CATALYST4GROWTH

Glossary

Customized Strategies to Fuel Your Retirement Dreams

Annuities
A financial contract with an insurance company where you make payments (lump sum or series) in exchange for future regular income, often for retirement, providing a guaranteed income stream for life or a set period, with benefits like tax deferral and longevity protection.

Aristocrat Stocks
Large, stable companies within the S&P 500 that have increased their dividends for at least 25 consecutive years, demonstrating strong financial health and a commitment to shareholder returns through consistent payouts even during economic downturns, making them attractive for long-term, income-focused investors.

Asset Location
The strategy of placing specific investments into different types of accounts (taxable, tax-deferred, tax-free) to maximize after-tax returns, differing from asset allocation (which decides what to invest in) by focusing on where to hold those investments for tax efficiency, often putting less tax-efficient assets like bonds in retirement accounts and more tax-efficient assets like stocks in taxable accounts.

Capital Gains
The strategy of placing specific investments into different types of accounts (taxable, tax-deferred, tax-free) to maximize after-tax returns, differing from asset allocation (which decides what to invest in) by focusing on where to hold those investments for tax efficiency, often putting less tax-efficient assets like bonds in retirement accounts and more tax-efficient assets like stocks in taxable accounts.

Certificate of Deposit
A low-risk savings account with a fixed interest rate for a specific time period (term). You deposit a lump sum, and in exchange for agreeing not to withdraw it until maturity (months to years), the bank pays you a higher, guaranteed interest rate than a regular savings account.

Conventional Wisdom
Refers to the widely accepted, common-sense ideas and expert opinions about investing and money that most people follow, often as rules of thumb or established norms.

Covered Calls
An options strategy where you own 100 shares of a stock and sell (or "write") a call option against those shares, giving someone else the right to buy your stock at a set strike price by a certain date, in exchange for an upfront cash payment called a premium.

Dividends
A sum of money paid regularly (typically quarterly) by a company to its shareholders out of its profits (or reserves).

Income Source Structuring
Refers to the composition and distribution of the various origins from which an individual, household, or entity derives money or capital. This structure provides insight into an entity's financial stability, risk diversification, and economic behavior (e.g., spending and savings patterns).

Marginal Tax Rates
The tax rate applied to each additional dollar of income you earn. It is the highest tax rate within the federal income tax bracket your total taxable income falls into.

Married Filing Jointly (MFJ)
The tax rate applied to each additional dollar of income you earn. It is the highest tax rate within the federal income tax bracket your total taxable income falls into.

Pension
A regular payment made to someone after they retire from work, providing income when they're no longer earning a salary, often based on their salary and years of service with an employer.

Risk Tolerance
Your ability and willingness to handle potential investment losses for the chance of higher returns, essentially measuring how much volatility (ups and downs) you can stomach in your investments without panicking or abandoning your financial goals.

Rental Income
Any payment, cash or non-cash, a property owner receives in exchange for the use or occupation of their real estate or personal property. This income is generally taxable and must be reported by the owner.

Required Minimum Distributions (RMD)
The IRS-mandated minimum amount you must withdraw annually from tax-deferred retirement accounts, like traditional IRAs and 401(k)s to ensure the government eventually collects taxes on that deferred income.

Sequence of Returns
The risk of negative market returns occurring as you enter retirement, which can deplete your retirement nest egg and significantly impact long-term retirement security.

Stocks & Bonds
Stocks represent ownership (equity) in a company, giving shareholders a claim on profits and assets, while bonds are essentially IOUs or loans (debt) to a government or corporation, promising fixed interest payments and principal repayment.

Structured Notes
A complex, bank-issued debt security that blends a traditional bond with a derivative, offering customized returns linked to an underlying asset (like an index, stock, or commodity) while providing potential principal protection, downside cushioning, or enhanced upside.

Surcharge
An additional charge, fee, or tax added to the cost of a good or service beyond the initially quoted price. It is typically applied on top of an existing tax and is not included in the stated price of the good or service.

Tax Liabilities
The total amount of money that an individual, corporation, or other entity is legally obligated to pay to a government tax authority (federal, state, or local).

Time Horizon
How long you plan to hold an investment for a specific goal. Investments are generally broken down into two main categories: stocks (riskier) and bonds (less risky). The longer the time horizon, the more aggressive, or riskier, a portfolio an investor can build. The shorter the time horizon, the more conservative, or less risky, the portfolio the investor may want to adopt.