

# GLOSSARY



## Chapter 1

**Apprenticeship:** a combination of on-the-job training and related instruction where workers learn the practical and theoretical aspects of a highly skilled occupation

**Associate's Degree:** a two-year academic degree awarded by community colleges, junior colleges, technical colleges, and four-year colleges and universities after the completion of a course of study that typically includes at least 60 credit hours

**Bachelor's Degree:** a four-year academic degree awarded by a college or university after the completion of a course of study that typically includes at least 120 credit hours

**Benefits:** compensation beyond a salary or hourly wage such as insurance, paid vacation time, retirement plan, or free parking

**Career Aptitude:** an individual's innate ability, suitability, readiness, disposition, capacity, or potential for a particular occupation

**Career Clusters:** groupings of occupations in the same field of work that require similar skills

**Career Path:** a set of steps from an entry level position toward a specific job that progresses as you acquire more education and experience

**Diploma:** a document issued by an educational institution certifying that the recipient has successfully completed a particular course of study

**Doctorate:** the highest level of a university degree offered in a range of studies

**Earning Potential:** the amount of money a person should be able to earn in his/her profession

**Employability:** a set of achievements, skills, knowledge, and personal attributes that mark a person as competent in a specific type of work

**Industries:** broad groups of businesses or organizations with similar activities, products, or services

**Internship:** working, usually for free or a small wage, in your expected career field with supervision from more experienced professionals as a means of gaining the experience needed for an entry-level position

**Job Shadowing:** accompanying an experienced worker on the job to learn the specific skills and responsibilities associated with the successful performance of a specific career

**Lifestyle:** a set of work and leisure behavior patterns, attitudes, opinions, and values that reflects a person's self-image or self concept

**Lifetime Earnings:** the total amount of money one can expect to be paid for work done in a specific career field

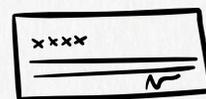
**Master's Degree:** an advanced university degree offered in a range of studies, beyond a bachelor's but not to the doctorate level

**On-the-job Training:** hands-on training by an experienced employee or trainer in the workplace to teach an employee the specific skills needed for the position over the course of their working years

**Return on Investment (ROI):** measures what is gained from an investment after subtracting the cost(s), usually in money and/or time, of the investment

**Skills:** the ability to do something with competence

**Vocational Education:** training for a specific industry or trade



## Chapter 2

**529 Account (ESA):** a college savings plan where the funds can be withdrawn tax-free when they are used for educational purposes

**ACT:** a standardized achievement examination for college admissions

**Deferred Payment:** loan arrangement in which the borrower is allowed to start making payments at some specified time in the future

**Education IRA:** an education savings plan that offers tax advantages

**Estimated Family Contribution (EFC):** the amount of money that a student's family is expected to contribute to college costs for one year

**FAFSA:** Free Application for Federal Student Aid, a form that must be completed in order to qualify for any type of governmental financial aid for higher education

**Financial Aid:** grant or scholarship, loan, or paid employment offered to help a student meet his/her college expenses

**Grace Period:** time in which a debt may be paid without accruing further interest or penalty

**Grant:** monetary award given by the federal, state, or local government to an eligible student for educational expenses and without the expectation of repayment

**Interest Rate:** the percentage you pay on the money you have borrowed, or the percentage you earn on an investment

**Parent Loan for Undergraduate Students (PLUS):** federal loans for parents of undergraduate students to help pay for college or trade school

**Pell Grant:** money for post-secondary education that does not have to be repaid and is awarded to eligible students based on financial need

**Promise Program:** government program designed to make college accessible for all responsible students, these are typically grants offered by states once all other financial aid options are exhausted

**Reserve Officers' Training Corps (ROTC):** a college-based program for training commissioned officers of the U.S. armed forces by providing competitive, merit-based scholarships for tuition in return for an obligation of active military service after graduation

**SAT:** a standardized achievement examination for college admissions

**Scholarship:** an award of financial aid for a student to further their education, often based on merit such as academic achievement or athletic skill

