

Glossary

A

accounting The systematic process of recording and reporting the financial position of a business.

actual cash value The value of an item new minus depreciation as a result of wear and tear, or how much the item is worth used.

advertising A paid, non-personal form of communication that businesses use to promote their products.

ageism Discrimination on the basis of age.

Americans with Disabilities Act (ADA) A federal law that requires businesses to provide facilities for people with special needs.

annual percentage rate (APR) The rate at which interest is charged for credit on a yearly basis.

antitrust laws Laws that allow the federal government to break up, regulate, or take over monopolies and trusts.

apprenticeship Learning a trade by working under the guidance of a skilled worker.

aptitudes Talents or abilities that come naturally.

asset Anything of value that a business or individual owns.

autocratic leadership A leadership style in which one person runs everything and makes all decisions without consulting others.

B

baby boom generation People born between 1946 and 1964.

bait and switch Advertising an item at a low price to lure customers into the store and then trying to get them to switch to a more expensive item.

balance of trade The difference in value between how much a country imports and how much it exports.

balance sheet A report of the financial state of a business on a certain date.

bank account A record of how much money a person has put into and taken out of a bank.

bank reconciliation The process of seeing whether one's own checking account records agree with the bank's records.

bank statement A bank's record of all the transactions in a checking account.

bankruptcy A legal process in which a person is relieved of debts but creditors can take some or all of the person's assets.

banner ads Internet ads that are displayed across the top or bottom of the screen.

beneficiary Person who receives part or all of the proceeds from a life insurance policy.

Better Business Bureau (BBB) A nonprofit organization that provides information and handles complaints about local businesses.

blue-chip stocks Stocks in large, well-established companies that have a good track record of success.

body language Non-verbal communication, such as posture, eye contact, facial expressions, and gestures.

bond discount The difference between the amount paid for a bond and its face value.

bonds Written promises, issued by a corporation or the government, to repay a loan with interest on a specific date.

boycott Refuse to buy a company's products or services.

brand name A word or name on a product that helps consumers distinguish it from other products.

breach of contract The failure of a party to live up to the terms of a contract.

break-even point The amount of money a company has to make on a product to pay for the cost of producing it.

bricks-and-mortar Stores, warehouses, and other buildings businesses use.

broker A dealer who specializes in buying and selling stock.

budget A plan of expected income and expenses over a certain period of time.

budget deficit When the government spends more on programs than it collects in taxes, or expenses exceed income.

budget surplus When the government collects more in taxes than it spends on programs, or income exceeds expenses.

budget variance The difference between planned spending and actual spending.

bureaucracy A formal organization consisting of many levels of management.

business Any activity that seeks profit by providing goods or services to others.

business cycle The rise and fall of economic activity over time.

business ethics The rules that govern how businesses should conduct themselves.

business etiquette Acceptable social behavior and manners in business.

byte Amount of memory it takes to store a single computer character.

C

anceled checks Checks written that have been cashed.

capital gain Selling stock for more than it cost to buy it.

capital loss Selling stock for less than it cost to buy it.

capital resources Things such as buildings, materials, and equipment used to produce goods and services.

career An occupation or field in which a person works over a long period of time.

career counselor A person trained to provide information and guidance on choosing and preparing for a career.

career ladder Job levels within an occupation.

career planning The steps necessary to choose and prepare for a career.

cash advance Using a credit card to borrow money rather than to charge a purchase.

cash-value insurance Life insurance that provides both a savings plan and death benefits.

centralized organization An organization that puts authority in one place, with top management.

certificate of deposit (CD) A type of savings account that requires a minimum amount of money deposited in the account for a minimum period of time.

channel of distribution A particular means of directing products from producers to consumers, such as a wholesaler or retailer.

charge account Credit provided by a store or company for customers to buy its products.

check register A checkbook or log used to record checking transactions.

claim A request for payment from an insurer for any damages covered by an insurance policy.

clearance sale A sale to clear out goods that are going out of season or are no longer profitable to make room for new merchandise.

clicks-and-mortar The use of both the Internet and buildings, such as stores and warehouses, to do business.

code of ethics A strict set of guidelines in a profession or company for upholding ethical behavior in the workplace.

coinsurance A percentage of medical expenses an insurance policyholder must pay beyond the deductible.

