



Personal Finance Glossary: Grades 9 to 12

The terms in this glossary relate to the Academic Standards for Personal Finance in the Grade 9 to 12 grade band. The definitions illustrate how to explain these concepts in an age-appropriate manner.

Click a letter to navigate to that section of the glossary.

[0-9](#) • [A](#) • [B](#) • [C](#) • [D](#) • [E](#) • [F](#) • [G](#) • [H](#) • [I](#) • [J](#) • [L](#) • [M](#) • [N](#) • [O](#) • [P](#) • [R](#) • [S](#) • [T](#) • [U](#) • [V](#) • [W](#) • [Z](#)

0-9

[\(Return to top\)](#)

1040: Standard IRS form that individuals use to file annual income tax returns

1099-DIV: Tax form that reports dividend income earned from stocks, mutual funds, or other investments

1099-INT: Tax form that reports interest income earned from savings accounts, bonds, or other interest-paying investments

1099-NEC: Tax form that reports income earned as a freelancer, contractor, or other non-employee work

401(k): Employer-sponsored retirement savings plan that allows workers to contribute part of their pay before taxes, often with matching contributions from the employer

403(b): Retirement savings plan similar to a 401(k), offered by public schools, nonprofits, and certain other organizations

50-30-20 rule: Budgeting guideline that divides income into 50% for needs, 30% for wants, and 20% for savings and debt repayment

501(c)(3): Type of nonprofit organization recognized by the IRS that is tax-exempt and eligible to receive tax-deductible donations

529 plan: Tax-advantaged savings plan used to pay for future education expenses

A

[\(Return to top\)](#)

Accessibility: Ability of people to obtain and use financial products, services, or resources

Account fee: Charge for maintaining or using a financial account

Account statement: Summary of financial activity in an account over a set period of time

Account takeover: When someone illegally gains access to and controls another person's financial account

Accountability: The responsibility to explain actions or decisions and accept the results

Active income: Earnings from work or services performed, such as wages, salaries, or tips



Adjustable-Rate Mortgage (ARM): A mortgage with an interest rate that can change over time based on a financial index

Adjustment: A change made to correct, update, or reconcile a financial record or account balance

Adverse action notice: Written explanation required by law when a lender denies credit or takes negative action based on a credit report

Affordability: The ability to pay for goods, services, or obligations without financial strain, often considered when evaluating housing, debt, or taxes

After-tax: Money that remains after taxes are deducted

Aggressive investment: Investment strategy focused on higher risk in exchange for the potential of higher returns

Alternatives: The different options or choices available in a financial decision

Amortization: Gradual repayment of debt through regular payments that cover both principal and interest

Amortization schedule: Detailed table showing how a loan payment is divided between principal and interest over time

Annual fee: A yearly charge for holding a credit card or certain financial product

Annual percentage rate (APR): The yearly cost of borrowing, shown as a percent of the amount borrowed

Annual return: Profit or loss made on an investment over one year

Annuity: Financial product that provides a series of regular payments for a set period of time or for life

Asset: Anything valuable that is owned and can provide future economic benefit

Asset allocation: The strategy of spreading investments across different categories like stocks, bonds, and cash

Asset class: A group of investments that share similar characteristics and behave in similar ways in the market

Asset management: The professional handling of investments and financial assets to meet specific goals

ATM network: The system of cash machines that a bank or credit union's customers can use (often with fee rules)

Authorized user: A person allowed to use another person's credit card but not legally responsible for paying the bill

Auto insurance: A policy that provides financial protection against losses from car accidents, theft, or other vehicle-related damage

Automated payment: A scheduled bill payment that is automatically deducted from a bank account or charged to a card

Automatic transfers: Moving money automatically from one account to another, often used for savings or bill payments

Automating savings: Setting up systems that automatically deposit money into a savings account or investment

Automation: The use of technology or machines to perform tasks with little or no human effort

Autonomy: The ability to make independent choices or decisions



Avalanche method: A debt repayment strategy where the highest-interest debt is paid off first while making minimum payments on others

Avoiding risk: Choosing not to engage in activities or investments that could lead to financial loss

B

[\(Return to top\)](#)

Balance sheet: A financial statement that shows assets and liabilities at a specific point in time

Balance transfer: Moving debt from one credit card to another, often to take advantage of a lower interest rate

Bank: A financial institution that accepts deposits, makes loans, and offers financial services

Bank statement: A record provided by a bank that summarizes account activity over a set period

Bankruptcy: A legal process where an individual or business declares they cannot repay debts, often involving court-supervised repayment or liquidation

Behavioral bias: A systematic way of thinking or acting that can lead to poor financial decisions

Benchmark index: A standard, such as the S&P 500, used to measure the performance of investments or funds

