



# Personal Finance Glossary: Grades 9 to 12

The terms in this glossary relate to the Academic Standards for Personal Finance in the Grades 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.

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## 0-9

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**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

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## A

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**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

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## B

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**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



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## C

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**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

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## D

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**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

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## E

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**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



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## F

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**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

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## G

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**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

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## H

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**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

**Herding:** 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

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## I

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**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

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## J

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**Job stability:** The likelihood of maintaining steady employment

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

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## L

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**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

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## M

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**Major:** The main subject a student chooses to study in college, often related to future career

**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

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## N

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**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



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## O

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**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

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## P

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**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

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## R

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**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

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## S

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**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
- Starting salary:** How much a person earns when they first begin a job or career, before raises or promotions
- 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

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## T

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**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

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## U

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**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

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## V

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**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

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## W

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**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

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## Z

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