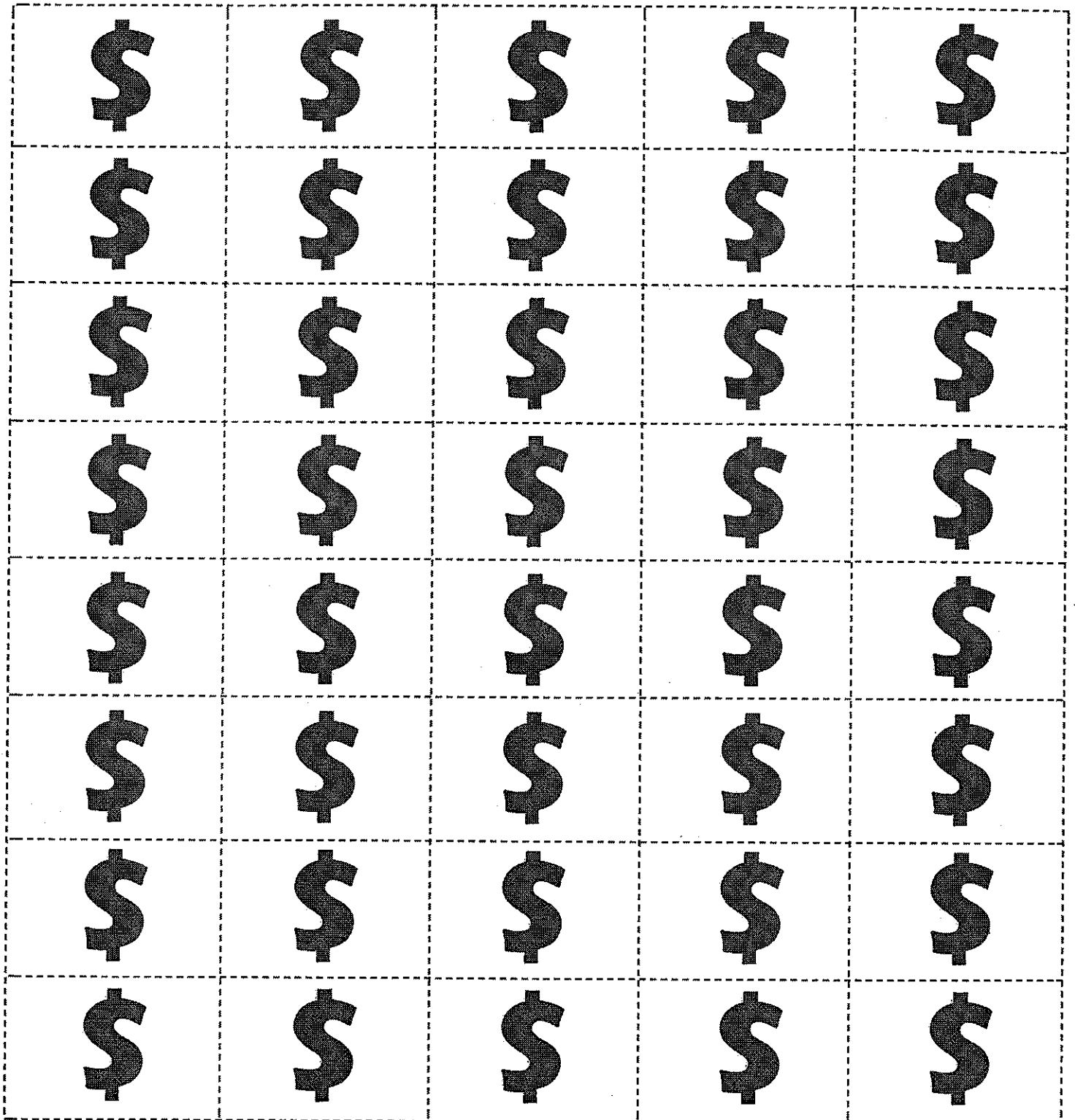
Stocks

Risk/Reward ratio

Visual 10.1

Investment Bingo

		<i>Free Lunch</i>		

ACTIVITY
10A**Investment
Bingo Markers**

ACTIVITY
10B

Investment Bingo Balls

Instructions: Each bingo ball is actually a slip of paper. Cut each definition and answer along the dotted line to make strips. You could put the definitions on cards and laminate them so they can be used again.

THE INCOME EARNED FROM AN INVESTMENT DIVIDED BY THE AMOUNT OF THE INVESTMENT
Rate of return

INTEREST THAT IS NOT ONLY EARNED ON THE PRINCIPAL BUT ALSO ON THE INTEREST
 ALREADY EARNED
Compound interest

WHAT YOU GIVE UP IN ORDER TO GET SOMETHING ELSE—THE NEXT BEST ALTERNATIVE
Opportunity cost

A REWARD THAT INFLUENCES CHOICES
Incentive

THE MONEY A PERSON EARNS DURING A PARTICULAR TIME PERIOD, OFTEN ONE YEAR
Income

THE AMOUNT OF MONEY A PERSON ACCUMULATES, OR TOTAL ASSETS MINUS
 TOTAL LIABILITIES
Wealth/Net Worth

A RULE FOR DETERMINING HOW LONG IT TAKES MONEY TO DOUBLE AT A PARTICULAR RATE
 OF RETURN
Rule of 72

THE RISK THAT A BUSINESS OR GOVERNMENT WILL NOT BE ABLE TO RETURN YOUR MONEY
Financial risk

THE RISK THAT THE PRICE OF AN INVESTMENT WILL GO DOWN BECAUSE OF
 SUPPLY AND DEMAND
Market price risk

THE RISK THAT AN INVESTMENT WILL BE DIFFICULT TO TURN INTO CASH
Liquidity risk

THE RATE OF RETURN FROM AN INVESTMENT AFTER ADJUSTING FOR INFLATION
Real rate of return

THE RISK THAT AN INVESTMENT HAS BEEN MISREPRESENTED
Fraud risk

THE RATE OF RETURN FROM AN INVESTMENT BEFORE ADJUSTING FOR INFLATION
Nominal rate of return

A FEDERALLY INSURED ACCOUNT AT A BANK, SAVINGS AND LOAN, OR CREDIT UNION FROM WHICH YOU CAN WITHDRAW YOUR MONEY AT ANY TIME
Passbook savings account

A TYPE OF SAVINGS DEPOSIT THAT YOU MUST LEAVE IN A BANK FOR A SPECIFIED PERIOD OF TIME
Certificate of deposit

A U.S. GOVERNMENT BOND THAT YOU CAN INVEST IN FOR AS LITTLE AS \$50
U.S. Savings Bond

THE ADDITIONAL MONEY EARNED ON AN INVESTMENT IN PERCENTAGE TERMS FOR A YEAR
Annual rate of return

A GENERAL RISE IN THE PRICE LEVEL
Inflation

A MUTUAL FUND THAT INCLUDES LOANS TO BUSINESSES AND GOVERNMENTS FOR SHORT PERIODS OF TIME
Money market mutual fund

SHARES OF OWNERSHIP IN A CORPORATION
Stocks

A MUTUAL FUND THAT HAS MORE RISKS AND MORE POTENTIAL REWARDS
Stock mutual fund

BUYING A HOME IS AN EXAMPLE OF THIS TYPE OF INVESTMENT
Real estate

THE RISK THAT THE REAL VALUE OF YOUR INVESTMENT WILL DECREASE BECAUSE OF A RISE IN THE PRICE LEVEL
Inflation risk

THE GREATER THE RISK, THE GREATER THE POTENTIAL REWARD
Risk/Reward ratio