**Stafford Loan:** common name for federal student loans, especially subsidized student loans

**Student Loan:** loan offered to students which is used to pay education-related expenses including college tuition, room and board, or textbooks

**Subsidized Loan:** a loan on which the government pays the interest while the student is enrolled in a qualified college/university, essentially erasing the

interest that would have been added to the loan during the time of study

**Supplemental Educational Opportunity Grant (SEOG):** need-based grants awarded to low-income undergraduate students to finance the costs of post-secondary education

**Total Cost of Attendance:** the price to attend college for a year including tuition, room and board, books, and fees

**Tuition:** the amount one must pay for educational instruction

**Tuition Pre-payment:** state program in which families can purchase tuition credits at their present price and use the credits in the future, when tuition costs will have most likely increased

**Unsubsidized Loan:** a college loan usually taken by students who do not meet financial need standards and still need to fund their post-secondary education. These loans accrue interest while the student is in school and can result in significantly higher debt because of the interest added to the loan over time. The PLUS loan is an example of an unsubsidized loan.

**Work-study:** program that provides students with part-time jobs while in school in order to subsidize the cost of education



## Chapter 3

**401(k):** a retirement plan that allows an employee to invest a percentage of their wages into a tax-deferred account chosen by the employer

**Base Pay:** the basic rate of pay for a particular job not including overtime, bonuses, or commissions

**Bonus:** a sum of money (not guaranteed by the employer) given to an employee in addition to the employee's usual wages

**Commission:** money, in addition to regular wages, that is paid for work done or products sold

**Compensation Package:** all of the wages (salary, bonus, commission) and benefits provided by an employer

**Exempt:** classification of an employee who is paid a salary rather than hourly wages and is not eligible for overtime pay

**FICA:** stands for Federal Insurance Contributions Act, a federal payroll tax paid by employers and employees to fund government programs that provide benefits to retirees

**Freelance:** to perform work for a company and receive compensation as an independent contractor, instead of as an employee

**Gross Pay:** regular pay, overtime pay, and other taxable earnings paid to an employee during a pay period before any obligations, such as taxes, are deducted

**Hourly Wage:** the amount an employee is paid by an employer for completing an hour of work

**Income Taxes:** percentage of your income, including wages, salaries, commissions, and bonuses, paid to the government each year

**Insurance:** promised payment for specific, potential or future costs or losses in exchange for periodic payments

**Labor Union:** an organized association of workers, often in a trade or profession, formed to protect and further their rights and interests

**Net Pay:** remaining amount of pay after taxes, retirement contributions, and other deductions are made

**Non-exempt:** classification of an employee who is paid on an hourly basis and is entitled to overtime pay generally at a rate of 1½ times the hourly wage

**Paid Time Off (PTO):** time not worked by an employee for which regular pay, or a fixed or prorated amount of pay, is accrued and paid to the employee; may include sick leave but typically separate from corporate holidays

**Pension:** a type of retirement fund that is typically managed by an employer or labor group and provides a steady monthly income to the worker while in retirement

**Profit Sharing:** a program in which the employer shares some of its profits with employees through stocks, bonds, or cash

**Retirement Matching:** when an employer contributes to an employee's retirement account an amount that equals a percentage of how much the employee contributes

**Salary:** wages an employee receives from the employer on a regular basis, usually weekly, bi-weekly, or monthly

**Sick Leave:** paid or unpaid time off from work for an employee temporarily unable to perform duties due to illness or disability; caring for a loved one may also qualify

**Variable Pay:** compensation that must be earned (such as commission) each time in order to be paid to the employee

**Vested:** some employer benefit programs require that employees stay with the company for a certain amount of time before receiving the full amount of the benefit, such as a contribution to their retirement fund, stock options, or profit sharing

**Wages:** money paid or received for work or services completed, usually by the hour, day, or week

**Withholding Taxes:** part of an employee's wages or salary that is withheld by the employer and sent to the government as partial payment of the employee's income taxes



## Chapter 4

**1099:** a special form that is used to report taxable, non-employee income to the IRS, including payment for services as an independent contractor, distributions from retirement accounts or education funds, and interest earned on certain investment accounts, etc.