Beneficiary: A person designated to receive money, property, or benefits from insurance, a trust, or a will

Benefit: A payment, service, or advantage provided by an employer, government, or insurer; A positive outcome or reward gained from an action or decision

Benefits package: The non-wage benefits an employer offers, such as health insurance, retirement plans, and paid leave

Bias: An unfair preference for or against something or someone

Bitcoin: A digital currency that operates without a central bank and uses blockchain technology

Bond: A loan made by an investor to a company or government, which repays the loan with interest at set times

Bond rating: A grade that indicates the likelihood a bond issuer will repay its debt

Borrower: A person or business that receives money from a lender with the obligation to repay it

Borrowing: The act of receiving money with an agreement to pay it back in the future

Break-even point: The point where total revenue equals total costs, so there is no profit or loss

Brokerage firm: A company that helps people buy and sell investments like stocks and bonds

Budget: A plan that tracks expected income and expenses over a certain period

Budgeting: The process of creating and managing a budget to control spending and saving

Budgeting app: A digital tool that helps track income, spending, and savings goals

Business ownership: The state of being an owner of a business, with rights and responsibilities for its operation



C

[\(Return to top\)](#)

Capacity: A borrower's ability to repay debt

Capital: Wealth in the form of money or assets used to start or grow a business or investment

Capital gain: Profit from selling an asset for more than its purchase price

Capital loss: Loss from selling an asset for less than its purchase price

Career planning: The process of setting goals and making decisions to guide one's career path

Carrying a balance: Owing money on a credit card by not paying the full bill each month

Cash: Paper or coin money

Cash flow: The movement of money in and out, calculated as income minus expenses

Cashback app: A digital app that gives money back for purchases made through it

Category: A grouping used to organize types of spending, saving, or investments

Cause alignment: Matching financial or business decisions with personal or organizational values

Certificate: An official document serving as proof of ownership or completion

Certificate of deposit (CD): A savings product from a bank or credit union with a fixed interest rate and maturity date

Certified pre-owned car: A used car inspected, refurbished, and certified by the manufacturer

Character: A borrower's reputation for repaying debts, often based on credit history

Charge card: A type of credit card that requires full payment of the balance each month

Chargeback: A reversal of a credit card charge, usually due to a dispute

Charitable donation: Money or goods given to a nonprofit or charity

Check-cashing service: A business that converts checks to cash for a fee, typically higher than bank fees

Checking account: A bank account that allows deposits, withdrawals, and payments

Children's Health Insurance Program (CHIP): A government program providing low-cost health insurance to children in families that earn too much to qualify for Medicaid

Choice overload: Stress or difficulty caused by having too many options to choose from

Claim process: The steps for requesting payment from an insurance policy after a covered loss

Closing costs: Fees paid at the time of buying a house, such as appraisal or title fees

Closing disclosure: A detailed document outlining the final terms and costs of a mortgage

Cloud storage: Saving digital files on remote servers accessed via the internet



Collaboration: Working together with others to reach a common goal

Collateral: Property or assets pledged to secure a loan

Collections: Efforts by a lender or agency to recover unpaid debt

Compensation: Money or benefits received for work performed

Compliance: Meeting the legal or contractual requirements of financial or insurance agreements

Conservative investment: An investment strategy focused on lower risk and more stable returns

Consumer: A person who buys goods and services for personal use

Consumer Financial Protection Bureau (CFPB): A U.S. government agency that regulates financial products and protects consumers

Consumer protection: Laws and practices that ensure fair treatment for buyers of goods and services

Consumer reviews: Feedback from buyers that helps evaluate products or services

Consumer rights: Legal protections that guarantee fair treatment for buyers

Contactless payment: A transaction made by tapping a card, phone, or device without swiping or inserting

Contribution: Money put into an account, investment, or cause

Contribution limits: The maximum amount allowed to be added to a retirement or savings account in a year

Copay: A fixed amount paid for medical services, with the remainder covered by insurance

Correlation: A measure of how two things move in relation to each other

Cosigner: A person who agrees to take responsibility for a loan if the borrower cannot repay

Costs: The money or trade-offs involved in a financial decision, such as interest, fees, or lost opportunities

Coverage: The protection an insurance policy provides

Coverage limits: The maximum amount an insurance policy will pay for a covered loss

Credit: The ability to borrow money now with the promise of repaying later

Credit application: A form submitted to request approval for credit, such as a loan or card

Credit bureau: A company that collects and reports information on people's credit history

Credit card: A card that allows purchases by borrowing money from a lender

Credit counselor: A certified advisor who helps people manage debt responsibly

Credit discrimination: When a lender makes credit decisions based on traits such as race or gender instead of financial factors

Credit freeze: A restriction placed on a credit report to prevent new accounts from being opened

