PROJECT PRO$PER

FINANCIAL GLOSSARY

April 2024

Instructions

Welcome to this educational guide on basic financial terms. Whether you're a beginner or simply looking to refresh your knowledge, this document aims to clarify essential financial concepts. Please note that this guide is for educational purposes only and does not constitute professional financial, tax, or legal advice. Always consult with a qualified advisor for personalized guidance.

Here are a couple of tips to make your search easier:

- If you want to go to a specific letter, click the letter where you want to go in the Table of Contents.
- If you are looking for a specific term, you can press Control + F on your keyboard, and a search bar will appear on your screen. Write the word, and if it is in the glossary, you will be directed to it.
- To return to the Table of Contents, click the letter at the beginning of each section.

Are we missing a word?

Is there another definition for one of the concepts that we still need to include? We want to know! Please email us at isposito@projectprosper.org

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A

"As is" purchase: This indicates that the buyer must be willing to accept the item being bought exactly as it currently is, foregoing any opportunity to request that the seller make repairs or offer credits for problems with it.

Account history: It is a listing of all transactions in an account at a bank or other financial institution. It is a chronological record of all the money paid into and out of a bank account, credit card, etc.

Account number: An account number is a unique identifier for each account at a bank or other financial institution that you have. Along with the routing number, the bank uses this number to make payments and accept deposits.

Account: A banking service allowing a customer's money to be handled and tracked.

Accountant: A person who keeps, inspects, and analyzes financial accounts for work. They often deal with tax matters (both personal and business) and can provide guidance on your retirement plans.

Accountholder: Someone who has an account with a bank, credit union or another financial institution.

Accrue: To receive sums of money or benefits in regular or increasing amounts over time. To accumulate or receive payments or benefits.

Adjustable Interest Rate (ARM): This interest rate will be adjusted at specified intervals based on an index. If the index rate goes down, your monthly payment can go down, but if the index rate goes up, your monthly payment will go up and could even double.

Adjusted Gross Income (AGI): The gross income made minus adjustments to that income. Gross income can be your wages, dividends, capital gains, business income, retirement distributions, and any other income. Adjustments to income include educator expenses, student loan interest, alimony payments, or contributions to a retirement account.

Afford: To have enough money to pay for a product or service.

Affordable: Of reasonable cost, not expensive.

Alimony: Financial support ordered by a court that a person must give to their spouse during separation or after divorce.

Annual fee: The amount of money the issuer charges a credit card holder to use the card for a year. It is normally a fixed fee.

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Annual Percentage Rate (APR): A measurement that compares different loans. The APR considers a loan's interest rate, term, and fees to illustrate the total cost of credit expressed as a yearly rate. The lower the APR, the lower the total cost of borrowing.

Annual Percentage Yield (APY): It is a percentage that reflects the amount of interest earned on an investment or a bank account in a year. The APY includes compound interest.

Annual: That occurs once every year.

Appraisal fee: It is a payment made to someone to evaluate how much a home is worth. It is essentially a fee to estimate the value of the property.

Appraisal: An expert estimate of the value of something, including real estate.

Appreciate: Increase in the value of an asset.

Asking price: The price at which something is offered for sale. It is the original price the seller sets.

Asset: [1] Property owned by a person or company is regarded as having value and available to meet debts, commitments, or legacies. A person and the quality of a person are also considered an asset. [2] Something valuable that you or your business owns or benefits from in creating income. Examples are cash, securities, accounts receivable, inventory, office equipment, real estate, a car, and other property.

ATM fee: An ATM fee is a charge that banks and ATM operators impose for the use of their automated teller machines. ATM fees vary depending on the bank or credit union, the ATM operator, and the type of transaction made. ATM fees can apply to all users or only to non-members of the financial institution. The most common type of fees is withdraw fees and balance inquiry fees.

Auto loan: A lender, such as a bank or a car dealership, may make this loan to help you buy new cars, used cars, two-wheelers, and commercial vehicles.

Automated Teller Machine (ATM): A specialized machine that customers of financial institutions use to perform banking services when an account holder inserts a debit card or credit card in it. For example, get cash, make deposits, transfer money between accounts, or get a cash advance.

Automatic Clearing House (ACH): When funds are transferred electronically by computer from one financial institution to another; for example, direct deposits and automatic payments.

Automatic payment: Automatic payments, also known as autopay, are payments that are automatically sent to one of your billers from your bank account or credit card account. You can authorize an automatic payment to be made using your debit card, credit card, checking account, etc.

Available balance: The amount of money you can use or withdraw in your account.

Advertisement: Posters, signs, television commercials, radio spots, social media posts, and other media that businesses use to promote products or services.

B

Background check: The process of looking up and compiling criminal, commercial, and financial records of an individual or an organization.

Bad/Poor credit: A situation in which lenders believe that offering loans to this person would be hazardous due to a borrower's poor history of repaying their debts. A poor credit score indicates a higher risk of defaulting on debt obligations. The ranges considered a bad credit score vary through lenders.

Balance transfer: A balance transfer is when you move your existing credit card balance(s) to another credit card with a different provider. Credit card providers sometimes offer introductory or promotional rates for a set period of time. Balance transfers normally have a fee of 3-5% of the amount transferred.

Balance: [1] The amount of money in a deposit account according to the bank. This figure may be different from the amount shown in your records because of checks you have written or deposits/payments you have made the financial institution still needs to process. [2] A credit card balance is the money owed to the credit card company.

Bank On: Bank On is a program that offers bank accounts with low and easy-to-understand fees at regular banks. To open one, you go to a traditional, participating bank (not all banks participate) and ask for the account by name.

Bank: A bank is a financial institution where you deposit your money to keep it safe. Banks offer more than just checking and savings accounts. They have various financial products, including loans, mortgages, and investment services. Banks make money on the fees and interest rates that they charge. They are for-profit entities that make money for their owners.

Banknote: Another way to say paper money or "bills", it is a form of currency. In the U.S., only the Federal Reserve Bank is allowed to print banknotes.

Bankruptcy: To legally declare yourself unable to repay your debts. Bankruptcy remains on a person's credit history for up to seven years. Depending on the type of bankruptcy, it could stay on a person's credit history for up to ten years.

Beneficiary: A beneficiary is a person or organization that receives benefits from property, or products owned by someone else. You can designate beneficiaries for various financial assets, such as life insurance policies, retirement accounts, brokerage accounts, and bank accounts.

Benefits: Additional and various types of non-wage compensation that are provided to employees in addition to their regular wages or salaries.

Better Business Bureau (BBB): The Better Business Bureau is a private, nonprofit organization that provides free help to consumers who seek to resolve issues with businesses and charities they patronize. Their website is useful to know if a company has a good or bad reputation. Consumers like you use this website to grade services from A+ to F, and they also leave reviews.

Bill Pay: Service provided by banks and credit unions that allows you to pay your bills through your bank account by scheduling the dates you want to send your payment.

Bills: Amount of money owed for goods or services, set out in a written statement of charges. Bills can be digital or on paper.

Bodily Injury Liability coverage (BIL): Bodily injury liability coverage is a part of your auto insurance policy that covers other parties' medical bills, injury-related expenses, and lost income when you're liable in an accident.

Bond: Bonds are a type of investment where you lend money to governments, cities, or corporations. In return, they pay you interest regularly and return the money you lent when the bond matures.

Bonus: A bonus is a type of financial compensation that is above and beyond the normal payment expectations of its recipient. While bonuses are traditionally given to exceptional workers.

Borrow: To take and use something that belongs to someone else with the intention of returning it. The person who borrows is called a borrower.

Bounced check: A check that a bank does not pay because the customer's account does not have enough money to pay it. Also known as a “bad” or returned check. Banks will charge you service fees for each bounced check, and writing bad checks can seriously harm your ability to continue having a checking account with your current financial institution or opening another one in the future.

Branch: A physical location of a financial institution that offers the same services as the main office. A bank branch usually has tellers who can help customers with various banking transactions, such as withdrawing money, depositing checks and cash, and more.

Broker: A person or firm who arranges transactions between a buyer and a seller. This may be done for a commission when the deal is closed.

Brokerage: A firm or individual that acts as a middleman between buyers and sellers of financial instruments or other assets. A brokerage can provide intermediary services in various areas, such as investing, obtaining a loan, or purchasing real estate.

Budget: A budget is a way to track your monthly income and expenses. It is also known as a spending plan.

Bumper-to-Bumper Warranty: It covers a new vehicle for three to five years. As the name states, this type of warranty covers (almost) everything between your vehicle's front and back bumpers, meaning if your engine quits or oil starts leaking, you can take the car in for repairs at no charge.

Business accounts: A business account is a financial account used for business purposes. This type of account is usually maintained by a financial institution. It offers business owners a simple way of separating their personal funds from their business cash flow.

Business day: Another way to say workday (days from Monday to Friday).

Business hours: Another way to say office hours or work hours.

Business income: The money a business receives for selling its goods and services is its income.

Business loans: A business loan is money or a line of credit a lender gives a business for its startup or operations.

Business owner: The person or group of people that have a business. The owner can be (or not) the same person that directs the business and controls its day-to-day processes.

Business venture: A business venture is a new business or business activity, especially one that involves financial risk.

Business: The activity of making, buying, or selling goods or providing services in exchange for money.

Buy One Get One Free (BOGO): A sales promotion in which an item is offered free or at a reduced price when another item is purchased at full price.

Buying plan: A plan people use to identify and consider factors like cost, features, and choices as they prepare to make a purchase.

Buying power: Also called purchasing power, it is the amount of goods and services that can be purchased by a given unit of currency, considering the effect of inflation.

C

Capacity: [1] the amount that something can produce. [2] A borrower's ability to make monthly loan payments. When reviewing loan applications, lenders look at a borrower's income and debts to determine his or her capacity to repay.

Capital gain: The money you earn (profit) from the sale of property or of an investment.

Capital loss: The money you lose when an asset such as an investment or real estate loses value.

Capital: The assets a borrower owns; for example, a car or cash in a savings account minus your liabilities. If a borrower cannot make loan payments, a lender might use these assets to pay the debt.

Car insurance: It is insurance for cars, trucks, and other road vehicles. In the state of Florida, it is mandatory to have car insurance before using or keeping a motor vehicle on public roads.

Car payment: Also known as car note. The payment must be made periodically to repay an auto loan. Typically, they are due monthly, though some lenders require weekly or bi-weekly payments.

Car registration: States use registrations to determine vehicle ownership. A registration certificate and license plates are issued after paying a fee. Your vehicle's registration certificate is essential and must be on hand whenever you're driving.

Car title: Also known as "pink slip", it is a legal document that establishes the legal owner of a vehicle. The state Department of Motor Vehicles commonly issues car titles in the U.S.

Card issuer: The company or financial institution that gives you a credit card.

Card replacement fee: A fee your debit or credit card provider may charge to replace your card if it is lost, stolen, or damaged.

Cardholder agreement: Also known as cardmember agreement. The agreement between you and your card issuer, for both debit and credit cards. It includes the interest rate, fees, and other cost information associated with the account.

CARFAX Vehicle History Report: Also known as CARFAX Report, it is CARFAX's most well-known product. These reports contain comprehensive information about a vehicle's past, including details about owners, maintenance, accidents, and other events that can impact the vehicle's value and operability.

CARFAX: An American company that provides vehicle data to individuals and businesses.

