Pennsylvania
Department of Education

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

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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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Market conditions: Factors like supply, deman,d 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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Net pay: Earnings after taxes and other deductions are taken out

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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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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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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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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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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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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 ofa person's address or payment history

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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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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