collateral Something valuable, such as a house or car, used as guarantee for a loan that the lender can take if the borrower doesn't repay the loan.

collection agent A person or business that collects overdue bills.

command economy A system in which a central authority such as the state makes the key economic decisions.

commercial credit Credit used by business.

common stock The primary, or common, form of ownership of a corporation.

comparison shopping Checking the price and quality of a product in more than one store.

compensation The pay and benefits a company offers for a job.

competition The contest between businesses to win customers.

compound interest Interest earned on both the principal amount in an account and the interest already earned on the account, or interest on interest.

compulsory insurance law A law that requires drivers to have a minimum amount of car insurance.

computer-aided design (CAD) Software for designing products with a computer.

conflict of interest When a business puts its interests before the interests of society.

conservation The process of preserving, protecting, and managing resources.

consolidation loan A loan that combines several debts into one loan with lower payments.

consumer A person who selects, purchases, uses, or disposes of goods or services.

consumer advocates Groups and individuals that work to protect, inform, and defend consumers.

consumer credit Credit used by individuals for personal reasons.

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Consumer Credit Protection Act A federal law, also known as the Truth in Lending Law, that requires creditors to inform consumers of the costs and terms of credit and protects consumers from lost or stolen credit cards.

consumer movement A movement to pass laws protecting consumers from unfair and unsafe business practices.

consumer reporter A radio or TV reporter who reports on issues important to consumers, such as product safety.

consumer rights Consumers' rights to safety, to be heard, to choose, to be informed, to have problems corrected, to consumer education, and to service.

contract A legal agreement between two or more parties to conduct business.

cookies Pieces of information about a computer user, stored on the user's hard drive, that can be accessed by a Web server whenever the user goes on the Internet.

cooperative An organization of businesses owned and operated by the members, who pool their resources and share the benefits.

copayment A fee paid each time a service covered by a health insurance plan, such as a doctor's visit or a prescription, is used.

copyright A legal grant for the sole right to own a creative property, such as a book or video game.

corporate bonds Bond sold by corporations to finance building and equipment.

corporate culture A company's shared values, beliefs, and goals.

corporation A business treated by law as separate from its owners.

cosigner A person who signs a loan for someone else and is responsible for repaying the loan if the borrower doesn't repay it.

coupon rate The rate of interest on a bond.

cover letter A one-page letter accompanying a résumé that tells an employer about an applicant and why the applicant is interested in a job.

credit An agreement to get money, goods, or services now in exchange for a promise to pay in the future.

credit bureau An agency that collects informa-

tion about consumers of credit.

credit counselor A person who helps consumers with their credit problems.

credit limit The maximum amount a person can spend or charge on a credit account.

credit rating A measure of a person's ability and willingness to pay debts on time.

creditor One who lends money or provides credit.

culture Beliefs, customs, and attitudes of a distinct group of people.

cyber ads Advertisements on the Internet.

D

database A computerized collection of information, usually kept in a list.

debit card A bank card used like a credit card but which takes money directly from a checking account.

debtor One who borrows money or uses credit.

decentralized organization An organization that gives authority to a number of different managers to run their own departments.

deductible The amount of damages that the holder of an insurance policy must pay before the insurance company pays.

deductions Amounts of money taken out of a paycheck for expenses such as taxes, health insurance, retirement, and union dues.

deflation A general decrease in the cost of goods and services.

delegate Give employees the power to run things and make decisions.

demand The amount of goods and services that consumers are willing to buy at various prices.

demand deposits Checks, or orders to a bank to release money from a checking account on demand.

democratic leadership A style of leadership in which managers work with employees to make decisions.

demographics Facts about the population in terms of age, gender, income, and education.

departmentalization Dividing responsibilities in an organization among specific units, or departments.

deposit Money put into a bank account.

depreciation Decline in the value of an item, such as a house or car, because of use.

depression A deep, long-term decline in economic activity.

desktop publishing Writing, designing, and laying out documents on a computer like a professional publisher.

digital workflow Linking all the steps in a process, such as printing, electronically.

direct distribution Selling goods and services directly from producers to consumers without using intermediaries.

direct-mail advertising Advertising sent to people's homes by mail.

discrimination Excluding someone on the basis of age, gender, ethnicity, or other difference.

diversity Variety of people with different backgrounds and identities.

dividends A share of the profits of a corporation paid to stockholders.

dot-com A company that does business on the Internet.

down payment A portion of the total cost of an item that is paid at the time the item is purchased.

