

Interesting Interest Financial Vocabulary

Savings - Money that is saved over a period of time

Principal - initial amount of money that is invested (savings) or borrowed (loan)

Investment - money put aside to earn money over time

Interest - money earned on an interest bearing account (savings), or the cost of borrowed money (loan); usually a percentage (**interest rate**) of the invested or borrowed amount.

Compound Interest - is the amount of interest earned on the original amount (principal) of an account (such as a savings account) plus the amount earned on the accrued interest that remains in the account. Loans can also use compound interest in the calculation of the interest owed on the money borrowed.

Simple Interest - is earned only on the original principal amount; interest that is not compounded.



Interesting Interest - Financial Vocabulary

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