Cash advance: A cash advance is a short-term loan that you can borrow from your credit card issuer. You are using your card's line of credit to get cash that you can spend on anything you want. A cash advance is different from a regular credit card purchase, as it usually has higher interest rates and fees.

Cash App: A payment app for mobile devices that lets individuals quickly send, receive, and invest money.

Cash: Money in coins or paper.

Cashback: [1] Cashback is a reward for spending money that allows you to earn money back on things you buy. It's typically a percentage of a transaction that's refunded back to you as a loyalty reward. You can get cashback from your credit or debit card, an online site or straight from your financial institution. [2] When you pay with a debit card at a physical retailer, you often have the option to get physical cash back. This allows you to withdraw cash from your checking account during the transaction without paying a fee.

Cashier's check: Also known as official check. A cashier's check is a payment instrument issued by a bank or credit union to a third party, usually on behalf of a bank customer. The bank guarantees payment by using its own funds, not the customer's account (like a personal check). Cashier's checks are secure and reliable ways to make large payments, but they often require a fee and are only available to existing customers.

Certificate of Deposit (CD): Certificates of Deposit are time deposits offered by financial institutions. When you invest in a CD, you agree to keep your money deposited for a specific period in exchange for a fixed interest rate. Certificates of Deposit generally offer higher interest rates than regular savings accounts. Normally, there are penalties if you want to close the account or withdraw money from it before the time period has ended.

Character: The financial steadiness and stability of a borrower. For example, when reviewing your loan application, a lender may look at how long you've lived at your current address or worked at your current job.

Charge-off account: A charge-off is a debt that a creditor has given up trying to collect on after the borrower has missed payments for several months.

Check cashing services: Check cashing services offer customers a way of receiving cash for their checks (personal checks, paychecks, cashier's checks, tax refunds, etc.) in exchange for a fee. Check cashing services are offered through a business seeking to profit from those who wish to use the convenience of their services. Check cashing businesses are not financial institutions.

Check number: A check number is a three or four-digit number on a personal check, but it can be longer in cashier's checks and other types of checks. It is usually the last set of numbers on the check. Keeping track of the check number is helpful for your own record keeping.

Check: A written order instructing the bank to pay a specific amount to a particular person or entity. The check must contain a date, payee (person, company, or organization to be paid), amount, and an authorized signature. When you write a check from your checking account, that is called a personal check.

Checkbook: A checkbook is a small book containing preprinted checks that can be used to pay for goods or services. A checkbook is linked to your checking account.

Checking account: A checking account is a type of account that you can open at a bank or credit union, it serves as a convenient tool for managing your everyday transactions. Checking accounts allow you to deposit money that you can then draw to pay bills or make purchases.

ChexSystems: ChexSystems is a consumer reporting agency that provides information about the use of deposit accounts by consumers. It helps financial institutions to screen new customers applying for bank accounts. ChexSystems collects data on bounced checks, overdrafts, account closures, and fraud from participating banks and credit unions.

Child support: Child support is a payment made by one parent to the other for the financial benefit of a child or children. Child support is meant to cover the child's basic living expenses, such as food, clothing, shelter, health care, and education. Child support is often ordered by a court as part of a divorce or separation agreement.

Claim: Your formal request to your insurance company asking them to pay for or reimburse you for damages, loss, or healthcare costs.

Clear: When the banks pay a check you have written, and then subtract the amount from your account, your check has "cleared" the bank.

Closing costs: Closing costs are fees paid at the closing of a real estate transaction (for example, a home purchase). Closing costs may include various charges such as loan origination fees, discount points, appraisal fees, title searches, title insurance, surveys, taxes, deed recording fees, and credit report charges.

Coin: A small metal disc that we use as money.

Coinsurance: Coinsurance refers to the money an individual must pay for services after a deductible has been met. Coinsurance is often specified by a percentage. For example, if your coinsurance is 20% for an office visit and the cost of a visit is $100, then as long as you've met your deductible: You pay 20% of $100, or $20.

Collateral: Any assets of a borrower (for example, a home) that a lender has a right to take ownership of if the borrower doesn't repay the loan as agreed.

Collection account: A collection account occurs when a borrower fails to make payments on the account and the creditor sends the account to a collection agency.

Collection agency: A business that specializes in collecting past-due debts.

Collision coverage: Covers some or all your car repair or replacement costs if you are in an accident with another vehicle or drive into an object such as a tree, building, or telephone pole. It also covers damage from accidents involving no other car or object, such as if you roll over or flip your vehicle.

Collision: Coming violently into contact with, to crash.

Commission: An amount of money someone earns for selling something.

Commitment: Willingness to give your time and energy to something that you believe in, or a promise or firm decision to do something.

Comparison shopping: The practice of comparing prices, features, benefits, risks, and other characteristics of two or more similar products or services.

Compensation: It refers to the total cash and non-cash payments that an employee receives in exchange for their work within a business.

Compound interest: It is interest that applies not only to the initial principal of an investment or a loan, but also to the accumulated interest from previous periods. In other words, compound interest involves earning, or owing, interest on your interest.

Compounding: Compounding is the process in which an asset's earnings, from either capital gains or interest, are reinvested to generate additional earnings over time.

Comprehensive coverage: Protects your car against damage not resulting from a collision, as well as from theft. Although it covers a wide array of events that can damage your vehicle, the most common claim for comprehensive coverage is the repair or replacement of a cracked windshield due to road debris.

Comprehensive: Detailed, thorough, complete and/or covering a large scope.

Conditions: It refers to the factors outside your control that may affect your ability to repay a loan. Some lenders consider this when reviewing your loan eligibility.

Condo insurance: Condo insurance is a type of home insurance policy that covers your personal property and liability inside your condominium unit. It protects you from losses and repair costs for problems like fire, theft, vandalism, water damage, and accidental injuries to others.

Consumer: A consumer is a person or a group who uses purchased goods, products, or services.

Consumer: A person who buys or receives goods or services for personal needs or use and not for resale.

Contactless payment: Also called tap-to-pay. A secure method for consumers to purchase products or services using a debit, credit, smartcard, or another payment device by using radio frequency identification (RFID) technology and near-field communication (NFC). It is a way to pay for something by tapping or waving your card or device over a reader without having to enter your PIN.

Contractors: A self-employed person who works independently to produce a desired result for a customer or business.

Conventional loan: It is the most popular type of mortgage in the United States. A mortgage is not guaranteed or insured by any government agency, but it is issued by a private lender, such as a bank, credit union or other financial institution.

Copayment: Also known as copay. This is a small, fixed amount that policyholders must pay their healthcare provider for covered services. This payment is usually due at the time medical services are received.

Corporation: A legal entity (business) that exists separately from its owners.

Co-signer: Also known as a co-borrower, it is someone who applies for a loan with another individual and who contractually agrees to pay off the debt if the other borrower doesn't make payments.

Cost of living: The cost of living is the amount of money needed to cover basic expenses such as housing, food, taxes, and healthcare in a certain place and time period. The cost of living is often used to compare how expensive it is to live in one city or country versus another.

Cost: The amount of money that is needed to pay for or buy something.

Cost-effective: To have good value for the amount of money you paid.

Counteroffer: An offer made in response to another. Sometimes, when you apply for a loan, the lender might not approve the amount or other conditions of your loan application, so they will provide you with a counteroffer with the conditions that they are willing to approve for you.

Coupon: A paper or online ticket that lowers the price when used. These can be found in newspapers, online, mobile apps, and sometimes in stores.

Courtesy Pay: Courtesy Pay is a service that allows your bank or credit union to pay a transaction when there is not enough money in your account. This can help you avoid declined transactions, bounced checks, returned item fees, or late fees from merchants. Courtesy Pay may cover checks, ACH, in-person withdrawals, ATM withdrawals, debit card and Bill Pay transactions. Courtesy Pay usually charges a fee and has a limit on the amount of overdraft protection.

Cover letter: A one-page document you send along with your resume when applying for a job. It provides additional information about your skills and experiences related to the position you're pursuing.

Coverage: Insurance policy's protection provided against risks.

Coverdell Education Savings Account (ESA): It is also known as an Education IRA or Coverdell IRA. It is a federally sponsored, tax-advantaged trust or custodial account set up to pay for qualified education expenses. The account is designed to help parents save for their children's education expenses. Coverdell ESAs can be opened for any student who is under the age of 18 years old.

Credit bureau: Also known as consumer reporting agencies, it is a company that gathers information on consumers who use credit. These companies send this information to lenders and other businesses through a credit report. The three largest bureaus are Equifax, Experian, and TransUnion.

Credit card statement: A summary of how you've used your credit card for a billing period.

Credit card: A credit card is a thin piece of plastic or metal that allows you to borrow money with which to pay for goods and services.

Credit check: A lender, landlord, employer, or insurer's inquiry at a credit bureau to evaluate an applicant's credit history.

Credit counselor: A professional advisor who specializes in helping people with debt and credit problems.

Credit history: A written record of a person's use of credit, including applying for credit and using credit or loans to make purchases. Also called a credit record.

Credit insurance: Also known as debt protection or payment protection. Credit insurance will make your loan payments if you cannot pay because of death, disability, serious illness, or job loss. Credit insurance has an additional cost added to the loan monthly payment. It is usually optional, so you don't have to purchase it from the lender.

Credit limit: The maximum dollar amount the lender can make available to the borrower according to their agreement. For example, the credit agreement usually specifies the maximum amount you can charge if you have a credit card.

Credit rating: An evaluation of an individual's or business's financial history and the ability to pay debts. Lenders use this information to decide whether to approve a loan. The credit rating is usually in the form of a number or letter.

Credit record: Also known as your credit history when provided by a credit bureau to a lender or other business.

Credit report: A report issued by an independent credit agency, it contains information concerning a loan applicant's credit history and current credit standing.

Credit score: A numerical rating is used by lenders in the loan approval decision process. Credit scores go from a minimum of 300 (poor credit) to 850 (excellent credit).

Credit union: Credit unions are nonprofit entities that their members own. They offer the same financial products as banks. You can open an account, take out a loan, or get a mortgage from a credit union. Credit unions reinvest money from charging interest to keep costs low and benefit their customers.

Credit utilization ratio: The amount of credit a person has compared with the amount they've used.

Credit: [1] When a bank or business allows its customers to purchase goods or services on the promise of future payment. [2] Any item that increases the balance in a bank account. Deposits and interest payments are both examples of credits.

Creditor: A business that makes money available for others to borrow. Another way to say lender.

Creditworthiness: A lender measures an individual or company's ability to pay a debt, normally based on the credit score and history of the applicant.

Cryptocurrency: Cryptocurrency is a digital payment system that doesn't rely on banks to verify transactions. Instead, it operates as a peer-to-peer system, allowing anyone, anywhere, to send and receive payments.

Currency exchange: A currency exchange is a licensed business that allows customers to exchange one currency for another (for example, exchanging US dollar for Argentinian Pesos). Currency exchange of physical money (coins and paper bills) is usually done over the counter at a teller station, which can be found in various places such as airports, banks, hotels, and resorts.

Currency: Currency is money, usually in the form of paper and coins, that is issued by a government or a central bank and is accepted as a method of payment for goods and services.

D

Data breach: The unauthorized movement or disclosure of sensitive information to a party, usually outside the organization, that is not authorized to have or see the information. Someone who gets the data might use it for identity theft.

Deadline: It is a time limit. The latest time or date by which something should be completed.

Dealer fees: The cost that a product dealer passes onto the buyer in the overall price. Dealer costs may be exaggerated to receive a larger profit on the sale.