Credit information: Data about a person's borrowing and repayment history



Credit inquiry: A request by a lender to view someone's credit report

Credit limit: The maximum amount that can be borrowed on a credit card

Credit monitoring: A service that tracks changes to a person's credit report

Credit report: A record of a person's borrowing and repayment history

Credit score: A three-digit number that shows how likely someone is to repay borrowed money

Credit union: A nonprofit financial institution owned and run by its members

Credit utilization rate: The percentage of available revolving credit currently being used

Creditworthy: Having a financial record that shows a person is likely to repay debts

Cryptocurrency: A digital form of currency that uses encryption and blockchain technology

Cultural norm: A shared belief or practice commonly accepted in a society

Cybersecurity: Protecting systems and data from digital attacks or unauthorized access

D

[\(Return to top\)](#)

Data breach: An event where sensitive personal information is accessed by unauthorized parties

Debit card: A card linked to a checking account used to withdraw money or make purchases

Debt: Money owed to another person, business, or institution

Debt consolidation: Combining multiple debts into one loan, often to simplify payments

Debt counseling: Professional advice on managing and repaying debts

Debt level: The total amount of money owed

Debt management plan: A structured repayment program created with creditors, usually through a counseling agency

Debt-to-income ratio: A measure comparing monthly debt payments to monthly income

Decision-making: The process of choosing between options

Decision-making strategy: A method used to evaluate and select among choices

Declaration page: A page in an insurance policy summarizing coverage, limits, and premiums

Deductible: The amount paid out of pocket before insurance begins covering costs

Default: Failure to repay a loan as agreed, which damages credit

Deferment: A temporary pause on loan payments, often for student loans

Defined benefit plan: A retirement plan that promises a set monthly payment for life



Defined contribution plan: A retirement plan where contributions are made regularly but the payout depends on investment performance

Dependent: A qualifying person claimed on a tax return, such as a child, that can affect credits and deductions

Depreciation: A decrease in the value of an asset over time

Digital payment: Money transferred electronically to pay for goods or services

Digital wallet: A mobile app that securely stores payment information for electronic transactions

Direct deposit: An automatic transfer of wages into a bank account

Disciplined investing: Following a consistent investment strategy regardless of market changes

Disclosure: The act of sharing required information, such as loan terms or risks

Discounts: Price reductions offered to encourage purchases

Discretionary expense: Non-essential spending on wants rather than needs

Dispute: A disagreement over a financial charge or obligation

Dispute letter: A written request to correct errors or contest charges on a credit report or account

Diversification: Spreading investments across different assets to reduce risk

Dividend: A portion of a company's profits paid to shareholders

Documentation: Written records that provide evidence or proof

Dodd-Frank Act: A 2010 U.S. law designed to improve financial regulation and protect consumers

Dow Jones Industrial Average: A stock index tracking 30 major U.S. companies

Down payment: An upfront amount paid toward the purchase price of a home or other asset

Down payment assistance: Programs that help cover upfront costs of buying a home

Due date: The day a bill or payment is required to be made

Durability: The ability of a product or investment to last or withstand use

E

[\(Return to top\)](#)

Earned income: Income from work, such as wages or salary

Economic trends: Patterns or movements in the economy that affect growth, jobs, and spending

Education reimbursement: An employer benefit that pays back part or all of an employee's education expenses

Effective tax rate: The percentage of total income actually paid in taxes

Electronic storage: Saving information or files in digital form



Eligibility: Meeting the requirements to qualify for a benefit, program, or service

Emergency fund: Money set aside for unexpected expenses or loss of income

Emotional response: A feeling or reaction that influences financial decisions

Employee benefits: Non-wage compensation provided by employers, such as health insurance or retirement plans

Employer match: Contributions an employer adds to an employee's retirement account based on the employee's contributions

Employer-sponsored retirement savings plan: A retirement account offered by an employer, often with matching contributions

Employment: The condition of being hired and paid to perform work, either full-time or part-time

Employment outlook: Predictions about future job growth or decline in a specific career or industry

Employment potential: The likelihood of finding work in a certain field

Employment projections: Estimates of job demand and growth in the future

Encryption: Converting information into a coded form to prevent unauthorized access

Entrepreneurship: The process of starting and running a business

Envelope system: A budgeting method that divides cash into labeled envelopes for different expenses

Environmental impact: The effect financial or business choices have on the natural environment

Equal Credit Opportunity Act: A U.S. law that prohibits discrimination in credit decisions

Equity: The value of an asset minus what is owed on it

Escrow: Money or assets held by a third party during a transaction, such as a home purchase

Estate: All the money, property, and assets owned by a person at death

Estate planning: Preparing how assets will be managed and distributed after death

