

## Young Adults' Glossary Terms

<b>529 Plan</b>	A program set up to allow an adult to either prepay, or contribute to an account established for paying, a student's qualified education expenses at an eligible educational institution.
<b>Account</b>	A banking service allowing a customer's money to be handled and tracked. Common bank accounts are savings and checking accounts.
<b>Annual fee</b>	The fee a credit card company charges a credit card holder to use the card for a year. Or, the fee a lender charges a borrower for the use of a line of credit for a year.
<b>Annual percentage rate (APR)</b>	A measurement used to compare different loans, the APR takes into account 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 the loan.
<b>Annual percentage yield (APY)</b>	The rate of return on an investment, such as a deposit in an interest-bearing savings account, for a one year period.
<b>Appraisal</b>	A professional estimate of a property's market value.
<b>Appreciation</b>	The amount of value an item such as a car, home or stock, gains over time from the original purchase price.
<b>Asset</b>	Anything of value owned by a person or company. For example, a person's assets might include cash, a house, a car, and stocks. A business's assets might include cash, equipment, and inventory.
<b>Automated Teller Machine (ATM)</b>	A specialized computer used by bank customers to manage their money, for example, to get cash, make deposits, or transfer money between accounts.
<b>Available balance</b>	The amount of money in your account that you can use or withdraw. Your available balance may not reflect all transactions that you have made; for example, checks you have written that have not yet been paid from your account.
<b>Bad credit</b>	A situation in which lenders believe that, due to a borrower's poor history of repaying his or her debts, further loans to this person would be especially risky.
<b>Bad or bounced check</b>	See Non-sufficient funds (NSF).

<b>Bank</b>	A financial institution that handles money, including keeping it for saving or commercial purposes, and exchanging, investing, and supplying it for loans.
<b>Bankruptcy</b>	To legally declare yourself unable to repay your debts. A 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.
<b>Benefits</b>	In addition to wages, some employers reward their employees in extra ways for example: medical insurance, vacation pay, holiday pay, profit sharing plans, stock options and bonuses.
<b>Bond</b>	An investment offered to the public by a corporation, the U.S. Government, or a city. A bond pays interest annually and is payable in full at a specified date. Bonds are rated, and the rating indicates their probability of default.
<b>Capacity</b>	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.
<b>Capital</b>	The assets a borrower owns, for example a car, or cash in a savings account minus your liabilities. If a borrower is unable to make his or her loan payments, a lender might use these assets to pay the debt. Capital is also known as collateral or assets.
<b>Capital gain</b>	The dollar amount by which an asset's selling price exceeds its initial purchase price. For example, if you buy a stock for \$4 per share and sell it for \$7 per share, your capital gain is \$3 per share.
<b>Capital loss</b>	The decrease in value of an investment or asset. The opposite of capital gain.
<b>Cardmember (Cardholder) agreement</b>	The Terms and Conditions of your credit card account. It includes information such as the rate, fees, and other cost information associated with the account.
<b>Cash flow</b>	A measure of the changes in a company's cash during a specific period of time (usually a month, quarter, or year). Specifically, a company's cash income minus the cash payments it makes.
<b>Certificates of Deposit (CDs)</b>	A bank account in which you agree to keep the money for a specified period of time, usually anywhere from three months to several years. As a result, this account usually offers higher rates of return than a savings account. Money removed before the agreed upon date is subject to an early withdrawal penalty. The account pays interest on the deposit and is FDIC-insured. Banks issue an actual certificate for a CD account. If no certificate is issued, the account is known instead as a "time deposit."