Dealership: A dealership is a business that is authorized to sell or distribute a company's goods or services in a particular area. One of the most common types of dealerships are car dealerships.

Death benefits: The amount paid to a beneficiary upon the death of an insured person.

Debit card: A debit card is a payment card that lets you make purchases by drawing money directly from your checking account at a bank or credit union. The amount of money that you can spend with your debit card depends on the balance of your account.

Debt consolidation: Consolidation means that your various debts, whether they are credit card bills or loan payments, are rolled into a new loan with one monthly payment. If you have multiple credit card accounts or loans, consolidation may be a way to simplify or lower payments. But a debt consolidation loan does not erase your debt. You might also end up paying more by consolidating debt into another type of loan.

Debt: Money, goods, or services you owe to others.

Debtor: The person who borrowed the money from a lender. Another way to say borrower.

Debt-To-Income ratio (DTI): A percentage calculated by dividing a loan applicant's total debt payments by their gross monthly income.

Declarations page: A declarations page is a document that summarizes the details of your insurance policy. It includes important information like coverage amounts, deductible, who's covered, policy number, and more. It's usually the first page or two of your policy documents. It's also known as an information page, a "dec sheet", a policy declaration, or a coverage summary.

Deductible: The amount you must pay before the insurer pays for a covered benefit. Most insurances require you to choose a deductible beforehand.

Deduction: A deduction is an expense that can be subtracted from a taxpayer's gross income in order to reduce the amount of income that is subject to taxation. It lowers your taxable income for the year.

Deed recording fee: It is an expense a government agency charges for registering or recording the purchase or sale of a piece of real estate.

Deed: A legal document that is signed and delivered, especially one regarding the ownership of property or legal rights.

Default: Failure to repay a loan agreement according to its terms.

Defer: To put off an action or event to a later time; to postpone.

Deferment: A deferment is a pre-approved, temporary break from making payments on a loan. During a deferment period, the borrower does not have to make interest or principal payments on a loan, and there are no penalties for these missed payments.

Delinquency: To neglect or ignore one's duties and responsibilities.

Delinquent account: An account that is past due. This means that the borrower or the cardholder has not made the required payments or repayments by the deadline. A delinquent account can be reported as 30, 60, 90 and then 120 days late, depending on how long the account has been overdue. A delinquent account can negatively affect the credit score and history of the account holder.

Dental insurance: It is a type of insurance that covers a portion of basic dental expenses that you may encounter during a typical year. It helps cover the costs of dental services, including routine checkups, cleanings, and other necessary dental treatments. These policies often have deductibles, copayments, and coinsurance, which you pay when you receive care.

Department of Motor Vehicles (DMV): It is a government agency that administers motor vehicle registration and driver licensing. In the United States, the DMV is a state-level agency. The DMV also handles other services related to vehicles and drivers, such as titling, insurance, records, and safety.

Dependent: A dependent relies on the taxpayer for financial support.

Deposit: To put money into your account.

Depositor: A person who keeps money in a bank account.

Depreciation: A reduction in the value of an asset with the passage of time, due in particular to wear and tear. For example, in the case of a car, value can go down due to many factors like the make, model, year, where you live, how much you drive, and the condition of the vehicle.

Derogatory accounts: Also known as derogatory activity or derogatory credit. A derogatory account is a negative mark on your credit report that indicates a serious delinquency or late payment. Derogatory accounts can include charge-offs, collection accounts, foreclosures, bankruptcies, or repossessions. Derogatory accounts will lower your credit score and affect your ability to get new credit.

Digital wallet: A payment application that allows you to make payments from financial institutions, such as banks and credit unions, without handling physical money. They're typically used on a smartphone or computer.

Direct deposit: A deposit made directly into your account by the payer without using a check or deposit slip. Typical direct deposits include Social Security payments and automatic payroll deposits.

Disability: A disability is any condition of the body or mind that makes it more difficult for the person with the condition to do certain activities and interact with the world around them.

Disclaimer: A disclaimer is generally any statement intended to specify or delimit the rights and obligations of parties in a legally recognized relationship. The term disclaimer usually implies situations that involve some level of uncertainty, waiver, or risk.

Disclosure: It is the act of making facts or information known to the public. A disclosure can be done by individuals, corporations, or other entities, and it can have various purposes and effects. Disclosures can be required by law, regulation, or contract, or it can be voluntary. They can also be positive or negative, depending on the nature and impact of the information revealed.

Discount: A deduction from the usual cost of something.

Dispute: [1] A bank dispute, also known as a transaction dispute, or chargeback, is the process through which a cardholder rejects fraudulent or inaccurate charges on their bank accounts or credit card with their issuing financial institution. [2] A request to have inaccurate information removed from your credit report. You can dispute information directly with the company that reported it or file a dispute with the credit reporting agency that maintains the report. To file a dispute, you need to send a letter along with evidence to the credit bureau that is reporting the error.

Dividends: [1] A sum of money paid regularly (typically quarterly) by a company to its shareholders out of its profits (or reserves). [2] Another way to refer to the interest payment made in a savings account or other account that earns interest.

Donate: To give something (like money, food, or clothes) to help a person or organization.

Dormancy fee: It is a fee charged by a financial institution for not using an account for a certain period of time. A dormancy fee can apply to bank accounts, credit cards, or other financial products.

Dormant account: A dormant account is a bank account that has been unused or inactive for a long period of time. The period of inactivity varies by state or provider, but it is typically between three to five years. During this time, the account may still earn interest, but no other transactions are made. After the dormancy period, the account may become the unclaimed property of the state.

Down payment assistance programs: Offered by state or local housing agencies or nonprofits, down payment assistance programs focus on first-time homebuyers or low- and moderate-income borrowers to encourage homeownership and increase mortgage affordability.

Down payment: An initial payment made when something is bought on credit. This is normally done with the purpose of reducing the total amount that will be financed.

Due date: The date on which something falls due, especially the payment of a bill or even the expected birth of a baby.

E

Earn: To receive money in exchange for goods or services.

Earned income: Money made from working for someone who pays you or from running a business or farm. This includes all the income, wages, and tips you get from working.

Earnest money: This is a deposit made by the buyer and held in an escrow account to demonstrate the sincerity of buying a particular property. It can be anywhere from $500 to $5000. This is also known as the good faith deposit. These funds are agreed upon in the contract and will be counted toward your down payment at closing.

Electric car: An electric car is a car propelled by an electric motor using energy stored in rechargeable batteries. Electric cars have lower emissions and operating costs than conventional cars, but also have limitations such as battery range and charging time.

Electronic check: Also known as e-check, it is a form of payment made via the Internet that is designed to perform the same function as a conventional paper check.

Electronic Funds Transfer (EFT): When your money is transferred electronically by computer from one account to another.

Electronic payment: Also known as e-payment. Electronic payments allow customers to pay for goods and services electronically, without using checks or cash. They are done via debit cards, credit cards or direct bank deposits.

Electronic signature: Also known as an e-signature, is a method of signing documents electronically, using a computer or mobile device, and a lot of times remotely from the organization that is requesting the signature.

Emergency fund: A cash reserve that's specifically set aside for unplanned expenses or financial emergencies. Some common examples include car repairs, home repairs, medical bills, or a loss of income.

Employer: A person or company that provides a job paying wages or a salary to one or more people.

Employment: [1] The condition of having paid work. [2] The action of giving work to someone.

Endorse: To sign the back of a check, authorizing the check to be exchanged for cash or credit.

Entitled: A legal title, right, or claim to something.

Entrepreneur: Someone who organizes, manages, and assumes the risks of a business or enterprise.

Entrepreneurship: The activity of setting up a business or businesses, taking on financial risks in the hope of profit.

Equal Credit Opportunity Act (ECOA): Federal law ensures that all consumers have an equal chance to obtain credit, regardless of race, color, sex, marital status, religion, national origin, age, or receipt of public assistance income. This doesn't mean all consumers who apply for credit get it; factors such as income, expenses, debt, and credit history are considerations for creditworthiness.

Equity: It's the positive value of an asset owned after subtracting liabilities. For example, if someone owns a car worth $24,000 and owes $10,000 on the loan used to buy the car, the difference of $14,000 is equity.

Escheatment: Escheatment is the process by which unclaimed funds in accounts with a bank or other financial institution are turned over to the state.

Escrow account: An escrow account is a temporary account where funds are held by a third party until a transaction is completed. The third party can be a bank or an escrow agent who acts as a trusted intermediary. An example of this are mortgages escrow accounts, which the financial institution that holds the mortgage uses to make payments for property taxes and homeowners' insurance.

Escrow: An escrow is a contractual arrangement in which a third party (like an escrow agent) receives and disburses money or property for the primary transacting parties, with the disbursement dependent on conditions agreed to by the transacting parties.

Estate tax: A tax on the value of property you own at your death. It considers everything you own or have certain interests in at the date of death. There is a federal estate tax, and some states have their own estate taxes.

Estimate: A written statement indicating the likely price that will be charged for specified work or repairs.

Exchange rate: A number that is used to compare the value of money in two different countries. For example, you would use an exchange rate to figure out how many pesos or euros you could get for one U.S. dollar.

Exclusion: Items the insurance company will not cover in your plan.

Expense: Money spent to buy or do something.

Explanation of benefits (EOB): This is a statement sent by a health insurance company to policyholders explaining what medical treatments and/or services were paid for on their behalf. It also describes the policyholder's coverage.

Extended Warranty: Sometimes called a service agreement, a service contract, or a maintenance agreement, is offered to consumers in addition to the standard warranty on a new or used vehicle.

F

Federal Deposit Insurance Corporation (FDIC): An independent agency of the United States government that protects customers from losing their deposits if an FDIC-insured financial institution fails. The basic insurance amount is specified per depositor per insured financial institution.

Federal Housing Administration (FHA) loan: Also known as FHA Loan. It is a mortgage that is insured by the Federal Housing Administration and issued by an FHA-approved lender. FHA loans are designed for low-to-moderate-income borrowers. They require a lower minimum down payment and lower credit scores than many conventional loans.

Federal Income Tax Withholdings: These amounts are given to the federal government to help fund government programs such as defense, health care, housing assistance, education, and veterans' benefits.

Federal Insurance Contributions Act (FICA): A law that requires taxes to be deducted from your pay to contribute to Social Security and Medicare; your employer contributes the same amount on your behalf.

FINANCIAL GLOSSARY

Federal minimum wage: The lowest national wage as established by law in the Fair Labor Standards Act (FLSA).

Federal student loans: These loans are funded by the federal government and have terms and conditions that are set by law. Federal loans also include benefits that private student loans don't usually offer. These benefits could include lower interest rates, repayment plans based on income, and possible loan forgiveness for people who choose to work for a certain amount of time in government or for certain not-for-profit organizations or teach in a low-income school.

Federal Trade Commission (FTC): A federal agency established that administers antitrust and consumer protection legislation to pursue free and fair market competition.

Federal Work-Study: A program that provides part-time jobs to help you earn money to pay for college expenses.

Fees: [1] Charges for services by a financial institution or lender. [2] A payment made to a professional person or a professional or public body in exchange for advice or services.

Fellowship: It is a funding award given to scholars to pay for the cost of their academic pursuits.

File: [1] A single paper document, folder, or box with papers. [2] To enter a legal document as an official record. [3] To store information in a careful and particular way.

Filing status: Your filing status is an IRS classification based generally on your marital status. It is used for your filing requirements, standard deduction, ability to claim certain tax breaks, and the amount of your tax.

