

GLOSSARY OF TERMS

- 1 **401(K) PLAN**
A tax-deferred contribution retirement savings and investment account offered by many employers.
- 2 **ACCOUNT NUMBER**
A unique number that identifies your individual bank account, required for most banking transactions.
- 3 **ANNUAL FEE**
Any fee that is charged on a yearly basis.
- 4 **ANNUAL PERCENTAGE RATE (APR)**
The annual rate charged for borrowing that is paid to the lender of any loan; often includes more than just the interest rate but also any fees or associated costs.
- 5 **ASSET**
Anything that has a monetary value that can be bought, sold, or exchanged.
- 6 **BANK**
A place where you can put your money for safekeeping; they can also provide some financial services like handling checks and making loans.
- 7 **BANK ACCOUNT**
An account held at a financial institution that enables you to write checks against deposited funds; sometimes there is a fee associated.
- 8 **BEAR MARKET**
A period when stock prices fall in the market causing investors to lose confidence and sell more stock.
- 9 **BINDING**
When an agreement in binding, it means that all people who have signed are legally required to do what has been agreed upon.
- 10 **BLUE CHIP**
A company that is recognized as established and financially sound with a record of stable and reliable growth.
- 11 **BOND**
A debt investment where an investor loans money to an entity that borrows funds for a defined period at a variable or fixed interest rate; often issued by governments.
- 12 **BROKER**
An individual or firm that charges a fee or commission for executing buy and sell orders submitted by an investor.
- 13 **BUDGET**
An estimation of future income and expenses over a specific period of time; a balanced budget is when revenue is equal to expenses.
- 14 **BULL MARKET**
A period when stock prices rise in the market causing investors to gain in confidence and buy more stock.
- 15 **CASH ADVANCE**
A service provided by many credit card issuers allowing cardholders to withdraw a certain amount of cash; normally incur very high interest rates or fees.
- 16 **CERTIFICATE OF DEPOSIT**
A type of savings account that earns a fixed interest rate over a specified period of time.
- 17 **CHARACTER**
An individual's reliability to repay a loan.
- 18 **CHECK**
A written, dated, and signed instrument that contains an order from the issuer that allows a bank to pay a defined sum of money to a payee.
- 19 **CHECKING ACCOUNT**
A deposit account held at a financial institution that allows withdrawals and deposits.
- 20 **COLLATERAL**
Assets owned by an individual that could be sold to repay the loan.
- 21 **COMFORT ZONE**
A place or situation where one feels safe or at ease and without stress.
- 22 **COMMISSION**
A service charge assessed by a broker or investment advisor in exchange for providing investment advice and/or handling the purchase or sale of an investment.
- 23 **COMPETITION**
The act or process of trying to get or win something that someone else is also trying to get or win.
- 24 **COMPOUND INTEREST**
Interest computed on the sum of the original principal and accrued interest.
- 25 **CONTRACT**
A binding agreement between two or more parties for performing some specified act in exchange for lawful consideration.
- 26 **COSIGNER**
A person who signs for another person's debt which creates a legal obligation to make payment should that person default.
- 27 **CREDIT**
The granting of money or something else of value in exchange for a promise of future repayment.
- 28 **CREDIT CARD**
A plastic card from a financial services company that allows cardholders to buy goods and services on credit.
- 29 **CREDIT LIMIT**
The maximum amount of credit that a financial institution extends to a client.
- 30 **CREDIT REPORT**
A loan and bill payment history, kept by a credit reporting company and used by financial institutions and other potential creditors to determine the likelihood a future debt will be repaid.
- 31 **CREDIT SCORE**
A number generated by a statistical model that objectively predicts the likelihood that a debt will be repaid on time.
- 32 **CREDIT UNION**
A cooperative organization that provides financial services to its members.