<b>Character</b>	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.
<b>Check</b>	A written order instructing the bank to pay a specific amount of money to a specific person or entity. The check must contain a date, payee (person, company, or organization to be paid), amount, and an authorized signature.
<b>Checking account</b>	A bank account that allows a customer to deposit and withdraw money and write checks. Using a checking account can be safer and more convenient than handling cash.
<b>Clear</b>	When the bank pays a check you have written and then subtracts the amount from your account, your check has "cleared" the bank.
<b>Collateral</b>	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.
<b>Collection agency</b>	A business that specializes in collecting past due debts.
<b>Commission</b>	The amount a real estate agent earns for negotiating a home sale. The commission amount is often a percentage of the home sale price.
<b>Compound interest</b>	When a financial institution pays you interest not only on your initial principal (the amount you originally deposited) but also on the interest your deposit has earned over time.
<b>Conditions</b>	Eligibility requirements that may be required by a lender to secure a loan or product.
<b>Co-sign</b>	A second person who signs your credit or loan application. Just like the borrower, the co-signer on a loan is equally responsible for repaying the debt. Also called a co-borrower.
<b>Cost of Attendance (COA)</b>	The total amount it will cost to go to school, usually expressed as a yearly figure. For full-time and half-time students, it includes the average cost of instruction, known as tuition; registration fees, books, and supplies; and housing and meals, also called room and board.
<b>Credit</b>	When a bank or business allows its customers to purchase goods or services on the promise of future payment. Also used to describe any item that increases the balance in a bank account. Deposits and interest payments are both examples of credits.
<b>Credit bureau</b>	A company that gathers information on consumers who use credit. These companies send this information to lenders and other businesses in the form

of a credit report. The three largest bureaus are Equifax, Experian, and TransUnion.

<b>Credit check</b>	A lender, landlord, employer, or insurer's inquiry at a credit bureau for the purpose of evaluating the credit history of an applicant.
<b>Credit counselor</b>	A professional advisor who specialist in helping people with debt and credit problems.
<b>Credit history</b>	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.
<b>Credit limit</b>	The maximum dollar amount the lender is willing to make available to the borrower according to the agreement between them. For example, if you have a credit card, the credit agreement will usually specify the maximum amount of money you're allowed to charge.
<b>Credit rating</b>	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.
<b>Credit record</b>	Also known as your credit history when provided by a credit bureau to a lender or other business.
<b>Credit report</b>	A report issued by an independent credit agency that contains information concerning a loan applicant's credit history and current credit standing.
<b>Credit score (FICO)</b>	A numerical rating that indicates an individual's creditworthiness based on a number of criteria. Credit scores are used by lenders in the loan approval decision process. (FICO).
<b>Credit union</b>	A non-profit financial institution that is owned and operated entirely by its members. Credit unions provide financial services for their members, including savings and lending. Large organizations may organize credit unions for their members, and some companies establish credit unions for their employees. To join a credit union, a person must ordinarily belong to a participating organization, such as a college alumni association or labor union. When a person deposits money in a credit union, he or she becomes a member of the union because the deposit is considered partial ownership in the credit union.
<b>Debit card</b>	A card linked to a checking account that can be used to withdraw money and make deposits at an ATM and to make purchases at merchants. When you use a debit card, the money will be deducted from the linked checking account.

<b>Debt</b>	Money, goods, or services you owe to others.
<b>Debt-to-income ratio</b>	A percentage that is calculated by dividing a loan applicant's total debt payments to his or her gross income.
<b>Default</b>	Failure to repay a credit agreement according to its terms.
<b>Deferment</b>	A limited period of time during which you may postpone your federally guaranteed loan. The interest on unsubsidized loans continues to accrue during deferment and is capitalized (added to the principal balance) when the deferment ends.
<b>Depreciation</b>	A loss of value in real property brought about by age, physical deterioration, functional or economic obsolescence.
<b>Discretionary expenses</b>	The purchase of goods or services which are not essential to the buyer, or are more expensive than necessary. Examples include entertainment and restaurant meals.
<b>Dividend</b>	If a company does well financially, its board of directors may decide to pay a small amount of its profits, called a dividend, directly back to its shareholders. Dividends are usually cash, but may also take the form of stock or other property.
<b>Earning power</b>	The amount of money a person is able to make from his or her work.
<b>Education Savings Account</b>	An investment account designed to assist with paying for education-related expenses. Contributions grow tax-deferred and distributions are not taxed if used for qualified expenses. Withdrawals for non-qualified educational expenses are subject to income tax and a 10% IRS penalty. Distributions may be taxable.
<b>Endorse</b>	To sign the back of a check, authorizing the check to be exchanged for cash or credit.
<b>Equal Credit Opportunity Act (EOCA)</b>	A federal law to ensure that all consumers are given an equal chance to obtain credit. 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.
<b>Equity</b>	The value of your investment about the total of your lien (debt).
<b>Equity stripping, equity skimming</b>	Also known as foreclosure rescue. Predatory investors or small companies target low-income, homeowners facing foreclosure and trick them into signing away their equity and property.
<b>Establishing credit</b>	Giving lenders the trust and confidence to make loans to you based on a good history of paying your debts.

