



Chapter 1

Budget: an itemized list of income and expenses for a given period of time; a plan for spending money

Excise Tax: a federal, state, or local tax placed on non-essential consumer goods

Expenses: outlay of money needed to pay for items, services, etc.

Gross Pay: regular pay, overtime, and other earnings paid to an employee before taxes or any other obligations are deducted

Needs: basic survival necessities

Net Pay: remaining pay you take home after taxes and other deductions are made

Quality: the standard of something as measured against other things of a similar kind

Sales Tax: tax imposed by many states, counties, and cities on purchases

Total Cost: amount spent on an item or activity that includes all associated expenditures

Unit Cost: the price you pay for an item divided by the quantity it contains, based on a standardized measurement

Value: the amount of use or benefit you get from an item

Wants: items a person desires that are not essential

Chapter 2



Account Balance: total amount of money that is in the account at a given point in time

Compounding of Interest: when money is earned on the total amount in the account, including the initial deposit and interest that has already been credited to the account

Deposit: money put into an account

Discount Factor: the amount that \$1 at some point in the future is worth today

Future Value: how much a set amount of money will be worth in the future

Interest: money paid to you by the bank for being able to use your money

Interest Rate: percentage you are paid for your money

Investing: the process of setting money aside to increase wealth over time and accumulate funds for long-term financial goals such as retirement

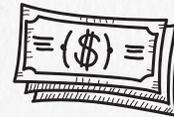
Present Value: the value of money right now, today

Rule of 72: a formula designed to help people estimate how long it will take to double their money at a certain expected interest rate

Saving: the process of setting money aside until a future date instead of spending it today

Withdrawal: money taken out of an account

Chapter 3



Account Balance: total amount of money that is in the account at a given point in time

Automated Teller Machine (ATM): a machine that allows you to perform basic banking functions without the help of a teller

Check: handwritten or computer-generated order specifying the amount of money to be paid and the name of the person or company who should receive the funds

Checking Account: an account at a bank against which payments can be made based on available funds that are deposited by or on behalf of the account holder

Check Register: a book or document in which to record the money take out or put into a checking account. Designed for recording checks, withdrawals, and deposits, it can be updated to fit other methods of banking and spending

Debit Card: a card that allows the user to withdraw money from a bank account to obtain cash or make a purchase

Digital Payment Service: an app or online tool that is provided by a company independent of the bank that holds your checking account

Electronic Funds Transfer (EFT): the movement of funds using computer systems, telephones, electronic terminals, or smartphones

Identity Theft: stealing someone's personal, identifying information and using it to make purchases or to get other benefits

Minimum Balance: the amount of money that must be kept in an account to avoid service charges, qualify for special service, or earn interest on a checking account

Near-Field Communications (NFC): technology that allows two devices to “speak” to each other when they come into close range. It is the basis for services that allow one to pay with a smartphone simply by waving a device over a receiver at the register.

Online and Mobile Banking: allows account holders to access their account information, view transaction history, and perform a range of banking transactions on the internet or with their mobile phone

Overdraft Penalty: a fee to cover the cost of processing a check drawn against insufficient funds

Overdraft Protection: arrangement with the bank to cover checks drawn against insufficient funds

Overdrawn: having a negative balance in a checking account

Personal Identification Number (PIN): code word/number connected to a bank account or debit card; verifies the owner's identity

Person to Person Payments (P2P): a type of electronic funds transfer that can be made via a mobile app or online; money is immediately sent from one person to another, often without sharing of bank account information

Reconcile: comparing the register balance for a checking account to the statement balance to identify any discrepancies in account activity

Recurring Payment: a transfer of money, usually to pay a bill, that is made on a regular basis. Once established, it is completely automated, with no additional input required from the account holder

Statement: a summary of financial transactions that have occurred over a given period on an account held with a financial institution

Chapter 4



Annual Fee: the amount of money the credit card issuer charges for having the credit card account each year

Annual Percentage Rate: the yearly interest rate paid on the credit card balance

Average Daily Balance: the average amount owed on the credit card for each day of the billing cycle, calculated by adding up each day's ending balance and then dividing by the total number of days

Cash Advance: a short-term loan provided by a credit card issuer in the form of cash through the use of an ATM or bank

Charge: monies borrowed using a credit card

Credit: the ability to make purchases with the promise that the money will be repaid later

Credit Card: a card that allows the cardholder to repeatedly purchase products and services on credit. Most credit cards have credit limits and monthly minimum payments, but users are allowed to carry an outstanding balance from month to month.

Credit Limit: the maximum amount of money that the credit card issuer will allow you to charge

Daily Finance Charge: the interest rate you pay each day on the outstanding balance

Finance Charge: the interest payment owed on the credit card balance

Interest Rate: the percentage paid on the money one has charged

Late Fee: a penalty charged for not making the required minimum payment by the due date

Minimum Payment: the least amount one can pay on the card and still keep your account in good standing; typically, a percentage of the outstanding balance or some pre-set minimal amount if the balance is low

Outstanding Balance: the amount of money that has been charged and must be repaid

Payment Due Date: the date by which the credit card company expects to receive payment