

**Financial Literacy Vocabulary**

1. Amortization - Payment of a portion of the principle of a mortgage loan, reducing or amortizing the mortgage amount.

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| 1. APR | The total annual percentage amount it will cost a person to use credit. |
| 1. Asset | Any items of value that people own, including cash, property, personal possessions, and investments. |
| 1. Budget | A plan for spending and saving money based on a person’s goals during a given time period. |
| 1. Checking Account | A transaction deposit account at a financial institution that allows consumers to make deposit and withdrawals. |
| 1. Credit Card | A plastic card that can be used by the holder to make purchases or obtain cash advances using a line of credit made available by the card-issuing financial institution |
| 1. Credit Score | A number, generally between 300 and 800, that reflects the credit history shown in a borrower's credit report. This score is considered predictive of the borrower's future credit performance. |
| 1. Debt | The entire amount of money a person owes to lenders. |
| 1. Expenses | Any money a person spends or gives away. |
| 1. Gross Earnings | An individual's taxable income before any appropriate adjustments are made. |
| 1. Income | Money that a person receives; such as a paycheck from a job, an allowance from parents (inheritance), or interest earned on a savings account. |
| 1. Income Tax | The government’s leading source of revenue (money). |
| 1. Interest | The amount paid for the use of borrowed money. |
| 1. Interest Rate | The cost of borrowing money, expressed as a percentage, usually over a period of one year. |
| 1. Loan | A sum of money given to an individual with the intent that it is to be repaid at some future date along with any agreed upon interest. |
| 1. Mortgage | An agreement that a borrower gives a lender in return for the lender giving a loan for the purpose of buying property. |
| 1. Net Income | The amount of a paycheck that a person can actually spend; gross income less any payroll deductions. |
| 1. Outstanding Check | A check that has been written but that has not cleared the bank. |
| 1. Payroll Deductions | Amounts subtracted from gross income that is withheld by an employer for items like taxes and employee benefits. |
| 1. Pay Yourself First | A popular phrase used to describe what people should do to stay on track with saving money. Basically meaning that the first deposit out of a person's paycheck should be into a savings account or retirement account. |
| 1. Rule of 72 | Formula used to determine how long it takes for money to double in value. |
| 1. Social Security | The comprehensive federal program of benefits providing workers and their dependents with retirement income, disability income, and other payments. The Social security tax is used to pay for the program. |
| 1. Stock | An instrument that signifies an ownership position (called equity) in a corporation, and represents a claim on its proportional share in the corporation's assets and profits. |
| 1. Taxes | A contribution made by people to fund the services provided by the government, such as transport, education or health services. |
| 1. Wage | A fixed amount of money paid to an employee for each pay period. |