Ethical practices: Behavior guided by moral principles of fairness, honesty, and responsibility

Exchange-traded fund (ETF): A collection of investments traded on stock exchanges like individual stocks

Excise tax: A tax charged on specific goods such as gasoline or cigarettes

Exclusion: Income or items not subject to taxation or coverage

Expense: Money spent on goods, services, or bills

Expense category: A label used to group spending, such as housing, food, or entertainment

Expense ratio: The annual fee a fund charges investors, expressed as a percentage of assets

Experiential bias: Judgments shaped by personal past experiences

Exposure: The amount of potential loss or risk faced in a financial decision



F

[\(Return to top\)](#)

Fair Credit Reporting Act (FCRA): A law that regulates how credit information is collected and used

FDIC insurance: Protection for bank deposits up to \$250,000 per depositor, per insured bank

Federal agency: An organization within the U.S. government that carries out laws and programs

Federal Deposit Insurance Corporation (FDIC): A U.S. federal agency that regulates and insures banks

Federal Insurance Contributions Act (FICA): A law requiring employers to withhold Social Security and Medicare taxes from wages

Federal taxes: Taxes collected by the federal government, such as income tax

Federal Trade Commission (FTC): A government agency that protects consumers and promotes fair competition

Fees: Charges for services or account use, such as late fees or ATM fees

FICO score: The most widely used type of credit score

Filing status: A category on a tax return that determines tax rates and standard deduction

Finance charge: The total cost of borrowing, including interest and fees

Financial account: A record of money held or managed, such as a bank or investment account

Financial advisor: A professional who gives guidance on saving, investing, and managing money

Financial aid: Money from grants, scholarships, work-study, or loans to help pay for education

Financial conflict: A situation where personal interests may interfere with financial decisions

Financial fraud: Illegal acts involving deception for financial gain

Financial goal: A target for managing money, such as saving for college or retirement

Financial habit: A repeated financial behavior, such as budgeting or overspending

Financial health: The overall state of someone's financial stability and well-being

Financial impact: The effect a decision or event has on money or resources

Financial institution: A business that manages money, such as a bank, credit union, or investment firm

Financial mindset: The attitudes and beliefs a person holds about money

Financial obstacle: A barrier that makes it harder to achieve financial goals

Financial planner: A professional who helps create long-term strategies for money management

Financial planning: The process of setting financial goals and creating a plan to meet them

Financial professional: Someone trained to provide financial services or advice

Financial record: A document that shows details of financial transactions



Financial regulator: A government body that oversees financial institutions and markets

Financial risk: The chance of losing money on an investment or decision

Financial security: Having enough resources to meet current and future needs comfortably

Financial service provider: A business that offers financial products or services

Financial stability: The ability to consistently meet financial obligations

Financial strategy: A plan for managing money to achieve specific goals, such as saving, investing, or reducing debt

Financial technology: Digital tools and innovations used in financial services

Fixed expense: A regular cost that stays the same, such as rent or a car payment

Fixed rate: An interest rate that stays the same for the entire loan or investment period

Fixed-rate mortgage: A mortgage with an interest rate that remains constant for the full loan term

Flexible spending account (FSA): A pre-tax account for paying qualified medical or dependent care expenses

Forbearance: A temporary pause on loan payments where interest continues to accrue

Forecasting: Predicting future financial outcomes based on data and trends

Foreclosure: A legal process where a lender takes ownership of a property when a borrower fails to make payments

Fraud: Illegal deception intended to steal money or personal information

Fraud affidavit: A sworn statement used to declare that fraud has occurred

Fraud prevention: Actions taken to reduce the risk of fraud

Fraud reporting: The act of notifying authorities or companies about suspected fraud

Free Application for Federal Student Aid (FAFSA): Form used to apply for federal financial aid for college

Fuel efficiency: A measure of how far a vehicle can travel on a certain amount of fuel

Full-time work: Employment averaging at least 30 hours per week

Fundraising: Collecting money or resources for a cause or organization

G

[\(Return to top\)](#)

Gig economy: A labor market where people work short-term jobs or freelance projects

Goal setting: The process of defining financial or personal objectives

Government benefits: Payments or services provided by the government to individuals in need

Grace period: Extra time after a due date when payment can be made without penalty or interest



Grant: Financial aid that does not need to be repaid, often based on need

Gross pay: Total earnings before any deductions

Guarantor: A person who agrees to pay a debt if the original borrower cannot

H

[\(Return to top\)](#)

Hard inquiry: A credit check made when applying for a loan or credit; may temporarily lower a credit score

Health insurance: Insurance that covers medical and surgical expenses for the insured

Health savings account (HSA): A pre-tax account used to pay for qualified health care expenses

