Financial Literacy Glossary*

Automated Teller Machine (ATM): A terminal where you can deposit, withdraw or transfer money from one account to another 24 hours a day. It is also known as a cash machine.

Balance: The amount of money you have in an account.

Bank Statement: A monthly record of the deposits and withdrawals made from a bank account.

Bank: A business that offers you a safe place to keep your money. Banks offer different types of accounts such as checking and savings.

Benefits: Compensation beyond salary given to workers, such as paid time off, health insurance, tuition assistance, etc.

Budget: An estimate of expected income and expenses to help with spending and savings plans.

Checking Account: A bank account that lets you write checks or make digital transactions for paying bills or purchasing items.

College Savings Plan: An investment program that designates money for post-secondary education. A Section 529 Plan is an example of a college savings plan.

Credit Union: A non-profit financial institution owned by people who have something in common. You have to become a member of the credit union to keep your money there.

Credit: Credit is a form of delayed payment or a sum of money owed to a creditor. It is also a type of account. Interest can accumulate on the balance owed.

Credit Card: A credit card is a plastic card that is associated with a line of credit and allows you to pay for goods and services. Balances not paid in full accumulate interest and the total balance owed can increase over time.

Debit Card: A debit card is a plastic card sometimes called a check card. The debit card is associated with a checking account and allows you to pay for goods and services at stores and other businesses that accept credit cards.

Debt: Money owed.

Deposit: Money added to an account.

Direct Deposit: A method of transferring money directly to your account. Employers may deposit your paycheck funds, with your permission, using this method.

Finance: The management of money.

Financial Literacy: The fundamentals of personal finance and managing money.

Gross Income: Income before subtracting taxes and other payroll deductions or fees.

Income Tax: Federal and/or state tax associated with income.

Income: Money received through earnings, gifts or other sources.

Insurance: A system to protect people and assets against risks.

Interest: Interest can be paid or earned. It is a percentage on a balance.

Investments: Money that potentially grows in value, such as stocks, bonds, property, businesses, etc.

Loan: Money borrowed from a bank with a written promise to pay it back. Also known as a banknote and promissory note.

Minimum Balance: A certain balance that banks might require you to have to open an account, earn interest or avoid fees.

Money: A medium of exchange, typically in the form of cash, checks, credit/debit cards or digital currency (used via a mobile device or computer). The plural of money is monies.

Net Income: Income earned after taxes and other deductions are subtracted.

Retirement Accounts: Accounts that allow individuals to accumulate savings for the purpose of withdrawing money to support themselves during retirement. Examples include 401(k), 403(b), IRA, Roth IRA, etc. Retirement accounts may be set up by an individual or by an employer.

Salary: Money paid for work.

Savings Account: An account that earns interest and provides safe storage of money.

Spending Freeze: A temporary pause in spending for things that are not necessary.

Stocks and Bonds: Financial instruments used to raise capital. Monies contributed to stocks and bonds are sometimes called investments.

Withdrawal: Taking money out of your bank account. The withdrawal may be taken as cash, transferred to another account or transferred as a payment.

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