E

e-commerce Electronic commerce, or business conducted on the Internet.

economics The study of how society chooses to use resources to produce and distribute goods and services for people's consumption.

electronic funds transfer (EFT) The transfer of money from one account to another using computers.

eleven perils The most common causes of property damage or loss, covered by all homeowner's insurance policies.

embargo A ban on the import or export of a product.

employability skills Qualities that employers look for in a person, including education, experience, character, and ability to work with others.

employment agencies Professional services that help people find jobs.

employment objective A statement in a résumé of one's career goals or interest in a business.

endorsement The signature of the payee on the back of a check, necessary for cashing a check.

entrepreneur A person who recognizes a business opportunity and assumes the risks of starting a business.

entrepreneurial resources The initiative to improve goods and services or create new ones.

entrepreneurship Accepting the risk of starting a business, or a business started by a risk taker.

entry-level job A beginning career job.

Environmental Protection Agency (EPA) A federal agency that enforces rules to protect the environment and control pollution.

Equal Credit Opportunity Act A federal law against denying credit on the basis of gender, age, ethnicity, or other difference.

Equal Employment Opportunity Act A federal law that prevents discriminating against workers on the basis of gender, ethnicity, or other difference.

Equal Pay Act A federal law requiring that men and women be paid the same wages for doing equal work.

equilibrium price The price at which the amount of goods producers supply meets the amount of goods consumers demand.

e-tail Electronic retailing, or selling products on the Internet.

ethics A set of moral principles by which people conduct themselves personally, socially, or professionally.

e-tickets Electronic tickets, or tickets sold using computers.

e-workforce People who work with computers while doing business.

exchange rate The price at which the currency of one country can buy the currency of another country.

expenditures Items you have to spend money on such as food, rent, and clothing, or expenses.

expert system Computer software that stores and uses knowledge that a human expert would have on the same subject.

exports Goods and services one country sells to another country.

extended coverage Coverage added to a basic insurance policy that protects against other types of property damage.

extranet A semiprivate computer network that allows more than one company to access the same information.

F

factors of production The economic resources used to produce goods and services.

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Fair Credit Billing Act A federal law requiring creditors to correct billing mistakes brought to their attention.

Fair Credit Reporting Act A federal law giving people the right to know what is in their credit files at credit bureaus.

Fair Debt Collection Practices Act (FDCPA) A federal law that protects debtors from unfair methods and practices by collection agents.

Federal Deposit Insurance Corporation (FDIC) A federal government agency that insures commercial bank accounts for up to \$100,000.

Federal Reserve System The central banking system of the United States, also called the Fed.

finance charge The total amount it costs to finance a loan, including interest and fees, stated in dollars and cents.

financial forecast An estimate of what business conditions will be like in the future.

financial institution An organization for managing money, such as a bank, credit union, or brokerage firm.

financial manager The person in charge of a business's financial planning, funding, and accounting.

financial plan An outline of a business's expenses, needs, and goals, and how it expects to meet them.

financial responsibility law A law requiring drivers to pay for any damages or injuries they cause in an accident.

fiscal year An accounting period in business of one year.

fixed expenses Expenses that occur regularly and must be paid regularly, such as rent and car insurance.

Food and Drug Administration (FDA) A government agency that protects consumers from dangerous or falsely advertised products.

franchise A contractual agreement to use the name and sell the goods or services of an existing company.

fraud Deliberately misleading business practices.

free-rein leadership A style of leadership in which managers and employees are given goals and then left alone to get their jobs done.

free trade Few or no limits on trade between countries.

G

garnishment of wages A creditor's legal right to take all or part of a debtor's paycheck for an unpaid debt.

generic products Products that are plainly labeled, unadvertised, and sold at lower prices.

goods Material things that can be physically weighed or measured.

grace period An amount of time to pay off a debt without having to pay interest on it.

grade labels Labels that indicate foods have been inspected by the federal government and the quality of the foods.

gross domestic product (GDP) The total value of the goods and services produced in a country in one year.

gross pay The total amount of money earned in a specific period of time before deductions.

group training Learning a new job from an instructor or manager with a group of other employees, like a class.

groupware Computer software that enables members of a team to share information on the same project, also called project management software.

