

# Financial Term Dictionary



**Annual Percentage Rate (APR):** APR is the total amount of what it costs you to use credit in a given year. It is expressed as a percentage of the amount borrowed.

**Automated Teller Machine (ATM):** An electronic machine that bank customers can use to withdraw cash and make other financial transactions.

**Bank:** A for-profit company that is owned by its shareholders and provides loans, savings and checking products to help service its customers.

**Budget:** A spending plan for managing money during a set amount of time.

**Cash Flow:** The movement of money you receive and the money that you spend.

**Checking Account:** A bank account that allows withdrawals by writing a check or using a debit/ATM card.

**Compounding Interest:** Earning interest on interest.

**Credit:** The amount of money, or something of value, that is loaned on trust and with the agreement that it will be repaid at a set date.

**Credit History:** A record of how you repay any credit obligations that you have.

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**Credit Limit:** The maximum amount of credit that is extended to a customer.

**Credit Report:** A record or history of your credit and financial transactions.

**Credit Score:** A rating used by credit reporting companies to help lenders with whether or not a customer can receive credit and also at what price.

**Debit Card:** A card that is used to deduct money from an account, sometimes also called “check card”.

**Debt:** The amount of money that you owe totaled together.

**Earned Interest:** The payment that you receive for allowing a bank to use your money.

**Electronic Funds Transfer:** A way to give permission to pay bills and also to have paychecks or other forms of payments directly deposited into your account.

**Endorse:** To sign the back of a check for payment.

**Expense:** The amount of money spent to either buy something or to do something.

**Financial Planning:** The process of setting and defining goals, making a plan to do it, and then applying it.

**Fixed Expenses:** Expenses that cost the same every time they have to be paid.

**Freeware:** Any free software that could possibly be a scam to get your personal information. If you do any downloads, read the information carefully and read the end-user licensing agreement.

**Grace Period:** The length of time you have before you start building interest on an unpaid balance.

**Gross Income:** The total amount of income from your wages before payroll deductions.

**Identity Theft:** When someone uses your personal information without your permission.

**Income:** Any money that you receive.

**Inflation:** The rise in the cost of goods and services.

**Interest:** Payment for the use of money or also a charge for a loan.

**Late Fee:** A penalty on all types of credit for making a payment after the set due date.

**Loan Term:** The time frame that you have to pay a loan off.

**Net Income (take-home pay):** The income that is left after all payroll deductions.

**Overpayment Scams:** When someone sends you a cashier’s check for more than the amount purchased and then requests for you to cash the instrument and send back to them the overpayment amount.

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**Origination Fee:** The charge for setting up a loan, usually deals with home loans.

**Periodic Expenses:** Expenses that aren't paid every month.

**Personal Identification Number (PIN):** the passcode that goes along with your ATM/Debit card to access funds out of your account.

**Pretexting:** Identity thieves call to tell you that there is an issue with your account. Never give your information out over the phone.

**Phishing:** Usually shows up as an email or a pop-up message. It will prompt you to click on a link or attachment. Never do this. Once you click on it, it may give the thief your personal info or give them access to your computer.

**Rule of 72:** A method that can be used to show how long it would take to double your investment; divide 72 by the rate of interest.

**Savings:** Money that is set aside for a future purpose.

**Savings Account:** an account that helps you save money and earn a little interest as well.

**Spyware:** An effort that goes along with identity theft; unwanted downloads.