<b>Expected Family Contribution (EFC)</b>	The amount a student's family is expected to pay toward his or her education, as figured by the Department of Education, based on the Free Application for Federal Student Aid (FAFSA).
<b>FAFSA (Free Application for Federal Student Aid)</b>	The application a student and his or her family completes in order to apply for federal student loans.
<b>Federal Deposit Insurance Corporation (FDIC)</b>	An independent agency of the United States government that protects customers from the loss of their deposits if an FDIC insured financial institution fails. The basic insurance amount is specified per depositor per insured financial institution. Certain retirement accounts, such as Individual Retirement Accounts, are insured up to specified amount per depositor per insured financial institution. Customers can increase the amount of money insured at any one financial institution by owning deposit accounts in different ownership categories (e.g., Individual Accounts, Retirement Accounts, Joint Accounts, Revocable Trust Accounts). Please visit <a href="http://www.fdic.gov">www.fdic.gov</a> for the most current deposit insurance amounts.
<b>Federal work-study program</b>	A U.S. government program that provides funding for jobs for undergraduate and graduate students with financial need.
<b>Fees</b>	Charges for services by a financial institution or lender.
<b>Finance charge</b>	The amount of money a borrower pays to a lender for the privilege of borrowing money, including interest and other service charges.
<b>Financial aid</b>	Financial assistance, such as a loan, grant or works study program, a student receives to enroll in an accredited educational institution.
<b>Financial institution</b>	Companies such as banks, credit unions, and savings institutions that provide a wide range of money management products and services to consumers. Financial institutions collect funds from the public and place them in financial assets, such as deposits, loans, and bonds.
<b>Fixed expenses</b>	For an individual, a fixed cost is an expense that stays the same each month, such as rent or a car payment. For a business, a fixed cost is an expense that does not vary depending on production or sales levels, such as an equipment lease or property tax.
<b>Flexible expenses</b>	An expense that you can control or adjust, for example, how much you spend on groceries, clothes, or long distance phone calls.
<b>Forbearance</b>	A period of time at the lender's discretion when you're allowed to postpone or temporarily reduce the amount of your student loan payment due to

temporary financial hardship. Interest continues to accrue on the loan during the forbearance period and is capitalized (added to the principal balance) when the forbearance ends.

<b>Foreclose, repossess</b>	The legal process by which an owner's right to a property is terminated, usually because of failure to make loan payments as agreed. Foreclosure typically involves a forced sale of the property at public auction, with the money applied to the remaining debt.
<b>Garnishment</b>	A court order requiring a portion of the debtor's wages to be paid to the lender.
<b>Good credit</b>	A situation in which lenders are willing to make loans to an individual, due to his or her good history of repaying debts.
<b>Gross income</b>	For an individual, the full amount of money earned during a specific time period. For a business, the pre-tax net sales minus the cost of goods sold.
<b>Guarantee</b>	A lender may require an additional signature on a loan to insure that this person will pay the loan if you do not.
<b>Home equity</b>	The financial difference between what your home or other real estate is worth and the amount you still owe as debt on the home or other real estate. For example, your home is worth \$100,000 and you owe \$75,000 on your mortgage, then you have \$25,000 of equity in your home.
<b>Income</b>	For an individual, income means the amount of money received during a period of time, including money received in exchange for labor or services, from the sale of goods or property, or as profit from financial investments. For a business, income is revenues (all the money brought in) minus cost of sales, operating expenses, and taxes, over a given period of time.
<b>Inflation</b>	An increase in the general price level of goods and services; a decrease in the purchasing power of the dollar.
<b>Installment credit</b>	A loan that is repaid to the lender in equal amounts, over a fixed period of time.
<b>Installment loan</b>	A loan that is repaid to the lender in equal amounts, over a fixed period of time.
<b>Institutional Student Information Record (ISIR)</b>	A document that the Department of Education, after they have reviewed a student's Free Application for Federal Student Aid (FAFSA), sends to educational institutions for evaluation by financial aid officers.
<b>Interest</b>	The amount of money paid by a borrower to a lender in exchange for the use

