

Annual percentage rate – The percentage cost of credit on an annual basis and the total cost of credit to the consumer. APR combines the interest paid over the life of the loan and all fees that are paid up front. (Lessons 8 and 9)

Automatic teller machine (ATM) card – A form of debit card used in a cash to access an account by using a code. (Lesson 3)

Bank account register – A tool in which an account holder lists his or her initial balance in an account and then records all debits and credits in order to maintain an accurate record of account activity and an accurate balance. (Lesson 3)

Bank statement – A statement given to accounts holders bank or credit union to keep them informed of all transactions they made during the statement period. These statements are sent on a regular basis or posted online. (Lesson 3)

Budget – An itemized summary of probable income and expenses for a given period. A budget is a plan for managing income, spending, and saving during a given period of time. (Lesson 4)

Capacity – A borrower's ability to repay debt. (Lesson 7)

Character – A borrower's reputation for paying bills and debts based on past behavior. (Lesson 7)

Check – A printed form directing a bank to withdraw money from an account and pay it to another account. (Lesson 3)

Checking account – An account held at a bank or credit union in which account owners deposit funds. Account owners have the privilege of writing checks on their accounts and are able to use ATM cards and debit cards to access funds. (Lesson 3)

Check-cashing services – Businesses that provide services such as cashing all types of checks, including payroll, insurance, tax refund, settlement, government, and Social Security payments. These businesses may also provide other services, such as payday loans, money orders and money wires. (Lesson 3)

Collateral – Property required by a lender and offered by a borrower as a guarantee of payment on a loan. Also, a borrower's savings, investments or the value of the asset purchased that can be seized if the borrower fails to repay a debt. (Lesson 7)

Competent parties – The individuals involved in a contract, who must be able to understand the conditions of the contract. (Lesson 9)

Compound interest – Interest computed on the sum of the original principal and accrued interest. (Lesson 5)

Consideration – What each party of a contract gives up in exchange for what the other party is providing. (Lesson 9)

Contract – An exchange, promise, or agreement between two parties that is enforceable by law. For example, a car buyer agrees to pay the amount financed at an agreed upon interest rate for the length of the contract. (Lesson 9)

Credit – The granting of money or something else of value in exchange for a promise of future repayment. (Lessons 6 and 7)

Credit cards – Cards that represent an agreement between a lender—the institution issuing the card—and the cardholder. Credit cards may be used repeatedly to buy products or services or to borrow money on credit. Credit cards are issued by banks, savings and loan associations, retail stores, and other businesses. (Lesson 6)

Credit history – A person's payment activity over a period of time. (Lesson 6)

Credit report – A loan and bill payment history kept by a credit bureau and used by financial institutions and other potential creditors to determine the likelihood a future debt will be repaid. (Lesson 6)

Credit reporting bureau – An organization that compiles credit information on individuals and businesses and makes it available to businesses for a fee. (Lesson 6)

Credit responsibilities – The actions or behaviors in which people should engage when they use credit. (Lesson 7)

Credit rights – The protections put in place by law to help people obtain and maintain credit. (Lesson 7)

Creditor – A person, financial institution, or other business that lends money. (Lessons 6 and 7)

Credits – Additions or deposits to an account. In a bank account register, credits are added to the balance. (Lesson 2)

Debits – Charges to or withdrawals from an account. In a bank account register, debits are subtracted from the balance. (Lesson 3)

Debit card – A plastic card similar to a credit card that allows money to be withdrawn payments made directly from the holder's bank account. (Lesson 3)

Direct deposit – An electronic transaction in which money is deposited directly into a payee's bank account from a payer's bank account. (Lesson 3)

Elements of a contract – Competent parties, consideration, and mutual agreement are the elements of a contract that must be present to make the contract legal and enforceable. Competent parties are the individuals involved in a contract, who must be able to understand the conditions of the contract. Consideration is what each party of a contract gives up in exchange for what the other party is providing. Mutual agreement is that each party to a contract is clear as to the essential details, rights, and obligations of the contract. (Lesson 9)

Exempt (from withholding) – Free from withholding of federal income tax. A person must meet certain income, tax liability, and dependency criteria. This does not exempt a person from other kinds of tax withholding, such as the Social Security tax. (Lesson 2)

Exemption – Amount that taxpayers can claim for themselves, their spouses, and eligible dependents. There are two types of exemptions—personal and dependency. Each exemption reduces the income subject to tax. The exemption amount is a set amount that changes from year to year. (Lesson 2)

Expenses – The costs people incur for goods and services. Expenses are often categorized as fixed, variable, or periodic. Fixed expenses are those that occur each month in a regular amount, such as rent, car payments, and mortgage payments. Variable expenses are those that change from one time period to the next, such as food, clothing, gasoline, and entertainment. Periodic expenses are those that occur several times a year, such as car insurance and life insurance payments. (Lesson 4)

Federal income tax – The tax the federal government levies on personal income. The federal income tax provides for national programs such as defense, foreign affairs, law enforcement, and interest on the national debt. (Lesson 2)

Federal Insurance Contributions Act (FICA) tax – A tax or required contribution that most workers and employers pay. FICA is a payroll tax used to fund Social Security and Medicare. (Lesson 2)

Fees – Money charged to review your application for credit or to service your credit account, such as maintenance fees or late fees. Banks also often charge fees for servicing bank accounts, such as charges for using a non-bank ATM. (Lessons 2, 6, and 7)

It's Your Paycheck!