Finance charge: The amount of money a borrower pays to a lender for the privilege of borrowing money, including interest and other service charges.

Financial advisor: Financial institutions such as (banks, credit unions, and finance companies) have specialists who can discuss and guide your financial retirement plans. Also, certified financial planners are professionals qualified to help people plan for retirement.

Financial aid: Money given in the form of grants, work-study, loans, and scholarships to help pay for post-secondary tuition and fees, as well as related expenses such as room and board, books, supplies, and transportation.

Financial capability: The ability to manage financial resources effectively, understand and apply financial knowledge, demonstrate healthy money habits, and successfully complete financial tasks as planned.

Financial emergencies: Expenses that come up unexpectedly are very important and need attention right away.

Financial goals: They are the monetary targets you strive to hit, such as saving for a wedding or eliminating student loan debt. These goals are the major objectives you set for how you'll save and spend money. They can be things you hope to achieve in the short or long term.

FINANCIAL GLOSSARY

Financial inclusion: It refers to the availability and equality of opportunities to access financial services. It is a process by which individuals and businesses can access appropriate, affordable, and timely financial products and services, including banking, loan, and insurance products.

Financial institution: Businesses that provide different types of financial services to customers. These businesses offer products and services to help you manage your money and build a better financial future.

Financial security: It refers to the ability to afford your expenses, live comfortably on your income and save for the future. Financial security can be tied to the numbers, such as how much you earn, how much you spend, and how much you have saved, but it also takes into account how you feel about your financial situation.

Financial stability: It is when your income and expenses are in balance. Financial stability allows you to live a comfortable life without worrying about money so much.

Financial well-being: The ability to meet all financial needs, today and over time; feel secure in the financial future; absorb financial shock; and have the financial freedom to make choices to enjoy life.

Financing: Asking any financial institution (bank, credit union, finance company) or another person to lend you the money you promise to repay at some point in the future. The bank will lend you money if you agree to pay interest on top of the money lent to you.

Fine print: The portion of a document, especially a contract, contains qualifications or restrictions in a small type or obscure language.

Fine: A fine is a sum of money imposed as punishment for an offense. It is a penalty for breaking the law. The amount of the fine depends on the type of offense committed. Fines are administered by a range of state and local government agencies.

Firewall: A part of a computer system or network designed to block unauthorized access while permitting outward communication.

Firm: A for-profit business organization that provides professional services.

First-time buyer: An individual who is purchasing a vehicle or home for the first time. First-time homebuyers often qualify for special benefits such as lower minimum down payments, special grants, and assistance with paying closing costs that are sponsored by state and federal governments.

First-time homebuyer programs: These are programs backed by governments and public and private banks dedicated to those who are on the way of purchasing their first home. They offer loans, grants, tax credits, and down payment assistance programs to help eligible buyers cover down payment or even closing costs.

Fixed expenses: Expenses that stay the same monthly, such as rent or a car payment.

Fixed interest rate: The rates do not change during the loan term. This rate allows the borrower to predict their future payments accurately.

Flexible expenses: Expenses that you can control or adjust, for example, how much you spend on groceries, clothes, or gas for your car.

Flexible Spending Account (FSA): It is a type of savings account that provides the account holder with specific tax advantages. An FSA is sometimes called a "flexible spending arrangement" and can be established by an employer for employees.

Flood insurance: It is a type of property insurance that covers a property for losses sustained by water damage specifically due to flooding. In Florida, flood insurance might be mandatory to have in a home.

Foreclosure: The legal process by which an owner's rights to a mortgaged property are terminated, usually because of failure to make loan payments as agreed. Foreclosure typically involves a forced sale of the property at a public auction, with the money applied to the remaining debt.

Foreign transaction fee: Also called a currency conversion fee. It is a fee your card provider charges when you use your card in a foreign country or to pay in a foreign currency. This fee is usually a percentage of your purchase, withdrawal, or other transaction. Not all cards can be used outside the United States, so check your cardholder agreement before you travel.

Form 1040: Officially, the "U.S. Individual Income Tax Return". It is used for personal federal income tax returns filed by United States residents. The form calculates the taxpayer's taxable income and determines how much the government will pay or refund. There are other versions of this form, depending on your tax situation or if you are a nonresident.

Form 1040-SR (Tax Return for Seniors): It is a version of the 1040 tax return created specifically for use by older adults over 65.

Form 1098: If you have a mortgage, you'll get one of these tax forms in the mail. It shows the interest (over $600) you paid on your home loan during the year, and that mortgage interest is generally deductible.

Form 1098-E: Students can receive this form, which says the interest they've paid on their student loans.

Form 1098-T: Students might get this form, which reports tuition payments they've made.

Form 1099: They're all records of income you've received from a source other than your employer.

Form 1099-DIV (Dividends and Distributions): It is sent to investors who receive distributions from any type of investment during a calendar year.

Form 1099-G (Certain Government Payments): This is the one you receive if the government made payments of unemployment, reemployment assistance, agricultural payments, etc.

Form 1099-INT (Interest Income): Income tax form that reports interest income received by taxpayers.

Form 1099-MISC: If you are an independent contractor, you will receive a Form 1099-MISC rather than a W-2. This form details how much you were paid throughout the year. You can use that information to double-check that you're reporting all your income earned through the year. If you made less than $600 from a client during the year, you won't receive a 1099-MISC, but you will still need to report that income.

Form 1099-NEC (Nonemployee Compensation): Self-employment income will be reported on the form.

Form I-9: Officially known as the Employment Eligibility Verification. It is a form used to verify the identity and legal authorization to work of all paid employees in the United States.

Form W-2: As a regular employee, you will receive this form from all the employers you've worked for in the previous year by January 31. It shows, among other things, how much you earned, what you contributed to your company's retirement plan, and the amount of taxes withheld on your behalf. Taxes for items like social security, Medicare, and federal income tax.

Form W-4: The W-4 is a form you give to your employer, typically when you start a job, instructing how much tax to withhold from each paycheck. Consider completing a new Form W-4 if your personal or financial situation changes.

For-profit: A for-profit business is a company that tries to make money by selling goods or services.

Fraud: Intentional use of deceit, a trick, or some dishonest means to deprive another of his or her money, property, or legal rights.

Free Application for Federal Student Aid (FAFSA): It is a form used to determine how much a student and their family are eligible to receive in federal financial aid. The FAFSA may also be used to determine a student's eligibility for state and school-based aid and may influence how much private aid a student receives.

Free trial: When a company offers a product or service to customers for free for a short period so they can try using it.

Freelance: Freelancing is the practice of working independently as a self-employed individual, earning money based on specific tasks or jobs.

Freelancer: A freelancer is a self-employed person who offers professional services to different clients for a fee. Freelancers are not committed to a long-term employer and may work for multiple clients at the same time. Freelance work is usually short-term but can also be extended depending on the client's needs.

Fuel economy: Also known as "miles per gallon" (mpg). It measures how far a car can travel if you put just one gallon of petrol or diesel in its tank.

Full-time employee: If you work more than 35 hours a week, then you are considered a full-time employee. Full-time status can qualify you to enroll in employee benefit programs like group health insurance and retirement plans if the benefits are available.

Funding: Act of providing resources to finance a need, program, or project. It can take the form of money, effort, or time.

Funds: Money saved or made available for a particular purpose.

G

Gap insurance: An optional auto insurance coverage that comes into play if your car is stolen or declared a total loss. It helps bridge the financial gap for drivers whose car loan balance is more than what their vehicle is worth if it's totaled.

Gas: Common term for gasoline.

Generational wealth: Also referred to as intergenerational wealth. It is wealth that is transferred from parents or relatives to children or other members of their family. This may take the form of cash, property, or anything else that has financial value.

Generic: Any product that doesn't have a brand name.

Gift card: Also known as a gift certificate or gift voucher. It is a prepaid card, usually issued by a retailer or bank, to be used as an alternative to cash for purchases within a particular store or related businesses.

Gig economy: Generally, an informal term for situations where people are hired for single projects or tasks or for short-term jobs, often through a digital marketplace.

Gig: A single project or task for which a worker is hired to work on demand. Some gigs are a type of short-term job, and some workers pursue gigs as a self-employment option.

Goals: Something that you are trying to do or achieve.

Good credit: A situation in which lenders are willing to make loans to an individual due to their excellent history of repaying debts.

Goods: [1] Objects people want that they can touch or hold, such as toys, clothes, and food. [2] Items for sale.

Government benefits card: A prepaid card used by a government agency to pay certain government benefits, such as unemployment insurance.

Grace period: A period of time beyond a due date during which a financial obligation may be paid without penalty or cancellation.

Grant: A type of financial aid that does not have to be repaid, unless, for example, you withdraw from school, and you need to pay back some of the grant money; often need-based.

Gross income: Total pay before taxes and other deductions are taken out.

Guarantee: A formal promise or assurance (typically in writing) that certain conditions will be fulfilled, especially that a product will be repaired or replaced if not of a specified quality and durability.

H

Hacker: A hacker is a person who breaks into a computer system. The reasons for hacking can be many: installing malware, stealing, or destroying data, disrupting service, and more.

Hard inquiry: Also known as a "hard pull," occurs when you apply for a new line of credit, such as a credit card or loan. It means that a creditor has requested to look at your credit file to determine how much risk you pose as a borrower.

Health insurance: A type of insurance that covers a portion of the cost of a policyholder's medical costs.

Health Savings Account (HSA): An account at a bank, insurance company, or other financial institution that lets you set aside pre-tax money, sometimes directly from your paycheck, to pay for eligible medical expenses.

Home closing: Also known as closing. The property ownership is transferred from the seller to you. You will also sign a document giving your lender a mortgage on your new home. You'll meet formally with a closing agent, a professional who prepares the official documents related to the sale. At the end of this step, you are officially a homeowner.

Home equity line of credit (HELOC): It is a line of credit secured by your home that gives you a revolving credit line to use for large expenses or to consolidate higher-interest rate debt.

Home equity loan: A home equity loan allows you to borrow money using the equity in your home as collateral. It is a fixed term and fixed interest rate loan. It can be used to consolidate debt or pay for significant expenses, like remodeling the kitchen.

Home equity: The value of ownership built up in a home or property that represents the house's current market value, less any remaining mortgage payments. This value is built over time as the property owner pays off the mortgage and the property's market value appreciate.

Home inspection: This is an examination of the property's condition. A qualified home inspector can assess the condition of a property's roof, foundation, heating, and cooling systems, plumbing, electrical work, water and sewage, and some fire and safety issues.

Home inspector: A person who examines the condition of a real estate property, usually when it is on the market. A home inspector assesses the safety and functional performance of the property's systems, such as electrical, heating, plumbing, and structural. A home inspector reports on the property's condition and any repair or safety concerns but does not fix them.

Home ownership: Owning a house.

Home warranty: A product you can purchase to lessen the risk of having major out-of-pocket expenses if an appliance or system fails. It covers service, repair, or replacement of major home appliances and systems. A home warranty is not the same as homeowners' insurance.

Homebuyer: Someone in the process of purchasing a home.

Homeowners Association (HOA): An organization in a subdivision, planned community, or condominium building that makes and enforces rules for the properties and residents. Those who purchase property within an HOA's jurisdiction automatically become members and are required to pay dues, which are known as HOA fees. Some associations can be very restrictive about what members can do with their properties while others may give residents more freedom.

