

# Chapter 31 Investing

## Section 31.1 Bonds

### Section Summary with Key Terms and Academic Vocabulary

**Bonds** Investing is using money to participate in an enterprise that offers the possibility of profit, especially buying bonds and stock. A bond is a certificate issued by a government or company promising to pay back borrowed money at a fixed rate of interest on a specified date. Like savings accounts, bonds earn interest. Most bonds are considered a safe investment. Governments issue bonds to help raise the money to fund their regular activities. The federal government sells a variety of bonds and other securities. State and local governments sell municipal bonds. Corporations usually sell bonds to pay for construction and equipment.

#### Key Terms \_\_\_\_\_

**investing** Committing money or capital in order to gain a financial return

**security** A tradable document that shows evidence of debt or ownership

**yield** The amount of money an investment earns

**bond** Certificate issued by a government or company promising to pay back borrowed money at a fixed rate of interest on a specified date

**coupon rate** Rate of interest on a bond

**bond discount** Difference between the amount you pay for the bond and its face value

**savings bonds** Registered bonds that are sold in denominations of \$50 to \$10,000

**municipal bonds** Bonds issued by local and state governments to finance city, town, or regional projects such as schools, highways, and airports

**corporate bonds** Bonds issued by corporations to finance things such as construction and equipment

#### Academic Vocabulary \_\_\_\_\_

**participate** Have a part or share in something

**eliminate** To put an end to; remove

**commission** A fee paid to an agent or employee for transacting a piece of business or performing a service

**mature** To become due