

# High School Personal Finance Glossary



## Personal Finance Glossary | Grades 6 to 8

The terms in this glossary relate to the Academic Standards for Personal Finance in the Grades 6 to 8 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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### A

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**Account:** A record of money held at a bank or credit union, which can be accessed in person or online

**Actuary:** A math expert who studies risk and helps set insurance prices

**Advice:** Helpful guidance or suggestions from a trusted person or expert

**Age:** How old a person is, which can affect saving, investing, and insurance choices

**Amount saved:** The total amount of money set aside for future use at a point in time

**Anchoring:** Focusing too much on the first piece of information when making a decision

**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

**Apprenticeship:** On-the-job training that mixes work and instruction and may include pay

**Asset:** Something a person owns that may increase or decrease in worth over time, such as money, a car, or property

**Attitude:** How a person thinks or feels about a topic or situation

**Auto insurance:** Insurance that helps pay for car-related losses

**Auto loan:** A loan used to buy a vehicle

**Automatic transfers:** Money sent from one account to another on a set schedule

**Avoidance:** Choosing to stay away from actions or situations that could cause financial loss or risk

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### B

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**Bank account:** An account at a bank or credit union used to hold and move money

**Behavioral bias:** A common thinking habit that can lead to poor choices



**Benefits:** Extra rewards or services a job provides in addition to pay, like health insurance, a gym membership, or a retirement plan

**Bias:** A preference for or against something that affects decisions

**Billing cycle:** The period between statements for a credit or service account

**Borrower:** A person who receives money or items with a promise to repay or return them

**Borrowing:** Using money or items that must be repaid or returned

**Borrowing cost:** The total of interest and fees paid to use credit

**Borrowing decision:** The choice about whether to use credit and how much to borrow

**Budget:** A plan for tracking income and expenses that helps a person reach financial goals and adjust spending as needed

**Budgeting:** The practice of creating and using a budget to manage money

**Budgeting tools:** Paper or digital tools that help plan and track income and expenses

**Buy and hold:** An investing approach of keeping investments for a long time instead of being bought and sold often

**Buy now, pay later:** A plan that allows a purchase now with payments made over time

**Buy one, get one (BOGO):** A deal where buying one item gives another item free or at a discount

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## C

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**Capital gains:** Money made by selling an asset for more than it cost

**Career:** A type of work a person does over many years

**Career outlook:** Predictions about future jobs and growth in a field

**Cash:** Paper money and coins used to pay for things

**Charity:** Helping others by giving money, items, or time

**Choice:** A decision made between two or more options

**Claim history:** A record of past insurance claims

**Claims:** Requests made to an insurer to pay for covered losses

**Cognitive bias:** A mental shortcut that can lead to mistakes in judgment or decision-making

**Collectibles:** Items kept because they may gain value over time, such as trading cards, art, or coins



**Collision coverage:** Insurance that helps pay to repair a vehicle after a crash

**Commission:** Money earned based on a percentage of sales or results

**Community support:** Actions that help a group or neighborhood

**Company:** A business that makes or sells goods or services

**Comparison shopping:** Checking prices, features, and reviews before deciding what to buy

**Compensation:** Total pay a person earns from a job, including wages or salary, plus any benefits or bonuses, if provided

**Compound interest:** Interest earned on both the original money and the interest already added

**Comprehensive coverage:** Insurance that helps pay for damage to a vehicle that is *not* caused by a crash, such as theft, vandalism, fire, or storms

**Confirmation bias:** Paying attention only to information that supports what a person already believes

**Consumer:** A person who buys or uses goods or services to meet a need or want

**Conversation:** A discussion during which people might share information, ask questions, or make decisions together

**Copay:** A set amount paid for a covered medical service

**Coupon:** A paper or digital offer that lowers the price

**Coverage:** What an insurance policy agrees to pay for or protect against

**Coverage amount:** The maximum amount of money an insurance policy will pay for a covered loss

**Credit:** The ability to borrow money now and repay it later under set terms

**Credit card:** A card that allows purchases by borrowing money to be repaid later

**Credit freeze:** A setting that blocks new credit accounts from being opened in a person's name without permission

**Credit history:** A record of how a person has borrowed and repaid money

**Credit report:** A summary of a person's credit history kept by a credit bureau

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## D

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**Debit card:** A card that pays for purchases directly from a checking account

**Debt:** Money that is owed to others

**Decision:** Choosing what to do after considering the options



**Decision-making:** The process of thinking through options and choosing one

**Deductible:** The amount paid out of pocket before insurance starts to help

**Demand:** How much of a particular good or service people want to buy

**Deposit:** Money placed into a financial account

**Disability insurance:** Insurance that replaces part of a person's income if they cannot work because of an injury or illness