Homeowners insurance: This cost protects you against financial losses on your property due to fire, wind, natural disasters, or other hazards. Most lenders require you to pay a year in advance at closing. Homeowners insurance is comprehensive insurance in that it covers your entire home inside and out.

Hourly pay: This payment is based on an hourly wage, and you are only paid for your work hours.

Human Resources (H.R.): The company department in charge of finding, screening, recruiting, and training job applicants, as well as administering employee-benefit programs.

Hybrid car: A hybrid car is a vehicle that combines the power of both conventional internal combustion engines and electric motors.

I

Identity theft: A criminal activity involving stealing personal information from others and forging their signatures to apply for credit in their names.

Imposter scam: An attempt to get you to send money by pretending to be someone you know or trust, like a sheriff; local, state, or federal government employee; a family member; or charity organization.

Impulse buy: It is buying something you didn't plan to spend money on and don't need.

Impulse purchase: Buying things without having planned for them beforehand. It can cause you to spend more money than you can afford.

Inactivity fee: A fee is charged if you don't use your card for a certain period of time. The length of time that triggers an inactivity fee varies.

Income Replacement Insurance: Also known as Payment Protection Insurance or Debt Protection Insurance. These types of insurance help to replace a percentage of your income if you suffer illness, injury, involuntary job loss, disability, or death.

Income taxes: The annual charge levied on earned income (wages, salaries, commission) and unearned income (dividends, interest, rents).

Income: The amount of money received in exchange for labor or services, the sale of goods or property, or as profit from investments.

Independent contractor: A person or business who has been hired to perform work for a business but is not an employee.

Individual Retirement Account (IRA): An IRA is a retirement account that provides tax advantages for long-term savings. It allows you to invest in a variety of assets, such as stocks, bonds, mutual funds, and more, depending on the specific type of IRA.

Inflation: It is an increase in the price you pay for goods in an economy over a period of time.

Installment loan: A loan repaid to the lender in equal amounts over a fixed period. Sometimes may be referred to as Installment Credit.

Installments: A sum of money due as one of several equal payments for something, spread over an agreed period of time.

Insufficient funds: This is also known as "non-sufficient funds". If you spend more money than you have in your checking account, the bank may return the transaction unpaid and charge a fee.

Insurance adjuster: A person employed by an insurer or insured to determine the loss under an insurance policy.

Insurance agent: A professional who works for an insurance agency. They will help to guide you to purchase the best insurance coverage for your new home.

Insurance benefits: These are items covered in your insurance policy. For example, a car insurance benefit could be comprehensive/collision. In health insurance, your benefits could include vision or dental.

Insurance policy: The document details exactly what is and is not covered in your purchase insurance plan.

Insurance premium: The amount of money an individual or business must pay for an insurance policy. The amount you pay for insurance. Premiums can be paid monthly, quarterly, or annually.

Insurance quote: An estimate of your selected insurance coverage premium and the information you entered. A quote is not an offer for insurance or an insurance contract.

Insurance: Insurance is a contract between an individual and an insurance company. The agreement states that the insurance company will pay for or reimburse some portion of an individual's loss of assets or healthcare. In short, insurance protects you from significant expenses you otherwise couldn't afford. For example, insurance could help you repair what was damaged in an accident, pay hospital bills, or restore your home after a fire. Most times, the individual must meet certain conditions agreed upon in the insurance contract.

Insurer: A person or company offering insurance policies in return for premiums; person or organization that insures.

Interactive Teller Machine (ITM): It is a specialized banking computer machine that uses a combination of touch screens and video technology to offer a virtual version of the in-person banking experience. It can handle 90% of traditional teller transactions right from the customer's fingertips. Users can deposit cash and checks, make loan payments, speak to a live teller, and use standard ATM features with ease.

Interest rate: [1] The interest rate is the amount a lender charges a borrower and is a percentage of the principal (the amount loaned). [2] Percentage that bank or financial institution pays a depositor for holding their money with the bank, usually on a savings account.

Interest: The money a borrower pays to a lender in exchange for using the lender's money for a specific time. For example, you earn interest from a bank if you have a savings account and pay interest to a lender if you have a loan.

Interest-bearing account: An account that earns interest.

Internal Revenue Service (IRS): It is the government agency responsible for collecting U.S. federal taxes and administering the Internal Revenue Code, the main body of the federal statutory tax law. The duties of the IRS include providing tax assistance to taxpayers and pursuing and resolving erroneous or fraudulent tax filings.

International remittance: Also called global remittance is a type of EFT that allows you to transfer funds quickly and efficiently to family members who live outside of the United States from your account.

Invest: To commit money to earn a financial return; the strategic purchase or sale of assets to produce income or capital gains.

Investment fees: What you pay to use investment products and services.

Investment: An asset or item that is purchased with the hope that it will generate income or will increase in value. These might include jewelry or securities like stocks, mutual funds, and bonds.

Investments portfolio: It is a collection of assets and can include investments like stocks, bonds, mutual funds, and exchange-traded funds. An investment portfolio is more of a concept than a physical space, especially in the age of digital investing, but it can be helpful to think of all your assets under one metaphorical roof.

Irregular income: Inconsistent amounts of money you receive through work or investments; both the schedule and the amount may vary.

Itemized deductions: Itemized deductions are expenses you can claim on your federal income tax return to lower your taxes.

J

J.D. Power: An American company that analyzes consumer data to produce rankings, reviews, and reports, helping consumers make informed decisions. It is well-known for its car and truck ratings. Their car ratings provide valuable insights into the quality, reliability, and overall satisfaction of vehicles based on feedback from drivers. It is a tool whether you're researching a car, comparing prices, or looking for accurate valuations.

Job: A specific arrangement where you do tasks for an employer.

Job application: An official form that employers ask all applicants for a position to fill out. The application can appear in print or online formats and requires you to answer questions about your credentials, citizen status and other information included in your resume. The job application is one of the first ways that an employer can collect information about different candidates.

Job position: The function you serve at a company. It includes the daily tasks and projects you complete. Every employee has a job position that includes specific duties and responsibilities that help the company reach its goals.

K

Kelley Blue Book (KBB): A vehicle valuation and automotive research company. It provides car values and pricing information for both consumers and the automotive industry.

L

Landlord: Person or organization that owns property, such as houses, apartments, or condominiums, and leases or rents it to another person or entity, in exchange for a payment.

Lapse: A period when someone is not covered by insurance. This could be by choice or loss of employment benefits.

Late fees: The charge or fee added to a loan or credit card payment when the payment is made after the due date.

Lease: A legal, binding contract that explains the terms under which one party agrees to rent property owned by another party.

Ledger balance: Opening balance in a bank account at the beginning of the day. The ledger balance is different from the available balance, which refers to the potential amount you have once all as yet unprocessed transactions have been completed.

Legal costs: Legal costs refer to expenses related to a legal case that aren't the actual work that the lawyer is performing. These expenses can include filing fees and court costs, research costs, travel expenses, postage, photocopying, etc.

Legal fees: Expenses for the work performed personally by the attorney and others from their firm who are working on your legal matter. It can include attorney fees, court fees, expert witness fees, filing fees, etc.

Lemon Law: The Lemon Law covers defects or conditions that substantially impair a new or used vehicle's use, value, or safety. These defects must be first reported to the manufacturer or its authorized service agent (usually, this is the dealer) during the "Lemon Law Rights Period," which is the first 24 months after the delivery date of the vehicle to the consumer.

Lend: The act of giving something to someone with the understanding that they will give it back to you.

Lender: Also known as creditor, it is a business that makes money available for others to borrow. A lender is an individual or a financial institution that loans money to other entities or individuals in exchange for either a fixed or variable interest rate and a promise of repayment.

FINANCIAL GLOSSARY

Liability: The state of being legally responsible for something.

License plate: A rectangular metal plate that identifies a registered vehicle. It has a sequence of numbers, letters, or both that are issued by a government agency to identify a vehicle's registration. License plates are issued by the department of motor vehicles (DMV) of each state.

Lien: A legal claim or right against assets that are typically used as collateral to satisfy a debt. For example, when you have a car loan, the financial institution (the lienholder) places a lien on the vehicle till you pay off the debt.

Lienholder: A party with a legal interest in the property. The lienholder has certain rights with respect to the property, including the ability to sell it if the loan payments are skipped.

Life insurance: Life insurance acts like a promise made by an insurance company to pay dependents, or listed beneficiaries, a sum of money (death benefits) upon the policyholder’s death. This insurance is one option for financial protection if a spouse or family loses a primary income provider.

Limited Liability Company (LLC): A legal entity that can own, operate, and protect a business. It is a corporate structure that protects its owners from being personally liable for the company's debts or liabilities.

Line of credit: An arrangement by which a lender extends a specific amount of credit to a borrower for a certain period. As long as the borrower repays the principal with interest, they can continue to borrow against the line of credit during the agreed-upon period. A line of credit can be unsecured or secured. They also called a credit line.

Liquidity: A measure of the ability and ease with which you can access and use your money.

Loan agreement: A contract between a borrower and a lender that explains the terms and conditions under which the borrower can borrow a specified amount of money from the lender.

Loan application: Formal document that lenders require potential borrowers to complete and submit to begin the lending process. Each lender has its own application and requirements.

Loan origination fees: Fees a lender charges upfront to process a new loan application. This is most common when submitting a mortgage application.

Loan to Value ratio (LTV): It is a comp between the amount of your loan and the value of the property to be purchased or already owned.

Loan: An agreement between a borrower and a lender, where the borrower agrees to repay the money with interest over time.

Low balance fee: Also known as a minimum balance fee. A fee charged by financial institutions when your account balance drops below a certain amount.

Lump Sum: A single sum of money that serves as complete payment.

M

Mail fraud scam: Letters that look real but contain fake promises. A common warning sign is a letter asking you to send money or personal information now to receive something of value later.

Maintenance fee: Periodic charge that is paid for certain services or benefits. It can be an annual or monthly fee that is required by associations, companies, or financial institutions. For example, a maintenance fee can be a charge for having a checking account with a bank.

Make: The manufacturer or brand name of a particular car (i.e., Chevy, Chrysler, Toyota, Honda).

Malware: Software intended to damage or disable computers and computer systems.

Manufacturer's warranty: A guarantee that if a product fails within the warranty period, the manufacturer must repair or replace it for free.

Marital status: Also known as civil status, they are options that describe a person's relationship with a significant other. Married, single, divorced, and widowed are examples of civil status.

Maturity date: The date that an investor's investment is to be paid back in full in accordance with its agreement. A certificate of deposit (CD) contains a maturity date provision obligating the financial institution to repay an investor the sums invested plus interest on a specified date.

Max out: To reach an upper limit or a peak. For example, if you have a credit card with a $1000 limit, and you have used $998, it could be said that your credit card is maxed out.

Medicaid: The single largest source of health coverage in the United States; it is a joint federal and state program that, together with the Children's Health Insurance Program, provides health coverage to low-income Americans, including children, pregnant women, parents, seniors, and individuals with disabilities.

Medicare Tax: The federal government program provides health care coverage (health insurance) if you are 65 or older, under 65 and receive Social Security Disability Insurance (SSDI) for a certain amount of time, or under 65 and have End-Stage Renal Disease (ESRD).

Medicare: A health insurance program for people who are 65 or older, certain younger people with disabilities, and people with permanent kidney failure requiring dialysis or a transplant; financed by deductions from wages and managed by the federal Social Security Administration.