Herdling: Following the financial behavior of others, often without independent judgment

High-yield savings account (HYSA): A savings account that offers a higher interest rate than a standard savings account

Home appraisal: An estimate of a home's value based on its features and comparable properties

Home equity line of credit (HELOC): A revolving line of credit secured by the equity in a home

Home inspection: An evaluation of a property's condition, including structural and safety features

Homeowners association (HOA) fees: Regular fees paid to maintain shared community areas and services

Homeowners insurance: Insurance that covers a home, personal belongings, and liability for accidents on the property

I

[\(Return to top\)](#)

Identification: Documents or information that prove a person's identity

Identity theft: The use of someone's personal information to commit fraud

Impulse buying: Unplanned purchases made suddenly without considering consequences

Incapacitation: A condition that prevents someone from working or making financial decisions

Income: Money received from work, investments, government payments, or other sources

Income loss: A reduction or stop in earnings due to job loss, illness, or other factors

Income potential: The expected ability to earn income over time

Income stability: Consistency of earnings over time

Income tax: Taxes on income paid to federal, state, or local governments

Income verification: Proof of income, often required for loans or rental agreements



Independent contractor: A self-employed person who provides goods or services under contract

Index fund: A low-cost investment fund that tracks a stock market index

Individual Retirement Account (IRA): A retirement savings account with tax advantages

Inflation: A general rise in prices for goods and services over time

Inheritance: Money or property received from someone who has passed away

Initial deposit: The first amount of money placed into an account when it is opened

Installment credit: A loan repaid in regular payments over time, such as a car or home loan

Insurance: A financial product that provides protection against specific risks, such as auto, health, home, or life losses

Insurance fraud: Illegal actions intended to gain money through false insurance claims

Insurance product: A type of policy (such as health, auto, or life insurance) that provides financial protection against specific risks

Interest income: Money earned from interest on accounts, bonds, or loans

Interest rate: The percentage charged for borrowing money or earned on savings

Internal Revenue Service (IRS): The U.S. government agency responsible for tax collection and enforcement

Introductory APR: A temporary low interest rate offered when opening a credit account

Investment: An asset purchased with the goal of generating profit

Investment account: An account that holds assets such as stocks, bonds, or funds

Investment advisor: A professional who provides guidance on investments

Investment decision: The choice of how and where to allocate money for returns

Investment scam: A fraudulent scheme that promises high returns with little risk

J

[\(Return to top\)](#)

Job stability: The likelihood of maintaining steady employment

Joint goal: A financial objective shared by two or more people

L

[\(Return to top\)](#)

Labor market: The supply of workers and demand for jobs, also called the job market

Landlord: A property owner who rents out space to tenants



Late fee: A charge for not paying a bill or loan on time

Law: Rules established by a government and enforced by authority

Lease: A contract giving someone the right to use property for a set period in exchange for payment

Ledger: A record of financial transactions

Legal compliance: Following laws and regulations in financial or business activities

Liability: A financial obligation or debt owed to another party

Life insurance: Insurance that pays money to beneficiaries when the insured person dies

Lifestyle: The way a person chooses to live, including spending habits

Lines of credit: Flexible borrowing arrangements with a set limit

Liquidity: How quickly and easily money or assets can be accessed

Living wage: The minimum income needed to cover basic living expenses

Loan: Money borrowed that must be repaid with interest

Loan servicer: A company that manages billing and payments for a loan

Local taxes: Taxes collected by city or county governments

Long-term goal: A financial or personal objective planned for the future, usually over several years

Loss: A negative financial outcome covered by insurance

Loss aversion: The tendency to fear losses more strongly than valuing similar gains

M

[\(Return to top\)](#)

Maintenance: The upkeep or repair of property or equipment

Maintenance costs: Expenses for keeping property or equipment in working condition

Manual payment: A bill payment made by the account holder rather than automatically

Manufacturer's suggested retail price (MSRP): The price a manufacturer recommends a product be sold for

Market performance: A measure of how an investment, asset class, or market index is doing, often compared against a benchmark

Market volatility: The degree of variation in market prices over time

Medicaid: A joint federal and state program that provides health care for people with low income

Medicare: A federal health insurance program for people age 65+ and certain younger people with disabilities

Mental accounting: Treating money differently depending on how it is earned or labeled



Minimum coverage: The least amount of insurance required by law or by a policy

Minimum payment: The lowest amount that must be paid on a loan or credit account each month

Mitigation: Actions taken to lessen the chance, severity, or cost of financial risk

Mobile banking: Using a smartphone or tablet to manage a bank or credit union account

Mobile payment: Paying for goods or services through a mobile device

Mobile wallet: A smartphone app that stores payment information for digital transactions

Money market account: A savings account that typically earns higher interest and allows limited transactions