File a return – To mail or otherwise transmit to an Internal Revenue Service (IRS) service center a taxpayer's information, in specified format, about income and tax liability. This information (the return) can be filed on paper, electronically, or by telephone. (Lesson 2)

Fixed expenses – Expenses that occur each month in a regular amount, such as rent, car, or mortgage payments. (Lesson 4)

Form W-2, Wage and Tax Statement – A summary of a person's earning and tax withholding for an entire year. Employers must provide a W-2 to employees by the end of January for the previous year's employment to report annual income and withholding for the employees' tax returns. (Lesson 2)

Form W-4, Employee's Withholding Allowance Certificate – A form completed by the employee and used by the employer to determine the amount of income tax to withhold. (Lesson 2)

Gross pay – The amount people earn per pay period before any deductions or taxes are paid. (Lesson 2)

Human capital – The knowledge and skills that people obtain through education, experience, and training. (Lesson 1)

Income – The payment people receive for providing resources in the marketplace. When people work, they provide human resources (labor) and in exchange they receive income in the form of wages or salaries. People also earn income in the form of rent, profit, and interest. (Lessons 2 and 4)

Income tax – Taxes on income, both earned (salaries, wages, tips, commissions) and unearned (interest, dividends). Income taxes can be levied on both individuals (personal income taxes) and businesses (business and corporate income taxes). (Lesson 2)

Interest – The price of using someone else's money. When people place their money in a bank, the bank uses the money to make loans to others. In return, the bank pays interest to the account holder. Those who borrow from banks or other organizations pay interest for the use of the money borrowed. (Lessons 5, 6, 7, and 8)

Interest rate – The percentage of the amount loaned that is charged for a loan. Also, the percentage paid on a savings account. (Lessons 6 and 8)

Internal Revenue Service (IRS) – The federal agency that collects income taxes in the United States. (Lesson 2)

Investment in human capital – The efforts people put forth to acquire human capital. These efforts include education, experience, and training. (Lesson 1)

Loan – A sum of money provided temporarily on the condition that the amount borrowed be repaid, usually with interest. (Lesson 8)

Medicare tax – A payroll tax that is part of FICA, collected from most employees and employers to fund the hospital insurance provided under the Medicare system. Used to provide medical benefits for certain individuals when they reach age 65. Workers, retired workers, and the spouses of workers and retired workers are eligible to receive Medicare benefits upon reaching age 65. (Lesson 2)

Mutual agreement – That each party to a contract is clear as to the essential details, rights, and obligations of the contract.

Net pay – Gross pay minus deductions and taxes. (Lesson 2).

Non-interest bearing account – An account in which no interest is paid on the principal, which is the amount of deposit or account balance. Also called a zero-interest account. (Lesson 5)

Overdraft – The result of an account holder authorizing a withdrawal through a check, ATM, debit card purchase, or electronic payment when the account does not have enough money to cover the transaction. (Lesson 3)

Payday loan – A small, short-term loan that is intended to cover a borrower's expenses until his or her next payday. May also be called a paycheck advance or a payday advance. (Lesson 8)

Payroll deduction – Amounts subtracted from gross pay, which results in your net pay. (Lesson 2)

Periodic expenses – Expenses that occur several times a year, such as car insurance or life insurance payments. (Lesson 4)

Principal – The original amount of money deposited or invested, excluding any interest or dividends. Also refers to the original amount of a loan without any interest. (Lesson 5)

Rent-to-own contract – A contract that allows consumers to get immediate delivery on new furniture, appliances, or other items. There is no down payment or credit check required. If the consumer keeps the rental item for a minimum amount of time, there is no penalty charged for returning it. If the renter misses a payment, the contract requires them to return the item. (Lesson 9)

It's Your Paycheck!

Risk-reward relationship – The idea that there is a direct relationship between risk of loss of principal and expected rate of return. The higher the risk of loss of principal for an investment, the greater the potential reward. Conversely, the lower the risk of loss of principal for an investment, the lower the potential reward. (Lesson 5)

Rule of 72 – A method to estimate the number of years it will take for a financial investment (or debt) to double its value (or cost). Divide 72 by the interest rate (percentage) to determine the approximate number of years it will take the investment (debt) to double its value (cost). (Lesson 5)

Saving – Not spending on current consumption or taxes. Saving involves giving up some current consumption for future consumption. (Lesson 5)

Savings account – An account with a bank or credit union in which people can deposit their money for future use and earn interest. (Lesson 3)

Social Security tax – A payroll tax that is part of FICA (Federal Insurance Contributions Act) and is collected from most employees and employers to fund Social Security, which provides old-age, survivors', and disability income. (Lesson 2)

Taxes – Government fees on business and individual income, activities, property, or products that people are required to pay. Tax revenue collected is used to provide government goods and services to citizens and to allow government to operate. (Lesson 2)

Tax refund – Money owed to taxpayers when their total tax payments are greater than the total tax. Refunds are received from the government. (Lesson 2)

Variable expenses – Expenses that change from time period to time period, such as food, clothing, gasoline, and entertainment. (Lesson 4)

(W-2) – See "Form-W2"

(W-4) – See "Form-W4"

Wages – Income earned for providing human resources (labor) in the market. Wages are usually computed by multiplying an hourly pay rate by the number of hours worked. (Lesson 2)

Withholding allowance – The amount of money that an employer withholds from an employee's paycheck. This money is deposited for the government on behalf of the individual taxpayer. (It will be credited against the employee's tax liability when he or she files a return.) Employers withhold money for federal income taxes, Social Security taxes, and state and local income taxes in some states and localities. (Lesson 2)