

annuity

an investment involving regular contributions (payments) into an account earning compound interest e.g. a superannuation fund

balance

the amount remaining or owing on a loan

cash advance

a withdrawal of cash made on a credit card, which does not have an interest-free period, and is usually charged at a higher rate than on purchases

compound interest

interest paid on the principal invested as well as on any accumulated interest

contribution

a regular payment made to an annuity

deposit	a single payment that is made first when purchasing an item e.g. 10% of the purchase price
flat interest	an alternate term for simple interest
flat rate loan	a loan where simple interest is charged on the amount borrowed for the term of the loan
future value	the amount of a growing investment at a specific time
future value of an annuity (FVA)	the final amount or total value of an annuity at the end of the term

hire purchase

an alternate term for  
term payments

interest-free period

a period of time when interest is  
not charged on an amount  
borrowed, used with term  
payments and credit card  
accounts

period

amount of time e.g.  
week, month, year

present value

an alternate term for  
principal

present value of an  
annuity (PVA)

the single sum of money that, if  
invested today at the same  
compound interest rate as the  
annuity, would produce the same  
future value (final amount) over the  
same period of time

principal

the original amount of money invested or borrowed

reducing balance loan

a loan in which interest is charged on the amount owing each period and not on the principal borrowed

repayment

the amount paid regularly to pay off a loan

term

the amount of time it takes for a loan to be completely paid off

term payments

paying off a loan plus interest by regular payments; also known as buying on terms or hire purchase