**Disclosure:** Information a lender must share about interest rates, fees, and loan terms

**Discount:** A price reduction from the regular cost

**Dividend:** Money a company pays to shareholders from its profits

**Donation:** Money, goods, or time given to help others

**Driving record:** A history of a person's driving that can affect insurance costs

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## E

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**Earnings:** Money received for work or services

**Education:** Learning skills and knowledge through school or training

**Education cost:** The money needed for schooling and training

**Emergency fund:** Money set aside to cover unexpected costs

**Entrepreneur:** A person who starts and runs a business

**Exchange:** A marketplace where investments, such as stocks, are traded

**Exclusion:** What a policy does not cover

**Expense:** Money spent on goods, services, or bills

**Experience:** What a person has done or learned in the past

**Extended warranty:** An optional plan that pays for repairs after the manufacturer's warranty ends

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## F

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**Family size:** How many people are in a household, which can affect money choices

**Fee:** An extra charge for a service or for using credit



**Financial account:** A place at a bank, credit union, or other provider where money is stored and tracked

**Financial goals:** Money goals a person plans to reach over time

**Financial obligation:** Money a person is required to pay by rule or agreement

**Financial record:** A paper or digital document that shows details about money received, spent, or saved

**Financial risk:** The chance of losing money because of a decision or event

**Fixed expense:** A regular cost that stays the same each period

**Fraud alert:** A note on a credit report that asks lenders to take extra steps to confirm identity

**Freelancer:** A self-employed worker who is paid per project or task

**Fundraising:** Collecting money to support a cause or activity

**Future income:** Money a person expects to earn later based on choices and opportunities

**Future value:** How much money that is saved or invested today will be worth at a later time

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## G

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**Gift card:** A card with a set value that can be used to buy goods or services

**Gig worker:** A person who earns money from short-term jobs or tasks

**Goal:** Something a person plans to achieve by following steps over time

**Goods:** Physical items that are made or bought, such as food, clothes, or electronics

**Grant:** Money given for education or training that does not need to be repaid

**Gross pay:** Earnings before taxes and deductions

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## H

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**Habits:** Actions a person repeats often, sometimes without thinking

**Health insurance:** Insurance that helps pay for medical care

**Homeowners insurance:** Insurance that covers a home, belongings, and some liability

**Hourly wage:** Money earned for each hour of work



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## I

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**Identification:** Documents or information that prove who a person is

**Identity theft:** Using someone's personal information without permission to gain money or open accounts

**Income:** Money received from work or other sources, such as interest, gifts, or benefits

**Income loss:** When earnings are reduced or stop

**Insurance:** A policy that helps pay for covered losses in exchange for a premium

**Insurance policy:** The written agreement that explains insurance coverage and rules

**Interest:** The cost of borrowing money or the earnings on savings

**Interest rate:** The percent charged for borrowing or earned on savings

**Intermediate-term:** A time frame that is longer than short-term and shorter than long-term, often several months to a few years

**Investing:** Using money to buy assets with the goal of future growth or income

**Investment:** An asset bought with the goal of earning more money in the future

**Investor:** A person who uses money to buy assets with the hope that they grow in value over time

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## J

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**Job demand:** How many workers are needed for a job now and in the future

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## L

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**Liability:** Responsibility for causing harm or loss

**Liability coverage:** Insurance that pays others when the policyholder is responsible for damage or injury

**Liquidity:** How quickly and easily money or assets can be used or turned into cash

**Loan:** Money borrowed that must be repaid under agreed terms

**Loan term:** How long a loan lasts before it must be fully repaid

**Loan terms:** The specific rules, costs, and time frames for a loan

**Location:** Where a person lives or drives, which can affect insurance cost



**Long-term:** A time frame that takes a long period to reach, often a year or more

**Loyalty program:** A program that rewards repeat customers

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## M

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**Market conditions:** Factors like supply, demand and trends that affect prices

**Medical expense:** Money paid for health care

**Mental accounting:** Treating money differently based on where it comes from or how it will be used

**Military service:** Serving in the armed forces, which can provide education benefits

**Mobile payment:** Paying for goods or services using a phone or device

**Mortgage:** A long-term loan used to buy a home

**Multi-factor authentication (MFA):** A login step that requires two or more proofs of identity, such as a password plus a code provided via text or e-mail

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## N

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**Net pay:** Earnings after taxes and other deductions are taken out

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## O

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**Opportunity cost:** The next best option a person gives up when making a choice

**Out-of-pocket maximum:** The most a person pays in a year for covered medical care before insurance pays 100 percent

**Overborrowing:** Taking on more debt than can be repaid comfortably

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## P

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**Password manager:** An app that creates and safely stores strong passwords