of the lender's money for certain period of time. For example, you earn interest from a bank if you have a savings account and you pay interest to a lender if you have a loan.

<b>Interest rate</b>	The amount of interest paid per year divided by the principal amount (that is, the amount loaned, deposited, or invested). For example, if you paid \$500 in interest per year for a loan of \$10,000, the interest rate is 500 divided by 10,000, or five percent (5%).
<b>Investing</b>	Purchasing something of value (for example, stocks or real estate) with the goal of earning money over time if the value increases.
<b>Late fees</b>	The charge or fee that is added to a loan or credit card payment when the payment is made after the due date.
<b>Lease</b>	A contract by which one party (lessor) gives to another (lessee) the use and permission of an item, such as an automobile or apartment, for a specified time and fixed payments.
<b>Lender, creditor</b>	A business that makes money available for others to borrow.
<b>Liability</b>	The amount of money an individual or business owes to someone else: a debt.
<b>Loan</b>	An agreement between a borrower and a lender, where the borrower agrees to repay money with interest over a period of time.
<b>Minimum wage</b>	An hourly amount voted into law by the U.S. Congress. All employers in the U.S. have to pay their employees at least the minimum wage unless their state law says differently. Some states actually allow some employers to pay a lower minimum wage. Usually these are very small businesses that only do business locally.
<b>Mobile banking</b>	Allows an individual to access their financial accounts through a web browser on their mobile device such as cellular phone.
<b>Money Market Deposit Account (MMDA)</b>	A form of savings account that requires a larger balance than CDs or regular savings accounts, usually \$10,000 or more.
<b>Money order</b>	A document issued by a post office, bank, or convenience store ordering payment of a specific sum of money to an individual or business. There is generally a small charge for purchasing a money order.
<b>Mortgage</b>	A loan to finance the purchase of a home, usually with defined payments and interest rates. The homeowner gives the bank a lien, called the "mortgage," on the home, which serves as collateral for the loan.

<b>Mutual fund</b>	A type of investment where an investment company sells shares to the public and then invests the money in a group of investments such as stocks and bonds.
<b>Net income (Take home pay)</b>	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.). Also called after tax income or net salary.
<b>Net worth</b>	The value of a company or individual's assets. Including cash, less total liabilities.
<b>Non-sufficient funds (NSF)</b>	The lack of enough money in an account to pay a particular check or payment. Also known as insufficient funds. A check with insufficient funds may be returned unpaid to the person cashing it. This has a negative impact on the check writer's history of handling his or her account, and may prevent opening of future accounts. See also Overdraft.
<b>Overdraft</b>	When there is not enough money in an account to cover a transaction and the bank pays it on your behalf, creating a negative balance in the account that you need to repay.
<b>Overdraft Protection</b>	Offered by many banks, overdraft protection is a service that automatically transfers money from a linked account that you select, such as a savings or credit account, when you don't have enough money in your checking account to pay your transactions.
<b>Pay period</b>	A length of time (for example, one week or one month) used to calculate the amount workers are paid on their paychecks.
<b>Pay stub</b>	The additional form that's attached to the check is called the pay stub. It shows the details of what you have earned and what amounts have been deducted during the pay period.
<b>Paycheck</b>	Document issued by an employer to pay an employee for services rendered (could be in electronic or paper form).
<b>Payee</b>	The person, company, or organization to whom a check is written: a person or company who is to receive money.
<b>Personal identification number (PIN)</b>	A secret combination of letters or numbers you use to gain access to your account through an electronic device such as an ATM.
<b>Phishing</b>	Is usually a two-part scam involving email and spoof websites. Fraudsters, also known as phishers, send email to a wide audience that appears to come from a reputable company requesting personal information accounts

numbers. This is known as a phish email.