H

hacker A person who breaks into computer systems for illegal purposes.

hardware The physical components of a computer.

health maintenance organization (HMO) A group health program that provides health care at its own center for a fixed fee per month.

hierarchy A formal chain of command with one person at the top.

homeowner's policy An insurance policy designed for homeowners that combines different kinds of home protection.

human relations The ability to communicate with people.

human resources The knowledge, efforts, and skills people bring to their work, also called labor.

human resources management The process of finding, selecting, training, and evaluating employees.

I

imports Goods and services one country buys from another country.

impulse buying Purchasing things on the spur of the moment.

income The amount of money a person earns or receives during a given period of time.

income property Property used to generate an income, such as a farm or apartment building.

income statement A report of a business's net income or net loss over a specific period.

indirect distribution Moving goods from producers to consumers using one or more intermediaries.

inflation A general increase in the cost of goods and services.

inflation risk The risk that the rate of inflation will increase more than the rate of return on an investment.

infomercial A television program, usually 30 minutes long, made to advertise a product.

information technology Hardware and software for creating, processing, storing, and communicating information.

initiative Taking action to get things done.

installment loans Loans repaid in regular payments over a period of time.

insurance Paid protection against losses due to injury or property damage.

integrity Holding to principles like honesty, loyalty, and fairness.

interest A fee charged for the use of money.

interest-bearing account A checking account that earns interest on the balance left in the account.

intermediaries Businesses that act as go-betweens in moving goods from producers to consumers, such as wholesalers, retailers, and distributors.

Internet A collection of tens of thousands of connected computer networks.

internship A program that provides hands-on experience for a beginner in an occupation, usually as a temporary, unpaid trainee.

interstate commerce Business that take place across states, overseen by the federal government.

intranet A private computer network that connects employees from the same company together.

intrastate commerce Business that takes place

within a state, overseen by state governments.

investing Putting money to use in order to make money on it.

J

job description A detailed description of the duties, qualifications, and conditions required to do a specific job.

job interview A formal face-to-face discussion between an employer and a potential employee.

job lead Information about a job opening.

journeyworker A skilled craftsperson who has completed an apprenticeship.

junk bonds Corporate bonds that have a low rating and are issued by companies that don't have successful track records.

L

leadership Providing direction and vision.

legal monopolies Companies, such as public utilities, that are allowed to operate without competition.

liability insurance Protection against claims of injury or property damage to others.

licenses Legal permits to conduct business, usually issued by states.

limited liability Financial responsibility of business owners only for what they invested in a business.

line authority An organizational structure in which managers at the top of the line are in charge of those beneath them.

liquidity The ability to quickly turn an investment into cash.

loss leaders Advertised products that sell for a loss to bring customers into a store so they'll buy other things.

M

management plan A business plan that divides a company into different departments run by different managers.

manufacturers Businesses that make finished products out of raw or processed goods.

market A group of customers who share common wants and needs.

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market economy A system in which economic decisions are made in the marketplace according to the laws of supply and demand.

market research Gathering and studying information about the buying habits of consumers to determine what goods and services to produce.

marketing The process of creating, promoting, and presenting a product to meet the wants and needs of consumers.

marketing concept A plan for how to market a product or service to consumers.

marketing mix The four main elements of marketing, also called the four Ps: product, place, price, and promotion.

mass media Means of mass communication such as TV, radio, and newspapers.

maturity date The date when money invested in a bond or certificate of deposit becomes available to the investor.

Medicaid A health care program provided by state governments for low-income families.

Medicare A health care program provided by the federal government primarily for retired persons.

middle managers Managers who carry out the decisions of top management and oversee specific departments.

mixed economy A combination of a command and a market economy.

monetary system A system in which goods and services are exchanged indirectly using money as a medium.

money Anything that people accept as a standard of payment.

money management The process of planning how to get the most from your money.

money market deposit account A type of savings account offered by banks, savings and loans, and credit unions similar to a money market fund or mutual fund.

money market fund A type of savings account offered by brokerage firms to finance business and government debts.

monopoly Control of an entire industry by one company or a trust.

mortgage Property put up for a loan that the lender can take if the loan is not paid back.

multi-channel retailer A company that uses several means to sell products, such as retail stores, mail-order catalogs, and the Internet.

multinational corporation A company that does business and has facilities in many countries around the world.

municipal bonds Bonds issued by local and state governments to finance government projects.

mutual fund A fund, or pool of money, created by an investment company that raises money from many shareholders and invests it in a variety of stocks and bonds.