Member number: A unique numerical code that credit unions use to identify each of their members. It is separate from the account numbers that a customer may have at a credit union.

Member: Name used to describe a credit union's client. Being a credit union member means you share your financial institution's ownership, vision, and profits.

Membership: [1] The fact of being a member of a group. [2] The number or body of members in a group.

Meta Pay: A way to make payments on Facebook, Messenger, Instagram, and in participating online stores.

Military Lending Act (MLA): A federal law that provides special protections for active duty servicemembers, like capping interest rates on many loan products. MLA includes servicemembers on active Guard or active Reserve duty, as well as spouses and certain dependents.

Minimum balance: Some institutions require that you keep a minimum amount of money in your checking or savings account before they begin charging fees.

Minimum deposit: The smallest amount of money you need to open an account with a bank, credit union, or other financial institution. It can also refer to the minimum amount you must keep in your account each month to lock in certain account benefits.

Minimum payment: The minimum dollar amount that must be paid each month on a loan, line of credit, or other debt to remain in good standing, avoid late fees, and have a good repayment history on your credit report.

Minimum wage: A wage set by contract or by law as the lowest that may be paid to employees. There is a federal minimum wage determined by the Fair Labor Standards Act (FLSA).

Mobile banking: Allows individuals to access their financial accounts through a web browser on their mobile device, such as a cellular phone. A service that allows you to use your smartphone or tablet to manage your bank or credit union account without the aid of a teller.

Mobile deposit: Also known as remote deposit, remote check deposit, or remote check capture. You can take a picture of the front and back of your check through your institution's website or mobile app and deposit directly into the account you select.

Mobile wallet: Digital versions of traditional wallets that can be used with mobile devices like smartphones and smartwatches. They store payment information such as credit and debit card details, as well as other card information like loyalty and membership cards. With a mobile wallet, you can make payments easily by simply tapping your device on a point-of-sale terminal that accepts contactless payments.

Model: A particular vehicle brand sold under a Make (i.e., Honda Civic, Toyota Camry, Chevy Cruz, and Chrysler PT Cruiser).

Money Market account: Federally insured account at a bank or credit union that offers a higher rate of interest than a savings account, allows for a limited number of transactions monthly, and may require a minimum deposit or minimum account balance.

Money order: A money order can be used instead of a check. You can buy a money order to pay a business or other party.

Money: You can use money to buy goods and services. Money looks different in different places around the world.

Mortgage lender: Bank and other financial institutions that lend money to buyers of houses, condos, and other real estate.

Mortgage: Also knows as home loan. It is an agreement that allows you to borrow money from a bank or similar organization by offering security interest in your house or condo. A home mortgage is a loan from a bank, mortgage company, or other financial institution to purchase a house.

Motorist: A person who operates a vehicle.

MSRP (Manufacturer's Suggested Retail Price): It is the sticker price recommended by a product's producer to retailers. They are frequently used in the sale of cars, although most retail products come with an MSRP.

Mutual funds: A collection of money from a group of investors placed in various stocks, bonds, and other products. A company that pools money from many investors and invests the money in securities such as stocks, bonds, and short-term debt.

N

National Credit Union Administration (NCUA): An independent federal agency that charters and supervises federal credit unions and insures savings in federal and most state-charted credit unions.

Needs: Basic things people must have to survive (such as food, clothing, and shelter), resources they may need to do their jobs (such as reliable transportation and the tools of the trade), and resources to help build and protect their money and property so they can meet future needs (such as emergency savings and insurance).

Negotiate: Also known as to bargain. Ask for a different price, normally lower than the asking price. This is a common practice in most cultures.

Nest egg: A sum of money saved for the future.

Net income: [1] Total pay after all deductions (taxes, social security, etc.). This is the amount of money that appears in your bank account. Also called after-tax income or net salary. [2] For a business, the amount of money earned after all expenses and taxes. For an individual, total take-home pay after all deductions (taxes, social security, etc.).

Net worth: Everything you own that is of significance (your assets) minus what you owe in debts (your liabilities). Assets include cash and investments, your home and other real estate, cars, or anything else of value you own.

No-Fault Auto Insurance Laws: No-fault means "Personal Injury Protection" insurance (PIP) is required. This protects the driver (you), regardless of who caused the accident, up to your policy's dollar limits.

Non-profit: A business or an organization that does not have a profit motive and that conducts activities for the benefit of the public or a social cause.

Non-sufficient funds (NSF): Refers to the status of a checking account that does not have enough money to cover transactions.

Non-sufficient funds fee: Also known as NSF fee. A fee charged by a bank when a customer tries to make a transaction that exceeds the balance in their checking account.

Note: A short- to medium-term debt instrument that the lender expects to be repaid, plus interest.

O

Occupation: Describes a type of work with associated tasks, education and training, typical wages, work settings, and more. Can be a synonym for career.

Odometer: Instrument for measuring the distance traveled by a vehicle since the time of fabrication.

Online banking: A service that allows you to use a secure website to manage your bank or credit union account without the aid of a teller. While you can transfer money between accounts using this service, you generally cannot deposit checks or cash.

Online banks: Banks that operate solely over the internet. They keep their operating costs low by not working in a physical location. These savings are ultimately given to their customers by offering higher interest rates and lower fees.

Online shopping: A form of electronic commerce which allows consumers to directly buy goods or services from a seller over the internet using a web browser or a mobile app.

Optional expenses: The cost of goods or services that are not needed. Examples include entertainment and meals at restaurants.

Options: Some cars may have additional features that are not standard to the car price. Therefore, you can spend more money to get the vehicle to your liking (i.e., sunroof, navigation, towing package, etc.).

Out-of-Pocket costs: These are expenses for medical care that are not reimbursed by insurance. It includes deductibles, coinsurance, copayments for covered services.

Out-of-Pocket Maximum: This is the most you'll have to pay for health care services during a policy period (usually a year). Once you've reached your out-of-pocket maximum, your plan begins to pay a larger percentage of the allowed amount for covered services.

Overdraft fee: A charge from your financial institution when you spend more money than you have in your account.

Overdraft protection: A checking account feature in which a person has a line of credit to write checks for more than the actual account balance. Instead of getting charged about $25 for bouncing a check, overdraft protection will, in effect, provide the account holder with an instant loan. With overdraft protection, you can link up to two eligible accounts to your checking account, and your institution will use available funds in those linked account(s) to cover your transactions if you don't have enough money in your checking account.

Overdraft: An overdraft occurs when you don't have enough money in your account to cover a transaction, but the bank pays the transaction anyway.

Over-the-limit fee: A fee charged by the card issuer when they process/pay a transaction on your behalf greater than the amount available within your credit limit.

Overtime pay: If you work more than 40 hours a week, you are eligible for Overtime Pay. According to the Fair Labor Standards Act (FLSA), employers must pay employees at least one and one-half times an employee's regular pay rate after 40 hours of work in a workweek.

P

Paid Time Off (PTO): Work benefit that can include vacation, sick time, holidays, and personal days. It's the time that your employer pays you for when you are not working.

Paper check: A paper order to a bank or credit union to pay someone from a checking account.

Paperwork: Routine work involving written documents such as forms, records, or letters.

Partnership: A business structure made up of 2 or more people who distribute income or losses between themselves.

Part-time employee: If you work less than 35 hours a week, you are considered a part-time employee.

Party: A person or people forming one side in an agreement or dispute.

Past due: A bill not paid by its due date (late).

Patient billing responsibility: This is the amount a patient owes a provider after an insurance company pays for their portion of the medical expenses.

Pay down: A reduction in the principal amount owed on a loan or other debt. It is normally used when you want to pay all the balance in a credit account, but not close it (for example, in the case of a credit card).

Pay period: The amount of time that an employee works before being paid. For example, a week or a month.

Paycheck: A check for salary or wages made out to an employee. In recent times, the physical paycheck has been increasingly replaced by electronic direct deposits to the employee's bank account or loaded onto a payroll card.

Payday loan: Also known as "deferred deposit check loans," "cash advances," or "payday advances". These are short-term, high-interest-rate loans on the agreement that will be repaid when the borrower receives their next paycheck. These loans target consumers with poor credit and no credit history. It is a popular product of check-cashing businesses.

Payee: A party involved in an exchange of goods or services who receives payment. For example, in the case of a check, it is the person or company who is to receive money.

Payment history: List of accounts that shows if you paid your bills on time, as well as delinquencies or accounts in collections. It captures your ability to pay the amount you owed on your bills.

Payoff amount: It is how much you will have to pay to satisfy the terms of your loan and completely pay off your debt.

Payoff: To pay a debt completely and close such loan account.

PayPal: A popular online service often used by retailers, small business owners, and individuals. Invoices for products or services are sent to a customer's email account, where they can pay using a debit or credit card. The funds go into the PayPal account to be transferred or used from there.

Payroll card: A type of prepaid card you get from your employer that you receive your paycheck on.

Payroll: It is the compensation an employer must pay employees for a period or on a specified date. It can also be defined as the process of compensating employees for the work they perform on behalf of their organizations.

Paystub: A piece of paper that comes with a paycheck. It shows the amount of money the employee earned, hours worked, and the amount that was withheld for taxes, insurance costs, etc., during the current pay period and year-to-date earnings/deductions.

Peer-to-peer banking (P2P): Also known as P2P banking, it is a service that links financial accounts to transfer money directly from your checking or credit card account into another person's account. Transactions are often done using a mobile device.

Penalty rate: A very high interest rate charged by the credit card issuer when a borrower violates the card's terms and conditions.

Penalty: The sum to be forfeited by a person who fails to fulfill a stipulation. A penalty can be imposed by a contract, a law, etc.

Pension: A retirement plan established by an employer, usually in the public sector nowadays and/or Unions. Pension funds are funded by the employer, and in some cases, employees may also contribute. The employer manages and invests the pension fund assets on behalf of the employees. Pension funds provide retirement benefits based on a formula that considers factors such as years of service, salary, and age. The pension fund typically provides a fixed or defined benefit to retirees, usually through regular payments throughout retirement.

Per diem: Also known as daily interest, it is an amount calculated by multiplying the daily principal balance of a loan by the associated daily interest rate on that principal.

Personal Identification Number (PIN): An identifying number selected by the customer or allocated by a financial institution or other organization used for gaining access to your account and validating electronic transactions.

Personal Insurance Protection (PIP): It covers your children, household family members; certain licensed drivers who drive your vehicle (with your permission) will also be covered.

Personal loan: Also known as a signature loan. A type of loan where you can borrow an amount of money to use for a variety of purposes. For example, you may use a personal loan to consolidate debts, pay for home renovations, or plan your dream vacation.

Pet insurance: A health plan the owner pays into on a monthly or annual basis in exchange for reimbursement of eligible veterinary expenses.

Phishing scam: When someone tries to get you to give them your personal information, such as through an email or text message, often by impersonating a business or government agency. This can be thought of as "fishing for confidential information".

Policy: [1] A deliberate system of guidelines to guide decisions and achieve rational outcomes. [2] An insurance policy is the agreement made between the policy holder and the insurance company which provides protection based on the contract made between the two parties.

Policyholder: A person who holds an insurance policy, who is usually the client in whose name an insurance policy is written to.

Postponement: The action of delay or defer something.

Potential: A chance or possibility that something will happen or exist in the future.

Power Train Warranty: A warranty that covers the parts of a car that provide power and make it move (i.e., engine, transmission, and drivetrain).