<b>Point-of-sale</b>	When you use a debit card to make a purchase from a merchant at a store, by telephone, or through the internet.
<b>Portfolio</b>	A collection of investments all owned by the same person or organization. For example, a portfolio might include a variety of stocks, bonds, and mutual funds.
<b>Preapproval</b>	A written commitment from a lender, subject to a property appraisal or other stated conditions, that confirms the price of home a potential borrower can afford.
<b>Principal</b>	The total amount of money borrowed, loaned, invested, etc., not including interest or service charges.
<b>Profit</b>	The positive gain from an investment or a business operation after subtracting all expenses.
<b>Rate of return</b>	The annual rate of return is the percentage change in the value of an investment. For example: If you assume you earn a 10% annual rate of return, then you are assuming that the value of your investment.
<b>Real property assets</b>	Land and anything permanently affixed, including building, fences, trees, and minerals that has monetary value that is owned by a person or a company.
<b>Reconcile</b>	The process used to determine if the balance in your account register matches the balance reported by the bank on your account statement. Also called balancing your account.
<b>Required payment</b>	The least amount of money to be repaid on a loan or credit card in order to keep the account in good standing.
<b>Returned item</b>	This is also known as “non-sufficient funds” or a “bounced check.” If you spend more money than you have in your checking account, the bank may return the transaction unpaid and charge a fee.
<b>Revolving credit</b>	A type of credit allowing an individual to borrow up to a certain amount of money, repay the money 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.
<b>Rule of 72</b>	A way to estimate the time or interest rate you would need to double your money on an investment. For example, if you have an investment that's earning 8% per year, 72 divided by 8 equals 9. This means it would take about nine years for your original investment to double.

<b>Salary</b>	The same set dollar amount every month in exchange for your work.
<b>Savings &amp; loan</b>	A financial institution that accepts deposits from individuals, makes home mortgage loans, and pays dividends.
<b>Savings account</b>	A bank account that allows a customer to deposit and withdraw money and earn interest on the balance.
<b>Secured credit card</b>	A credit card secured by a savings account. The money in the savings account is collateral and may be claimed by the company issuing the card if the account holder fails to make the necessary payments. Using a secured credit card, and paying according to the terms of the agreement, can be a good first step for individuals or businesses that want to establish or rebuild their credit.
<b>Simple interest</b>	Interest that is calculated only on the principal sum, that is, the amount of money that was originally deposited. (By contrast, compound interest is when a financial institution pays you interest not only on your initial principal but also on the interest your deposit has earned over time.)
<b>Spending limit</b>	The maximum dollar amount the lender is willing to make available to the borrower according to the agreement between them. For example, if you have a credit card, the credit agreement will usually specify the maximum amount of money you're allowed to charge.
<b>Spending plan</b>	Also known as a budget, a method of tracking your monthly income and expenses.
<b>Statement</b>	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 of the checks you wrote that your bank has processed during the month. Your statement also lists other deposits, deductions, and fees, such as service charges.
<b>Stock</b>	Certificate of ownership in a company.
<b>Student Aid Report (SAR)</b>	A document that the Department of Education sends to a student's family after they have evaluated the student's Free Application for Federal Student Aid (FAFSA).
<b>Term</b>	A period of time 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.
<b>Training wage</b>	The federal minimum wage provisions are contained in the Fair Labor Standards Act (FLSA) for more info visit <a href="http://www.dol.gov/esa">www.dol.gov/esa</a>

<b>Transaction register</b>	A register that allows you to keep accurate records of your deposits and withdrawals. Use your check and/or savings register to record every deposit and withdrawal you make.
<b>Unpaid balance</b>	The amount that is still owed on a loan or credit card debt.
<b>Wage</b>	The money or compensation you earn in exchange for your work is called a "wage" Some common ways employers pay wages are hourly, salary and commission or some combination of these ways.