N

national debt The total amount of money owed by the federal government.

natural resources Raw materials found in nature used to produce goods.

needs Necessary wants, such as food, shelter, and clothing.

net pay Gross pay minus deductions, also called take-home pay.

networking Meeting and talking to people in different occupations to find out what they do and make connections.

no-fault insurance A law that requires drivers involved in accidents to collect damages from their own insurance companies no matter who is at fault.

nonprofit organization A business whose main purpose is to provide a service rather than to make a profit.

O

Occupational Safety and Health Administration (OSHA) A division of the Department of Labor that sets and enforces work-related health and safety rules.

oligopoly Control of an industry by a small number of companies.

on-the-job training Learning a new job by actually doing it.

operational managers Managers who are responsible for the daily operations of a business, such as supervisors and office managers.

opportunity cost Giving up the opportunity to buy something now in order to buy something else later.

organizational chart A chart that shows how a business is structured and who is in charge of whom.

orientation The process of helping new employees adjust to a company.

outstanding checks Checks that have been written but haven't yet been cashed.

overdraft protection A line of credit offered by banks to cover an overdrawn checking account.

overdrawing Writing checks for more money than there is in a checking account.

owner's equity The difference in value between a business's assets and liabilities, or what a business owns and what it owes.

P

partnership A business owned by two or more persons who share the risks and rewards.

passbook savings account A traditional savings account in which all transactions are recorded in a book that the depositor keeps.

patent A legal grant for the sole right to own an invention.

performance appraisal An evaluation of how well an employee is doing his or her job.

personal digital assistant (PDA) A hand-held computer that can be used as an address book, appointment book, voice recorder, and to access the Internet.

personal property Possessions that can be moved, like furniture, jewelry, and electronic equipment.

policy A contract between an insurance company and policyholder that explains the amount and types of coverage.

pollution Contamination of air, water, and land.

pop-up ads Internet ads that appear briefly when a user logs onto the Internet or clicks on a site.

pre-existing condition A serious health condition diagnosed before a person obtained health insurance and which might not be covered by a policy.

preferred stock A form of ownership of a corporation that gives stockholders certain privileges.

premium The amount an insurance company charges a policyholder for an insurance policy.

principal The actual amount of money owed or deposited in an account, upon which interest is based.

proceeds Money paid from a life insurance policy to a beneficiary.

processors Businesses that change raw goods into more finished products.

producer A business that gathers raw products in their natural state.

product liability The legal responsibility manufacturers have to make a safe product.

profession A field that requires a high level of education, such as law, medicine, or architecture.

profit The amount of money left over after a business has paid for the cost of producing its goods and services.

promotion A move to a higher level job with more authority, responsibility, and pay.

promotional sale A sale that gives you a special buy on a new product or a product that's in season.

property insurance Protection from financial loss on property due to damage or theft.

prosperity The peak of economic activity.

protectionism Limiting trade with other countries to protect businesses at home.

Q

qualifications The education, skills, and experience required to do a particular job.

quota A limit placed on the quantities of a product that can be imported.

R

random access memory (RAM) Computer memory that stores information temporarily and loses it when the computer is turned off.

real estate Land and anything attached to it, such as buildings or natural resources.

real estate agent A person licensed to arrange the buying and selling of homes and other types of real estate.

real property Property attached to land, like a house, business, or garage.

recall An order to take back and repair or replace defective products.

recession A decline in economic activity.

recovery A rise in business activity after a recession or depression.

recruitment Actively looking for the most qualified people to fill a job position.

recycling Collecting products for processing so that they can be used again.

reference A person an employer can contact to find out about a job applicant.