Money order: A prepaid paper payment instrument used when checks or cards aren't accepted

Mortgage: A loan used to purchase real estate

Mortgage preapproval: A statement from a lender showing how much you may be qualified to borrow for a home

Municipal bond: A bond issued by a state or local government, often with tax advantages

Mutual fund: A pool of money from many investors used to buy a mix of stocks, bonds, or other securities

N

[\(Return to top\)](#)

Nasdaq: A major U.S. stock exchange known for electronic trading and many technology companies

National Credit Union Administration (NCUA): A U.S. federal agency that regulates and insures credit unions

NCUA insurance: Protection for credit-union deposits up to \$250,000 per depositor, per insured credit union

Need: Something essential for survival or well-being

Negotiating: Discussing terms to reach an agreement

Negotiation: The process of reaching an agreement between two or more parties

Net pay: Earnings after taxes and deductions; also called take-home pay

Net price: The actual cost of attending college after subtracting grants and scholarships

Net price calculator: An online tool that estimates what a student will pay for college after aid

Net worth: Total assets minus total liabilities

New York Stock Exchange (NYSE): The world's largest stock exchange, located in New York City

Nominal rate of return: The rate of return before adjusting for inflation and taxes

Non-profit organization: An organization that provides services without the goal of making profits for owners



O

[\(Return to top\)](#)

Ongoing cost: A recurring expense needed to maintain an asset or service

Online banking: Managing bank accounts through a secure website

Online bill pay: A service that lets users schedule and pay bills electronically

Online savings account: A savings account managed entirely online, often with higher interest rates

Online shopping: Buying goods or services over the internet

Online tools: Digital resources used for financial management or decision-making

Opportunity cost: The value of what is given up when making a choice

Organization: A group of people or a structure arranged for a specific purpose

Out-of-pocket cost: Expenses not reimbursed by insurance, such as deductibles and copayments

Overconfidence: Overestimating one's knowledge or ability

Overconfidence bias: The tendency to overestimate one's knowledge or ability, which can lead to risky or poor financial decisions

Overdraft: Spending more than the available balance in an account

Overdraft fee: A fee charged when an account lacks funds but the bank still processes a transaction

Overdraft protection: A service that covers transactions when funds are insufficient, often with a fee

Ownership: The legal right to possess and control property or assets

P

[\(Return to top\)](#)

Part-time work: Employment averaging fewer than 30 hours per week

Passive income: Money earned with little or no active work, such as rental income or dividends

Payday loan: A short-term, high-interest loan due on the borrower's next payday

Payment history: A record of how reliably past credit payments were made

Payment method: The way a financial transaction is completed, such as cash, card, or transfer

Payroll deductions: Amounts withheld from a paycheck for taxes, benefits, or savings

Payroll tax: Taxes withheld from paychecks for Social Security and Medicare

Pell Grant: A federal grant for undergraduate students with financial need that does not need to be repaid

Penalty APR: A higher interest rate charged when credit card payments are late



Pennsylvania Department of Banking and Securities: State agency overseeing financial institutions and markets in Pennsylvania

Pennsylvania Department of Insurance: State agency regulating the insurance industry in Pennsylvania

Pennsylvania Higher Education Assistance Agency (PHEAA): State agency that provides student financial aid services in Pennsylvania

Pennsylvania Office of Attorney General: State office responsible for enforcing laws and protecting consumers in Pennsylvania

Pension: A retirement plan that provides a fixed payout funded by an employer

Person-to-person payment: A digital payment from one individual directly to another

Personal loan: A fixed-term loan repaid in monthly installments, often unsecured

Personal savings: Money set aside for future use or emergencies

Personal values: Beliefs or principles that guide financial decisions

Pet insurance: Insurance that helps cover veterinary expenses

Philanthropy: Giving time, money, or resources to help others or support causes

Phishing: A scam where someone pretends to be legitimate to steal personal information

Policy comparison: Reviewing and contrasting insurance policies before choosing one

Portfolio: A collection of financial investments owned by an individual or institution

Portfolio management: Overseeing and adjusting a portfolio to meet financial goals

Post-secondary education: Education that takes place after high school, such as college or trade school

Powers of attorney: Legal documents that allow someone to act on another's behalf

Pre-tax: Money taken out of pay before taxes are calculated

Premium: The amount paid, usually monthly or yearly, to maintain insurance coverage

Prepayment penalty: A fee charged for paying off a loan early

Price comparison: Evaluating the cost of a product across different sellers

Price matching: A retailer's practice of matching a competitor's lower price

Prioritization: Arranging tasks or expenses in order of importance

Privacy: The right to keep personal and financial information secure

Private student loan: A non-federal student loan issued by a private lender

Probability: The likelihood that an event or outcome will occur, often used to assess financial risk