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- 33 CREDITOR**
A person, financial institution, or other business that lends money.
- 34 CUSTODIAN**
The legal adult who is responsible for monitoring the use of the funds in a minor's account.
- 35 DEBIT CARD**
A plastic card that allows money to be withdrawn or the cost of the purchases paid directly from the holder's bank account.
- 36 DEBT**
Money owed; also known as a liability.
- 37 DEDUCTIBLE**
The amount of loss paid by an insurance policyholder; can be expressed as a specified dollar amount of a percentage of the claim amount.
- 38 DEFAULT**
The failure to promptly pay interest or principal when due.
- 39 DELAYED GRATIFICATION**
The ability to put off something pleasurable now in order to gain something that is even more rewarding later.
- 40 DEMAND**
The amount of a particular good or service that a consumer will want to purchase at a given price.
- 41 DEPOSIT**
A transaction involving a transfer of funds to another party for safekeeping.
- 42 DEPRECIATION**
The decrease in the value of an asset over time.
- 43 DIVERSIFICATION**
The distribution of investments among several companies to reduce the risk of loss.
- 44 DIVIDEND**
A share of profits paid to a stockholder.
- 45 DIVIDEND**
A type of payment made in cash during the onset of the purchase of an expensive good or service; typically represents only a percentage of the full purchase price.
- 46 DOWN PAYMENT**
A type of payment made in cash during the onset of the purchase of an expensive good or service; typically represents only a percentage of the full purchase price.
- 47 EARNED INCOME**
Income derived from active participation in a trade or business, including wages, salary, tips, commissions, and bonuses.
- 48 ECONOMY**
A system of making and trading things of value in a country or region.
- 49 EMPLOYEE**
A person hired to provide services to a company on a regular basis in exchange for compensation.
- 50 EMPLOYER**
A person or organization that controls and directs a worker under a contract of employment and pays a salary or wages in compensation.
- 51 ENDORSEMENT**
A signature on the back of a check required for deposit.
- 52 ENTREPRENEUR**
An individual who founds and runs a business and assumes all the risks and rewards.
- 53 EQUITY**
Ownership interest in an asset after liabilities are deducted.
- 54 EXPENSE**
The amount of money that is needed to pay for or buy something.
- 55 FAIR ISAAC CORPORATION (FICO)**
Used by lenders to assess credit risk and determine whether to extend credit to a borrower.
- 56 FEDERAL DEPOSIT INSURANCE CORP. (FDIC)**
A federally chartered corporation that insures bank deposits up to \$250,000.
- 57 FEDERAL INCOME TAX**
A tax levied by the IRS on the annual earnings of individuals, corporations, trusts, and other legal entities.
- 58 FEDERAL RESERVE**
The central bank of the United States that regulates the US monetary and financial system.
- 59 FIXED EXPENSES**
A cost that does not vary in the short term, irrespective of other changes; normally basic operating expenses.
- 60 FRAUD**
Wrongful or criminal deception intended to result in financial or personal gain.
- 61 GRACE PERIOD**
The number of days between when a credit card billing cycle ends and when payment is due.
- 62 GROSS INCOME**
An individual's total personal income before taxes or deductions/exemptions.
- 63 IDENTITY THEFT**
The crime of obtaining the personal or financial information of another person for the purpose of assuming that person's identity to make transactions or purchases.
- 64 INCENTIVES**
Something that encourages or motivates one to do something.
- 65 INCOME**
Money that individuals or businesses receive in exchange for providing a good or service.
- 66 INCOME TAX**
A tax imposed by government on financial income generated within their jurisdiction.
- 67 INFLATION**
A sustained increase in the prices of goods and services.
- 68 INITIAL PUBLIC OFFERING (IPO)**
The first sale of stock by a private company to the public.
- 69 INSUFFICIENT FUNDS**
When you try to purchase an item using a check or debit card without having enough money in your bank account.



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- 70 INSURANCE**
A contract in which an individual or entity receives financial protection against losses from an insurance company.
- 71 INSURANCE PREMIUM**
The amount of money required for coverage under a specific insurance policy for a given period of time; may be paid at varying intervals.
- 72 INTEREST**
A fee for the use of money over time; it is an expense to the borrower and revenue to the lender.
- 73 INTERNAL REVENUE SERVICE (IRS)**
A US government agency responsible for the collection and enforcement of taxes.
- 74 INVESTMENT**
Anything one acquires for future income or benefit.
- 75 LATE FEE**
A fee incurred when you fail to make a minimum payment deadline of a credit card.
- 76 LEASE**
A legal document outlining the terms under which one party agrees to rent property from another party.
- 77 LIABILITY**
Money and individual or organization owes, same as debt.
- 78 LOAN**
A sum of money lent at interest.
- 79 MEDICARE TAX**
A US federal health program that subsidizes the medical expenses of people who meet the eligibility criteria.
- 80 MINIMUM WAGE**
The minimum amount of compensation that an employee must receive for performing labor as required by the government.
- 81 MORTGAGE**
A temporary and conditional pledge of property to a creditor as security for the repayment of a debt.
- 82 MUTUAL FUND**
A pool of money managed by an investment company.
- 83 NEEDS**
Things we need to survive
- 84 NET INCOME**
An individual's total personal income after taxes or deductions/exemptions.
- 85 NET WORTH**
The difference between the total assets and total liabilities of an individual.
- 86 NETWORKING**
The process of establishing a mutually beneficial relationship with other business people and potential clients/customers.
- 87 OVERDRAFT**
Occurs when you withdraw more money from your account than is available.
- 88 PASSIVE INCOME**
Income received on a regular basis with little to no effort required.
- 89 PAYROLL TAXES**
A tax that an employer withholds and pays on behalf of their employees based on their income earned.
- 90 PREMIUM**
The amount of money that an individual must pay for an insurance policy.
- 91 PRINCIPAL**
The unpaid balance on a loan, not including interest; the amount of money invested.
- 92 PROFIT**
A financial benefit that is realized when revenue gained from a business activity exceeds the expenses.
- 93 REAL ESTATE**
Property consisting of land of buildings.
- 94 RECONCILIATION**
An accounting processes that uses two sets of records to ensure figures are accurate and in agreement, determining that money leaving an account matches the amount spent.
- 95 RENT**
A tenant's regular payment to a landlord for the use of property or land.
- 96 RESUME**
A brief account of a person's education, qualifications, and previous experience, usually sent with a job application.
- 97 RETIREMENT**
Withdrawal from one's career permanently, usually due to age.
- 98 RETURN**
The profit made on an investment.
- 99 REWARD**
A thing given in recognition of one's service, effort, or achievement.
- 100 RISK**
The potential of gaining or losing something of value.
- 101 ROUTING NUMBER**
A 9-digit number that identifies your specific financial institution.
- 102 RULE OF 72**
A shortcut to estimate the number of years required to double your money at a given annual rate of return.
- 103 SALES TAX**
A tax on the sale of goods and services, levied at the point and sale and collected by the retailer.
- 104 SAVINGS ACCOUNT**
A service depository institutions offer whereby people can deposit their money for future use and earn interest.
- 105 SCARCITY**
When a limited supply of a good is coupled with high demand for that good.
- 106 SECURED LOAN**
A formal contract backed by assets that can be sold as collateral if the debtor defaults on the loan.
- 107 SECURITIES EXCHANGE COMMISSION (SEC)**
A government commission charged with protecting investors.
- 108 SECURITY DEPOSIT**
A monetary deposit given to a lender, seller, or landlord as proof of intent.