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Preapproval letter: Letter from a lending institution of your choosing, which has investigated your income, credit, and employment history and determined that you would be eligible for a mortgage. This letter also provides how much money you have been preapproved to borrow. By obtaining this letter, you are proving to both real estate agents and sellers that you are serious about buying a property.

Preapproval offer: Getting a preapproval offer means that you've been prescreened by a financial institution based on specific criteria, including your credit and payment history. Lenders prescreen consumers by requesting a soft inquiry to check credit and determine who qualifies. It is a good idea to get more information about the offer before accepting it, but if you do, you may still need to go through the application process and possibly get your credit pulled.

Preapproval: A preliminary evaluation of a potential borrower by a lender to determine whether they can be given an offer. It is an indication from a lender that they are willing to approve your loan when you find the right property (usually a car or a home).

Predatory lending: When lenders conduct business illegally or take unfair advantage of borrowers, using fraudulent, deceptive, or discriminatory tactics.

Pre-paid card: An alternative payment method. You must deposit money on a card before using it. Like a debit card, you use your own money when using a pre-paid card.

Preparer Tax Identification Number (PTIN): An Internal Revenue Service (IRS) unique identifier number that requires all paid federal tax return preparers to register with the federal government.

Prepayment penalty: Also known as early payment penalty. A fee that lenders charge borrowers who pay off their loans before the full loan term has ended. Lenders use this fee to compensate for the loss of interest they would have collected if the loan was paid off as scheduled.

Prepayment: Payment of all or part of a debt before it comes due.

Prequalification: It is a no-obligation, informal conversation about a specific purchase price and loan amount.

Principal: The total amount of money borrowed, loaned, invested, etc., not including interest or service charges.

Private Mortgage Insurance (PMI): A type of mortgage insurance that protects the lender, not the borrower, if the borrower stops making payments on their loan. PMI is required by some lenders when the mortgage borrower doesn't make a large enough down payment.

Profit: Money that is made in a business, through investment, etc., after all the costs and expenses are paid.

Promotional code: A combination of letters or numbers entered when purchasing online. "Promo code" for short.

Promotional offer: A strategy used by retailers to increase sales by providing shoppers with a deal that allows them to purchase a product for a lower price or get more value from the sale.

Promotional rate: Also known as introductory rate, it is a low interest rate offered on your credit card balance for a certain period of time.

Property Damage Liability (PDL): Type of auto insurance coverage that pays for damage to another person's property if you're at fault in an accident. Most states require a minimum amount of property damage liability coverage. Buying more than your state's requirements offers more financial protection.

Property management company: A third party organization that handles the day-to-day responsibilities and operations of real estate investments. Property management companies are hired by rental property owners or landlords to maintain, occupy, and oversee their properties.

Property taxes: A millage rate is an ad valorem tax on the value of a property. This is usually levied on real estate by the governing authority of the property's jurisdiction. This can be a national government, a federated state, a county or geographical region, or a municipality.

Property title: The right to, or ownership of, a specific real estate property.

Property: Anything that a person or a business has legal title over, such as real estate, personal property, or intellectual property.

Purchase: To obtain by paying money or its equivalent. To buy.

Q

Quarterly: Occurring four times a year (every three months).

Quote: The estimated cost of a product or service.

R

Raise: An increase in the amount of wages or salary.

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

Real Estate agent: A state-licensed professional representing a buyer or seller in a real estate transaction in exchange for a commission the seller pays. Make sure he knows the area because each neighborhood has unique features you must know before buying.

Real estate: Land and any permanent structures, like a home, or improvements attached to the land, whether natural or man-made.

Rebate: A discount on the sum of money due.

Recall: Action taken by a firm to remove a product from the market. The purpose of a recall is to remove a product from the market because it is not safe to use.

Receipt: A paper slip or an email message for online orders or in-store purchases that lists the items you bought.

Redlining: An illegal practice where people living in a certain area or neighborhood are not given the same access to loans and other credit services as people in other areas or neighborhoods on the basis of race, color, national origin, or some other prohibited reason.

References: An individual that serves as the point of contact for employers seeking to verify or ask questions about a potential employee's background, work experience, or work ethic.

Refund: An amount of money that is given back to you, especially because you have paid too much, or you are not happy with a product or service.

Regular income: A set amount of money you receive at the same time each week or month.

Regular share: Name given by credit unions to their savings accounts.

Regulation: A law, rule, or other order determined by an authority like the federal government or private institutions.

Reimbursement: [1] To pay back. [2] To make repayment for an expense or loss suffered.

Rental property: A residential real estate (like a house or apartment) that is available for usage in exchange for rent payments.

Renter: A person who rents an apartment, a car, or other object.

Renter’s insurance: When renting a house, apartment, or room in someone's home, you can buy renter's insurance. This type of insurance covers only your possessions in your dwelling, should they be damaged, stolen, or vandalized. Renter's insurance also provides coverage if someone becomes injured while visiting your home.

Repayment: Paying back money you borrowed.

Repossession: When a lender takes back a car from a buyer because payments are not made on the loan.

Representative: A person who represents a group. A representative of a company represents and speaks for the company which they employed by.

Resume: A formal document that displays an individual's educational and professional background, as well as relevant skills. Those interested in finding a new job write a resume.

Retail store credit cards: Also known as store cards, they allow you to purchase specifically at that store. Some store credit cards also include a MasterCard or Visa logo, which allows the cards to be used wherever those major credit cards are accepted.

Retailer: Also known as a merchant, it is an entity that sells goods such as clothing, groceries, etc., directly to consumers with the goal of making profit. They can operate in a physical building or online.

Retirement account: A tax-advantaged investment account that helps you save for retirement. There are different types of retirement accounts, such as IRA, Roth IRA, etc., each with its own rules and benefits.

Retirement plan: A financial strategy designed to help individuals save, invest, and manage funds to support themselves during their retirement.

Retirement: The act of ending your working or professional career and living off the money saved.

Return or exchange policy: A set of rules a retailer creates to manage how customers return and exchange unwanted merchandise they've purchased.

Return: The profit or loss on an investment.

Review: A public evaluation of a product, service, or company.

Revolving credit: A type of credit allowing an individual to borrow up to a certain amount of money, repay the borrowed with interest when it is due, and then borrow the money again. The most popular kind of revolving credit account is the credit card.

Risk: Exposure to danger, harm, or loss.

Romance scam: A cybercrime that is usually committed on social networks and dating apps where the scammers strike up a relationship with you to build up trust, sometimes talking or chatting several times a day. Then, they make up a story and ask for money.

Roth IRA: An individual retirement account that offers tax-free growth and tax-free withdrawals in retirement.

Routing number: Also known as ABA number. A nine-digit number that identifies the bank or credit union in a financial transaction.

Rule of 72: It determines how many years it will take for your financial investment to double.

S

Salary: A fixed regular payment, typically paid on a monthly or biweekly basis but often expressed as an annual sum, made by an employer to an employee.

Sale: A price that is temporarily lower than the usual price when for sale in a retailer.

Sales taxes: A fee that is added to the price of an item by the state, county, or local government.

Save: Setting something, like money, aside to use in the future.

Savings account: A bank account that allows a customer to deposit and withdraw money and earn interest on the balance.

Savings bond: An interest-bearing savings security issued by the U.S. government for a set amount of money.

Savings goal: The amount of money you plan to put aside for a specific purpose.

Savings: It refers to keeping money in a saving account, typically offered by banks or credit unions. Saving accounts offer a safe place to store money and usually provide a modest interest rate.

Scam: When someone dishonestly uses another's information to receive money that doesn't belong to them. A scammer is the person who does this action.

Scholarship: Money that students receive based on academic or other achievements to help pay education expenses. Scholarships generally don’t have to be repaid.

Secure browser: A browser that takes extra measures to protect the user’s browsing data (such as your name, address, or account information) and helps the user shield themselves from unauthorized third-party access.

Secured credit card: A credit card secured by a savings account. The money in the savings account is collateral and may be claimed by the card issuer if the cardholder fails to make the necessary payments. Using a secured credit card, and paying according to the terms of the agreement, can be an excellent first step for individuals or businesses that want to establish or rebuild their credit.

Secured loan: Loans in which your property is used as collateral; if you cannot pay back the loan, the lender takes your collateral to get their money back.

Security deposit: A sum of money that a tenant pays to a landlord or property manager before moving into a rental property. It is intended as a measure of security for the recipient and can also be used to pay for damages or lost property caused by the tenant.

FINANCIAL GLOSSARY

Self-employment: Earning income without being employed and paid by someone else. Self-employed individuals work independently to operate their own business or professional activities.

Sensitive data: The information you would not want anyone to see or take out of sight. (i.e., driver's license, bank statements, social security number, etc.)

SEP (Simplified Employee Pension) IRA: This retirement plan is designed for self-employed people. Funds may be invested the same way as an IRA. Contributions are deductible as a business expense and are not required every year.

Service Contract: A business agreement between a contractor and customer covering the maintenance and servicing of equipment over a specified period.

Severance pay: Compensation and/or benefits an employer provides to an employee after employment is over through no fault of your own. Severance packages may include extended benefits, such as health insurance.

Share certificate: A type of savings account with a fixed interest rate and term offered by credit unions. It is how credit unions refer to a certificate of deposit.

Share draft: Term that credit unions use to refer to checking accounts.

Share: A unit of ownership, often in a company's stock or in a mutual fund.

Shared branching: A national network of credit unions from all over the country that share facilities to give members thousands of convenient locations to perform transactions just as if they were at their home credit union.

Short/Long Term Disability: Insurance policy which covers a percentage (40%-60%) of your income in case you cannot work due to injury or illness. Some states require that employers provide at least short-term disability. Florida is NOT one of those states.

Shred: To cut or tear something roughly into thin strips. Recommended when disposing of personal documents that contain sensitive information. A machine (shredder) or other device can be used for this.

Sick leave: Also known as sick days or sick time. It is paid time off from work that workers can use to stay home to address their health needs without losing pay.

Skimmer: A device that captures your debit or credit card information to be used illegally.

Social Security Administration (SSA): The United States Social Security Administration is an independent agency of the U.S. federal government. Its primary role is to administer the Social Security program, which provides social insurance benefits to eligible individuals.

Social Security Disability Insurance (SSD or SSDI): A federal insurance program managed by the Social Security Administration and designed to provide monthly benefits to people who have a medically determinable disability (physical or mental) that restricts their ability to be employed.

Social Security Number (SSN): The nine-digit number on a Social Security card, an important piece of identification issued by the federal government that you'll need to get a job and collect government benefits.

Social Security Tax: The federal government's economic safety net ides income for retirees (66 or older), eligible disabled, and survivors of deceased workers.

Social Security: A system of government programs designed to provide financial support and protection to individuals or families during various life circumstances (like retired workers, people with disabilities, surviving or former spouses).

Soft inquiry: Also known as a "soft pull". An inquiry into your credit report either by a company or you for a reason that's unrelated to an application for new credit. It can be used for a preapproval offer, a background check, or a regular account review. A soft inquiry does not affect your credit score, no matter how many of them appear.

Sole proprietor: A sole proprietor is someone who owns a business by themselves.

Sole proprietorship: An unincorporated business with one owner.

Spend: The act of using money to buy goods or services.

Spoofing: When a caller disguises the information shown on your caller ID to appear as though they are calling as a certain person or from a specific location.

Spyware: Software that enables a user to obtain covert information about another's computer activities by transmitting data covertly from their hard drive.