Product features: Characteristics or qualities of a financial product or service



Proof of insurance: Documentation showing that an insurance policy is in effect

Property tax: Taxes paid on real estate or other property

Prospectus: A document providing details about an investment offering

Public assistance: Government programs that provide financial help to individuals in need

Public insurance: Government-provided insurance programs such as Medicare or Medicaid

Purchasing power: The amount of goods or services money can buy

R

[\(Return to top\)](#)

Rate of return: The profit or loss on an investment expressed as a percentage

Real rate of return: The return on an investment after adjusting for inflation

Reallocation: Shifting resources or investments to different areas

Rebalancing: Adjusting a portfolio to maintain desired levels of risk and return

Receipt: A written or electronic record of a financial transaction

Recession: A period of significant decline in economic activity

Record keeping: The practice of maintaining organized financial documents

Reducing risk: Taking steps to lower the chance of loss

Refurbished: A product restored to good condition after being used or returned

Regulation: Rules set by authorities to control financial institutions and markets

Reliability: The consistency and dependability of a product, service, or information

Reliability of information: The trustworthiness of data used in financial decisions

Reminders: Notifications to help manage tasks or payments

Remote deposit capture: A service that lets users deposit checks electronically using a mobile device

Rental income: Money earned from renting property

Renters insurance: Insurance that covers personal belongings and liability for renters

Renting: Paying to use property owned by someone else

Repayment: Returning borrowed money to the lender

Repayment period: The length of time given to pay back a loan

Repayment terms: The conditions of how a loan will be repaid

Repossession: When a lender takes back property due to missed payments



Resource allocation: The distribution of money, time, or assets for specific purposes

Retaining risk: Accepting potential financial loss instead of transferring it through insurance

Retirement income: Money received after retiring, such as pensions, Social Security, or withdrawals from savings

Retirement plan: An account or program designed to provide income in retirement

Retirement planning: The process of preparing financially for retirement

Return on investment (ROI): A measure of how much profit is made relative to the cost of an investment

Revolving credit: A credit line that can be used repeatedly up to a set limit

Rewards: Benefits or incentives received from certain actions or programs

Risk: The chance of financial loss

Risk assessment: The process of identifying and evaluating the likelihood and impact of potential financial losses

Risk management: Strategies to minimize or control financial risks

Risk tolerance: The level of uncertainty an investor is willing to accept

Robo-advisor: An automated online service that manages investments

Room and board: The cost of housing and meals, especially in college

Roth IRA: A retirement account funded with after-tax income that allows tax-free withdrawals

Rules of thumb: General guidelines or principles used to make decisions

S

[\(Return to top\)](#)

S&P 500: An index of 500 large U.S. companies used to represent the overall stock market

Safety net: Resources or support that protect against financial hardship

Salary: A fixed amount of pay earned over a set time period, such as monthly or yearly

Sales tax: A tax on the purchase of goods and services

Savings: Money set aside for future use or emergencies

Savings account: A bank account that earns interest and is used for setting money aside

Savings and Loan Association: A financial institution that accepts deposits and makes mortgage loans

Savings goal: A product, service, or amount of money someone wants to save for in the future

Savings plan: A structured approach for reaching a savings goal

Savings vehicles: Accounts or tools used to save money, such as savings accounts or 529 plans

Scholarship: Financial aid that does not need to be repaid, often awarded for merit or achievement



Schumer box: A standardized table showing key credit-card terms such as rates and fees

Secondhand item: A used product purchased from another owner

Secure transaction: A financial exchange protected by security measures such as encryption

Secured credit card: A credit card backed by a cash deposit used as collateral

Secured debt: A loan backed by collateral that can be taken if payments are not made

Securities and Exchange Commission (SEC): A U.S. government agency that regulates the securities industry

Self-employment taxes: Taxes paid by self-employed individuals for Social Security and Medicare

SEP IRA: A retirement account for self-employed people or small business owners

Service credit: Credit given for qualifying service or work, often related to pensions or utilities

Short-term goal: A financial goal expected to be achieved within a year

SIMPLE IRA: A retirement plan for small businesses with fewer than 100 employees

Smishing: A scam using fraudulent text messages to steal personal information

Snowball method: A debt repayment strategy that starts with paying off the smallest debts first

Social engineering: Manipulating people into revealing confidential information

Social Security: A federal program that provides income for retirees, disabled workers, and survivors

Societal expectations: Social norms or pressures that influence financial behavior

Societal impact: The effect a financial or business decision has on society

Soft inquiry: A credit check that does not affect a credit score

Spending: Using income to buy goods and services

Spending decision: A choice about how money will be spent

Spending habit: A repeated pattern of how someone spends money

Spoofing: A scam where caller ID or online information is faked to look legitimate