**Pay statement:** A summary that shows how pay was calculated for a period

**Pay stub:** The part of a pay statement that lists earnings and deductions

**Payment:** Money given to buy goods, services, or to repay debt



**Payment history:** A record of whether payments were made on time

**Payroll deductions:** Amounts taken from pay for taxes, benefits, or savings

**Peace of mind:** The calm feeling that comes from being protected or prepared financially

**Penalty:** An extra charge for breaking an agreement, such as paying late

**Phishing:** A scam that tries to trick people into sharing personal information

**Piecework:** Pay received for each item made or task completed

**Plan:** A set of steps that help reach a goal

**Planned savings:** Money set aside in a budget before spending

**Policyholder:** The person who owns an insurance policy

**Premium:** The amount paid regularly to keep insurance active

**Price:** How much money is charged for something

**Principal:** The original amount of money saved or borrowed

**Priorities:** Things that are considered most important and done or paid for first

**Product claims:** Statements about what a product can do

**Profit:** How much is left after subtracting costs from the amount earned

**Proof of address:** Information that shows where a person lives, such as a bill or official letter

**Property damage:** Harm to belongings, buildings, or vehicles that may cost money to fix

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## R

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**Real estate:** Land and buildings that can be bought or sold

**Rebate:** Money returned after a purchase when the rules are followed

**Receipt:** A written or digital record of a purchase or payment

**Reduction:** Taking steps to lower the chance or cost of a loss

**Renters insurance:** Insurance that covers a renter's belongings and some liability

**Repayment:** Paying back borrowed money according to an agreement

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

**Resources:** Things that help meet needs or goals, such as time, money, or materials



**Retention:** Accepting risk and paying for a loss yourself if it happens

**Review:** An opinion or evaluation that helps people judge products or services

**Risk:** The chance of loss or of a result different from what was expected

**Risk pool:** A group of people whose insurance premiums are combined to help pay claims

**Risk tolerance:** How comfortable a person is with the chance of loss

**Rule of 72:** A quick way to estimate how long it takes money to double by dividing 72 by the interest rate

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## S

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**Salary:** A set amount of pay received on a regular schedule

**Sales tax:** A tax added to the price of certain purchases

**Saving:** The ongoing habit of setting aside money instead of spending it

**Savings:** Money set aside for future needs or goals

**Savings account:** An account that stores money safely and usually earns interest

**Savings plan:** A set of steps for reaching a savings goal

**Scholarship:** Money awarded for education that does not need to be repaid

**Self-employment:** Earning income by working for oneself rather than for an employer

**Service contract:** A plan that helps pay for certain repairs or services for a product

**Services:** Work done to help others, often in exchange for pay

**Short-term:** A time frame that can be reached soon, such as within weeks or a few months

**Side business:** A small business run in addition to a main job

**Side hustle:** Extra work done to earn additional income

**Simple interest:** Interest earned only on the original amount

**Small business:** A business with a small number of employees and limited sales

**Social Security number:** A unique government-issued number used to track earnings and benefits

**Spending:** Using money to pay for goods or services

**Spending plan:** A budget that shows how income will be used

**Spreadsheet:** A digital table used to organize and do math with information



**Starting age:** The age at which saving or investing begins

**Statement:** A regular summary that shows account activity and balances

**Stock:** A share of ownership in a company

**Stock exchange:** A marketplace where stocks are bought and sold

**Stock price:** How much one share of stock costs at a moment in time

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

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## T

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**Taxes:** Money paid to the government to fund public services

**Technology:** Tools and systems used to do work and solve problems

**Terms:** The conditions and rules of a credit or loan agreement

**Ticker symbol:** Short letters that identify a company's stock

**Time frame:** How long a person plans to save or invest

**Tips:** Extra money given for good service

**Total cost:** The full amount paid, including taxes and fees

**Tracking money:** Keeping a regular record of income, spending, and progress toward goals

**Tracking progress:** Watching results over time to see if goals are being met

**Trade-off:** Accepting less of one thing to get more of another

**Training:** Practice or study that builds skills for a job

**Transfer:** Shifting the risk of loss to someone else, often through insurance

**Trends:** Patterns or changes that happen over time

**Two-factor authentication (2FA):** A login step that requires two different proofs of identity, such as a password plus a code provided via text or e-mail

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## U

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**Underinsured:** Having insurance that does not fully cover potential losses

**Uninsured:** Having no insurance coverage



**Unit price:** Cost per single unit, such as per ounce or per item

**Utility bill:** A bill for services like electricity, water, or heat, often used as proof of a person's address or payment history

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## V

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**Value:** How much something is worth or how useful it is

**Values:** Beliefs or ideas that guide choices and goals

**Variable expense:** A cost that changes from one period to the next

**Volunteering:** Giving time and effort to help without pay

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## W

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**Warranty:** A promise from a seller or manufacturer to repair, replace, or refund a product if it breaks or does not work as expected within a certain period of time