Standard deduction: A flat amount the IRS allows you to reduce your taxes based on your filing status.

State Income Tax: Most states and some local municipalities require their residents to pay a personal income tax. Florida doesn't have a state income tax.

Statement: A monthly accounting document sent to you by your bank that lists your account balance at the beginning and end of the month and all the transactions your bank has processed during the month. Your statement lists other deposits, deductions, and fees.

Stocks: A general term used to describe the ownership certificates of any company.

Store card: A special form of credit card that can only be used in the chain of stores which has issued them. They are branded with the same logo as the store and usually offer discounts and loyalty points.

Store credit: Money to use at a store in exchange for returning an item. Usually, this comes as a gift card, which looks like a credit card and can only be used at the store whose name appears on the card.

Student loan: Money from the federal government or a private lender to help pay for college costs, like tuition, supplies, and books.

Subscription: An agreement that you make with a company to get a publication or service regularly and that you usually pay for in advance.

Supplemental Insurance: Insurance plan that covers out-of-pocket costs not covered by your health insurance (i.e., deductible, co-insurance, transportation). The method of payment is different for each company.

Supplemental Security Income (SSI): A federal program that provides financial assistance to individuals who are aged 65 or older, blind, or disabled and have limited income and resources.

Supply: How much of a product is available to buy at any given time.

Surcharge: An additional charge, fee, or tax that is added to the cost of a good or service beyond the initially quoted price. It is often imposed by businesses or governing bodies to cover specific costs or generate additional revenue.

Survey: [1] To investigate the opinions or experience of (a group of people) by asking them questions. [2] Method used to identify boundaries and features of the land to determine ownership.

SWIFT Code: A standard format used to identify banks and financial institutions globally. It's essential for international wire transfers and messages between banks. A SWIFT code is either 8 or 11 characters long and includes the bank's name, country, location, and branch information.

T

Tariff: A tax on products imported from foreign countries. This tax can increase the costs of those products, which ultimately can be passed on to consumers as higher prices.

Tax credit: An amount of money that taxpayers can subtract, dollar for dollar, from the income taxes they owe.

Tax deduction: An amount that reduces the taxable income you have. An expense you can subtract from your income before calculating your tax bill.

Tax preparer: An individual who prepares, calculates, and files income tax returns on behalf of individuals and businesses.

Tax refund: A reimbursement made to a taxpayer for any excess amount paid in taxes to the federal or state government during a specific period.

Tax return: An official form that a person or a married couple submits to a federal, state, or local taxing agency to report all taxable income received during a specific period, usually the previous year.

Tax schedule: It is a tax form that is used to provide more information about amounts reported on a tax return. Each schedule is specific to a particular aspect of the filing process and is submitted in addition to a Form 1040 or 1040-SR.

Taxable income: The income you must pay tax on.

Taxes: Required payments by both individuals and businesses to federal, state, and local governments. Taxes are required contributions to the federal, state, and local governments, imposed by the government on workers' income and business profits, or added to the cost of some goods, services, and transactions.

Taxpayer: An individual or entity subject to paying certain types of taxes, such as federal or state income tax, sales tax, or property tax.

Tax-related identity theft: When someone steals your Social Security number to file a tax return claiming a fraudulent refund, it may also be called tax-filing-related identity theft.

Telemarketing: Direct marketing of goods or services to potential customers over the telephone, Internet, or fax. Telemarketing may either be carried out by telemarketers (a phone-based sales representative) or by automated telephone calls (“robocalls").

Teller: A person employed to deal with customers' transactions in a bank or credit union.

Tenant: A person who occupies land or property rented from a landlord.

Term: A period over which a loan is scheduled to be repaid. For example, a home mortgage may have a 30-year term, meaning it must be repaid within 30 years.

Test-drive: It is when a prospective buyer takes a car they’re considering for a short drive, either on a road or a closed course, before committing to the purchase. The purpose is to try out the car first-hand to find out whether it will meet your needs and if it is of the right quality.

Tip income: Money and goods received for services performed by food servers, baggage handlers, hairdressers, and others. Tips go beyond the stated amount of the bill and are given voluntarily.

Tip: An optional or extra payment a customer gives to an employee. Also called a gratuity.

Title insurance: It is a policy that covers third-party claims on a property that don’t show up in the initial title search and arise after a real estate closing.

Title search: Examines public records to determine and confirm a property's legal ownership.

Title, tax, and tag: When purchasing a vehicle, the title, tax, and tag fees are calculated based on several factors, including the county the vehicle is registered in, the vehicle weight, the type of license plates requested, whether you have a trade-in, the state in which you live, new car sales tax or used car sales tax, etc.

Trade-in: An arrangement in which someone buys a new car at a reduced price by giving their old one, as well as money, in payment.

Traditional IRA: A type of individual retirement account that allows owners to make pre-tax contributions till you are up to 70½ years old. The primary benefit is that the government does not tax the interest you earn until you withdraw the money for retirement.

Transaction fee: A fee charged every time you make a certain type of transaction. Most common on prepaid cards and gift cards.

Transaction history: A record of all transactions in a specific period. It may be available through your online banking or by requesting one from your bank’s local branch.

Transaction register: Also known as check register. A tool to list all your transactions chronologically by logging every transaction, deposit, and debit you make, along with your current balance. This normally takes the form of a register booklet.

Transaction: An agreement between a buyer and seller to exchange an asset for payment.

Transfer: [1] To move from one place to another. [2] To change possession from one person to another (including money, property, a right, a responsibility, etc.).

Treasury check: Paper check issued by the U.S. Treasury Department that comes from government agencies, such as the IRS for tax refunds.

Treasury: The Treasury Department is a government agency responsible for developing and executing public finance policy and economic policy. It is responsible for promoting economic prosperity and ensuring the financial security of the United States.

Trust: A legal entity with separate and distinct rights, like a person or corporation. In a trust, a party known as a trustor gives another party, the trustee, the right to hold title to and manage property or assets for the benefit of a third party, the beneficiary.

Try Before You Buy: Testing a product or service before you buy it.

U

Unauthorized transaction: Also known as unauthorized activity or authorized use. These are financial transactions (such as withdrawals, transfers, purchases, or charges) (1) that you didn't make, (2) didn't permit anyone else to make, and (3) that are fraudulent or altered.

Unbanked: Unbanked households don't have a checking or savings account at an institution that is insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA).

Underbanked: A person who has an account at a bank or credit union, but also uses an alternative financial service like a payday loan, check cashing, or a pawn shop loan.

Underwriting: The process through which an individual or institution takes on financial risk for a fee. This risk most commonly involves loans, insurance, or investments. In the case of loans, underwriters consider factors such as your credit history, financial records, and the value of any collateral offered.

Unearned income: Income people receive even if they don't work for pay. It can include things like children's allowances, stock dividends paid by corporations, and financial gifts.

Unemployment benefits: Also called unemployment assistance, unemployment insurance or only unemployment. A type of state-provided insurance that pays money to individuals on a weekly basis when they lose their job and meet certain eligibility requirements.

Uninsured Motorist Coverage: A type of car insurance coverage that can pay for medical expenses if you or your passengers are injured in an auto accident caused by: (1) a driver who doesn't have any liability car insurance, (2) a hit-and-run driver, or (3) a driver whose insurance company denies coverage or goes out of business. This coverage is optional.

Unpaid break: A break at work is a period during a shift in which an employee is allowed to take time off from their job without pay.

Unsecured loan: A loan that does not use property as collateral. Lenders consider these loans to be more risky than secured loans, so they may charge a higher rate of interest for them.

Utility bills: One or more monthly statements of the amount a household owes for basic services that keep a home operable and comfortable. Examples are electricity, water, and gas.

V

Value: The amount of money that something is worth.

Variable interest rate: The interest rate charged on the outstanding balance varies as market interest rates change. The interest rate will fluctuate over time, which may increase or decrease your monthly payments.

Vehicle lease: A car lease is a method of obtaining a new or used car that involves only paying for a portion of the car's actual cost instead of paying for the vehicle. So, when you lease a new car, you are only paying for the part of the vehicle you are using over the number of years in your lease agreement.

Venmo: A digital wallet owned by PayPal, that allows users to send and receive money and split bills. Venmo accounts are linked to personal banking accounts so that money can be readily shared with friends and family members.

Vehicle Identification Number (VIN): The identifying code for a specific automobile. A VIN is composed of 17 characters (digits and capital letters) that act as a unique identifier for the vehicle. A VIN displays the car's unique features, specifications, and manufacturer. In addition, the VIN can track recalls, registrations, warranty claims, thefts, and insurance coverage.

Vision insurance: A type of health and wellness plan that helps you save money on eye care and eyewear (glasses).

VITA Program: The Volunteer Income Tax Assistance program utilizes volunteers to help provide free tax preparation services to low-income taxpayers.

Void: [1] Completely empty. [2] Not valid or legally binding.

Void check: A check that has written the word VOID on the front to render it unusable.

Virtual currency: A kind of electronic money. It’s a digital representation of value that is not issued by a government, such as a central bank or a public authority, but is accepted as a means of payment and can be transferred, stored, or traded electronically.

W

Wage theft: Non-payment or underpayment of earned wages to employees by employers.

Wages: A fixed, regular payment, typically paid daily or weekly, made by an employer to an employee.

Warranty deed: A written and signed legal instrument that transfers ownership of real property from the old owner (the grantor) to the new owner (the grantee).

Warranty: A promise from a company to pay for some repairs or services on a newly purchased product for a specific period, usually a few years.

Wealth building: The process of generating long-term income through multiple sources. This refers to more than job-based income and includes savings, investments, and income generating assets.

Wealth: Abundance of valuable material possessions or resources.

Wear and tear: Damage or deterioration resulting from everyday use; normal depreciation (i.e., tires, headlight bulb change, brake light bulb change, wiper blades change, etc.)

Window sticker: A sticker attached to the window of a new or used car that gives you specific information about the vehicle, such as model, make, equipment, price, warranty, fuel economy, safety ratings, and optional features of the car. It is also known as a Monroney sticker. Window stickers help potential customers to get to know the car quickly and compare different options.

Wire transfer fraud: Tricking someone into wiring or transferring money to steal from them.

Wire transfer: An electronic transfer of funds via a network that is administered by banks and transfer service agencies around the world. Wire transfers are sent by one institution and received by another. They require information from the party initiating the transfer, such as the recipient's name and account number.

Withdrawal/Withdraw: To take money out of an account.

Withhold: [1] To keep back. [2] Withholding is the portion of an employee’s wages that is not included in their paycheck but is instead remitted directly to the tax authorities. The amount sent depends on the amount you earn and information you give your employer on tax form W–4.

Worker’s compensation: A form of employer insurance coverage that pays benefits to workers who are injured or become disabled as a result of their job. By accepting workers’ compensation benefits, the employee waives the right to sue their employer for damages. The compensation may include partial salary repayment and coverage of medical costs.

Work-study program: A federal program that provides part-time jobs for undergraduate and graduate students with financial need, allowing them to earn money to help pay education expenses.

Worth: An amount of a commodity equivalent to a specified sum of money.

Y

Year-To-Date: A period starting from the beginning of the current year (either the calendar year or fiscal year) and continuing up to the present day.

Z

Zelle: A electronic payment system that allows individuals and businesses to send money directly to other bank accounts, typically within minutes and without any fees, using only an email address or U.S. mobile number. It's a convenient way to transfer money between friends, family, or acquaintances, especially if they bank at different financial institutions.