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referral A personal recommendation to an employer for a job applicant.

refund Return the cost of a product.

relationship marketing Building customer loyalty through good customer relations.

renter's insurance Insurance available to renters, as opposed to homeowners, to cover any loss or damage to personal possessions.

replacement value The full cost of repairing or replacing property by an insurance company regardless of its depreciation value.

repossess To take back collateral put up for a loan, such as a car, if the loan is not paid back.

resource Anything that people can use, such as fuel, labor, or money, to make or obtain what they need or want.

résumé A written summary of one's skills, education, and work experience.

retailer A business that sells goods or services directly to the public.

revenue Government or business income.

revolving account A form of credit which allows one to borrow or charge up to a certain amount of money and pay back a part of the total each month.

rider An addition to an insurance policy that covers specific property or damages.

risk taker Someone willing to take chances in business, considered a key characteristic of an entrepreneur.

S

safety-deposit box A place at a bank for storing valuable items.

savings Money put aside for future use.

savings bonds Bonds sold by the federal government to pay for government projects.

scanner A computerized device that can read images and record or transfer them.

scarcity The shortage of economic resources.

screen ads Internet ads displayed on the right or left of a screen and that can be printed out.

secured loan A loan that is backed by collateral.

self-managed teams Work groups that supervise themselves.

separation Leaving a company because of retirement, resignation, layoff, or termination.

services Tasks that people or machines perform.

shadowing Following a person throughout a workday to see what a job involves.

signature card A record of an account holder's signature used by a bank to verify the person's identity.

simple interest Interest earned only on the money deposited into a savings account, or the principal.

skills Abilities developed through training and experience.

small business An independently owned business that employs fewer than 500 people.

small claims court A court that settles cases involving relatively small amounts of money.

social responsibility The obligation to do what is best for the welfare of society.

software A computer program containing a set of instructions that tells a computer what to do.

sole proprietorship A business owned by only one person.

speculative stocks Stocks in relatively new firms that don't have an established track record of success.

spreadsheet program A computerized worksheet.

standard fire policy Insurance against property damage due to fire or lightning.

standard of living The amount of goods and services the people of a country can buy.

start-ups Businesses just starting out.

statement savings account A traditional savings account in which all transactions are recorded in a statement sent by the bank to the account holder.

stereotype Identify someone by a single trait or as a member of a certain group rather than as an individual.

stock Shares of ownership in a corporation.

stock exchange A marketplace where stocks are bought and sold.

stop payment An order for a bank not to cash a particular check.

subsidies Payments the government gives to businesses to make up for their business losses.

supply The amount of goods and services that producers will provide at various prices.

sweatshops Factories that pay poorly, have unsafe working conditions, and treat workers badly.

T

target marketing Finding and analyzing potential consumers for a product.

tariff A tax placed on imported products to make them more expensive than domestic products.

tax incentives Reductions in taxes government gives to businesses to encourage socially responsible behavior.

telecommuting Using communications technology, such as computers, to keep in touch with the workplace while working away from it.

term insurance Life insurance that covers a person for a specific period of time.

top-level managers Managers responsible for setting goals and planning the future for a company.

trade A field that requires a high level of manual or technical skill, such as carpentry, mechanics, or computer programming.

trademark A legally-protected brand name, trade name, or trade characteristic that distinguishes one product from another.

transfer A move to another job within a company at the same level and pay.

transit advertising Advertising that uses public transportation to display ads.

trust A group of companies that band together to form a monopoly and eliminate competition.

truth-in-lending disclosure A statement creditors must give to consumers informing them of the costs and terms of credit.

U

undeveloped property Unused land intended only for investment purposes.

unit price The cost of an item for a standard unit of measurement, such as an ounce.

unlimited liability Full legal and financial responsibility for a business.

unsecured loan A loan that is not backed by collateral.

usury law A law that restricts the amount of interest that can be charged for credit.

V

variable expenses Expenses that fluctuate and over which you have some control, such as food and entertainment.

variable rate Interest rate on a loan that changes as interest rates in the banking system change.

virtual business A company that does business only on the Internet.

W

wants Things we wish we could have, as opposed to needs.

warranty A legal document that states the rights and responsibilities agreed to by the consumer and the store or manufacturer.

wearable computers Small, lightweight computers that workers can carry with them to assist them on the job.

Web browser A program that makes it easy to search and retrieve information on the Web.

webcast A broadcast, like a TV or a radio broadcast, sent and received over the Internet.

wholesaler A type of business that buys goods in large amounts and resells them to other businesses in smaller lots.

withdrawal Money taken out of a bank account.

withholding Money subtracted from a paycheck for taxes, social security, and other deductions.

Y

yield The rate of return on an investment, or the amount of money an investment earns.