**Assessed Value:** amount a property is worth for tax purposes as determined by city or county assessors

**Charitable Donations:** money that was contributed to charities/non-profit groups and usually tax deductible

**Child Tax Credit:** a special credit given to joint taxpayers with taxable income less than \$110,000 annually in the amount of \$2,000 for each child under age 17 (also available to single taxpayers who meet a different income requirement); if taxable income is above \$110,000, the child tax credit is reduced or eliminated

**Deduction:** an amount of money subtracted from taxable income prior to calculating final tax liability

**Dependent:** someone who relies on the taxpayer for support including food, clothing, and shelter

**Estate Taxes:** money levied by the government for the transfer of property and assets upon the death of an individual

**Excise Tax:** a state or federal tax placed on consumer goods such as gasoline

**Income Tax:** tax paid on the money one earns from working

**Internal Revenue Service (IRS):** government agency that collects taxes for the U.S. government

**Itemized Deductions:** a list of expenses and contributions that can be deducted from the total income

**Market Value:** what you would receive if you sold the property

**Medicare:** a federal government program funded through payroll taxes; pays for health care expenses for citizens over age 65, or who meet other special criteria

**Payroll Taxes:** deducted from the wage earner's gross pay by the employer and used to fund federal government programs such as Social Security and Medicare

**Progressive Tax Rate:** a system in which the tax rate rises as the amount of taxable income increases

**Property Tax:** tax paid by people who own items such as homes, land, and vehicles to the city and/or county where the property is located

**Refund:** a check or automatic deposit for the amount by which taxes were overpaid

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

**Social Security:** a federal government program funded through payroll taxes; designed to provide retirement and disability income for those meeting the specified criteria

**Tax Credit:** an amount of money subtracted directly from the amount of taxes owed to the government

**Tax Return:** report that is submitted to the government that outlines tax liabilities and payments, along with relevant income and financial information used to compute the tax

**Taxable Income:** the amount of income subject to income tax

**Taxes:** fees charged by the government on products, activities, or income

**U.S. Treasury:** department within the U.S. government

**W-2:** a form that the employer sends to the employee and the federal government that reports the employee's annual wages and the amount of taxes withheld during the year

**W-4:** a form that the employee fills out to let the employer know his or her tax situation, allowing the employer to figure out the correct amount of tax to withhold from the employee's paycheck

## Chapter 5

**401(k):** a retirement plan that allows an employee to invest a percentage of their wages into a tax-deferred account chosen by the employer

**403(b):** a retirement plan available to employees of certain non-profit organizations that allows them to invest a percentage of their wages in a tax-deferred account

**Compound 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

**Consumer Price Index (CPI):** a measurement of inflation, based on the change in cost of a particular group of consumer goods, compared today with their cost in previous years

**Cost of Living Adjustment (COLA):** a raise in salary or retirement payout that is based on inflation and used to ensure recipients can maintain spending power

**Individual Retirement Account (IRA):** a retirement investment account that allows a person to save a specified amount of income each year in a tax-deferred account

**Inflation:** the annual percentage increase in the prices of goods and services; it is measured based on a group of essentials included in the Consumer Price Index

**Pension:** a type of retirement fund that is typically managed by an employer or labor group and provides a steady monthly income to the worker while in retirement

**Retirement:** the point in time when a person chooses to leave the workforce permanently, usually at age 65 or older

**Risk:** likelihood of suffering losses or earning less than expected on financial investments

**Roth IRA:** a retirement investment account that allows a person to save a specified amount of income each year. In a Roth IRA, the person pays the taxes on the contribution, but qualified distributions are made tax-free.

**Tax-deferred:** an investment in which taxes are not paid immediately when interest is earned; instead, they are paid as funds are distributed or withdrawn