Spreadsheet: A digital tool for organizing and analyzing financial data

Standard of living: The level of material comfort and quality of life based on access to goods, services, and opportunities

State agency: A government organization run by a U.S. state

State taxes: Taxes collected by state governments

Sticker price: The published total cost of college before financial aid is applied

Stock: A share of ownership in a company



Student Aid Index (SAI): A number used by colleges to determine federal financial aid eligibility

Student loan: Money borrowed for education that must be repaid with interest

T

[\(Return to top\)](#)

Target-date fund: A mutual fund or ETF that adjusts investments automatically based on a retirement date

Tax benefit: A financial advantage provided by tax rules, such as deductions, credits, or tax-free income

Tax bracket: A range of income levels taxed at a specific rate

Tax credit: An amount that directly reduces taxes owed

Tax deduction: An amount subtracted from taxable income

Tax form: An official document used to report income and taxes owed

Tax implication: The effect a decision has on how much tax is owed

Tax rate: The percentage at which income is taxed

Tax refund: Money returned to a taxpayer who paid more taxes than required

Tax return: An annual form filed with the government reporting income, taxes paid, and deductions

Taxable income: Income used to calculate how much tax is owed

Taxes: Required payments to the government used to fund public services

Technological advances: New developments that improve or change financial processes

Terms: The conditions and rules of a financial agreement

Thin file: A credit report with little or no credit history

Time horizon: The length of time available to achieve a financial goal

Title and registration: Legal documents showing ownership of property, such as a car

Title loan: A loan that uses a car title as collateral

Total cost of attendance: The full cost of attending college, including tuition, fees, and living expenses

Total cost of credit: The full amount paid to borrow money, including interest and fees

Total cost of ownership: The complete cost of owning an asset, including purchase and maintenance

Tracking system: A method for monitoring financial activity or progress

Trade-off: Giving up one thing to gain another

Trading platform: Software that allows investors to buy and sell securities

Traditional IRA: A retirement account funded with pre-tax income, taxed at withdrawal



Transaction: An exchange of money for goods, services, or debt repayment

Transaction fee: A charge applied when processing a financial transaction

Transaction tracking: Monitoring transactions for accuracy or fraud

Transferring risk: Shifting financial risk to another party, often through insurance

Transparency: The clear and open communication of financial information

Transportation alternatives: Other options for travel besides owning a car

Trust: A legal arrangement where one party manages assets for another's benefit

Truth in Lending Act (TILA): A law requiring lenders to disclose loan terms clearly

Truth in Savings Act: A law requiring banks to disclose the terms of deposit accounts

Tuition: The cost of academic instruction at a college or university

Two-factor authentication (2FA): A login process requiring two proofs of identity

U

[\(Return to top\)](#)

Underinsured: Having insurance that does not fully cover potential losses

Unearned income: Income received from sources other than employment

Unemployment benefit: Money paid to eligible workers who lose jobs through no fault of their own

Unemployment compensation: A government program that provides temporary income to unemployed workers

Unexpected expense: An unplanned cost that can disrupt a budget

Uninsured: Having no insurance coverage

Unsecured debt: Debt not backed by collateral

Unusual activity alert: A notification of potentially suspicious account activity

Upfront cost: An initial expense paid before ongoing payments

Use tax: A tax on items purchased without paying sales tax, usually online or out of state

Used car: A vehicle previously owned by someone else

Utilities: Essential services such as electricity, water, and heat

V

[\(Return to top\)](#)

Value: The worth of a good, service, or asset



Values: Beliefs or principles that influence decisions

Variable expense: A cost that changes in amount or timing

Variable income: Income that fluctuates over time

Variable rate: An interest rate that can change over time

Vehicle history report: A record showing details of a car's ownership, repairs, and accidents

Vesting: The process of gaining the right to keep employer retirement contributions after a set time

Vigilance: Careful attention to avoid risks or threats

W

[\(Return to top\)](#)

W-2: A tax form reporting an employee's annual wages and taxes withheld

W-4: A tax form used by employees to set how much tax is withheld from their paychecks

Wage: Income earned per hour of work; also called hourly pay

Want: Something desired but not essential

Warranty: A promise that a product will be repaired or replaced if it fails within a set time

Wealth: The total value of a person's assets accumulated over time

Will: A legal document stating how a person's property is distributed after death

Withholding: The portion of wages taken out for taxes before receiving a paycheck

Work: Effort or tasks performed in exchange for pay

Work-study program: A program providing part-time jobs to students with financial need

Workforce: All the people engaged in or available for work in an economy or group

Z

[\(Return to top\)](#)

Zero-based budget: A budgeting method where every dollar of income is assigned a purpose