

Glossary

20/10 Rule A plan to limit the use of credit to no more than 20 percent of yearly take-home pay, with payments of no more than 10 percent of monthly take-home pay.

401(k) Plan A defined-contribution plan for employees of companies that operate for a profit.

403(b) Plan A defined-contribution plan for employees of schools, non-profit organizations, and government units.

A

A-Rating An excellent credit rating.

Absenteeism The record and pattern of absence rates of workers.

Adjustable-Rate Mortgage (ARM) A mortgage for which the interest rate changes in response to the movement of interest rates in the economy as a whole.

Adjusted Gross Income Gross income less adjustments.

Adult Foster Care Facility A shelter for adults who need care beyond what can be provided at home.

Advanced Degrees Specialized, intensive programs (taken after obtaining the first college degree) that prepare students for higher-level work responsibilities with more challenges and higher pay.

Agency Bond A bond issued by a federal agency.

Allowances Reduction in the amount of tax withheld from your paycheck.

Alternative Dispute Resolution (ADR) Formal methods of settling disputes without suing the court system.

Annual Percentage Rate (APR) The cost of credit expressed as a yearly percentage.

Annual Percentage Yield (APY) The actual interest rate an account earns stated on a yearly basis.

Annual Report A summary of a corporation's financial results for the year and its prospects for the future.

Annuity Income from an investment paid in a series of regular payments made for a set number of years.

Appeal A request to a higher court to review the decision of a lower court.

Application Letter Also called a cover letter, it serves to introduce you to a potential employer.

Appraised Value Home value determined by examining the structure, size, features, and quality as compared to similar homes.

Aptitude A natural, physical or mental ability that allows you to do certain tasks well.

Arbitration A dispute resolution method in which an independent third person, called an arbitrator, helps resolve the dispute.

Arbitrator An independent third person who resolves a dispute.

Assessed value Value set by the city or county that is used to compute property taxes.

Assets Items of value that a person owns.

Assigned-Risk Pool A group of people who are unable to obtain automobile insurance due to high risk.

Attractive Nuisance A dangerous place, condition, or object that is particularly attractive to children.

Audit An examination of your tax return and records by the IRS.

Automatic Deductions Represent money you have authorized your bank or other organization to move from one account to another at regular intervals.

B

B-Rating A good credit rating.

Bait and Switch An illegal sales technique in which a seller advertises a product with the intention of persuading consumers to buy a more expensive product.

Balanced Fund A mutual fund that seeks both growth and income but attempts to minimize risk by investing in a mixture of stocks and bonds rather than stocks alone.

Bank Reconciliation The process of matching your checkbook register with the bank statement.

Bankruptcy A legal process that relieves debtors of the responsibility of paying their debts or protects them while they try to repay.

Basic Health Coverage Coverage which includes medical, hospital, and surgical costs.

Basic Needs Items necessary for maintaining physical life.

BBB A clearinghouse of information about local businesses, called the Better Business Bureau.

Bear Market A prolonged period of falling stock prices and a general feeling of investor pessimism.

Benefits 1. Forms of employee compensation in addition to pay. 2. The amount received by the beneficiary from a life insurance policy, also called proceeds.

Binding Arbitration When the arbitrator makes a decision that is binding on the parties.

Blank Endorsement The signature of the payee written exactly as his or her name appears on the front of the check.

Blue Chip Stocks Stocks of large, well-established corporations with a solid record of profitability.

Body The message section of the letter.

Bond Default When a bond issuer cannot meet the interest or principal payment on a bond.

Bond Fund A group of bonds that have been bundled together for investment purposes.

Bond Rating Tells the investor the risk category that has been assigned to a bond.

Bond Redemption Occurs when a bond is paid off at maturity.

Bonds Debt obligations of corporations or state or local governments.

Budget A spending and saving plan based on your expected income and expenses.

Bull Market A prolonged period of rising stock prices and a general feeling of investor optimism.

Bundling Combining services into one package.

C

Callable Bond A bond that the issuer has the right to pay off before its maturity date.

Canceled Check A check that has cleared your account.

Capacity The financial ability to repay a loan with present income.

Capital The value of property you possess after deducting your debts.

Capitalism An economic system in which producers and consumers are free to operate and compete in business transactions with minimal, if any, government interference or regulation.

Car Detail A service provided by specialists who clean and polish the outside as well as clean and treat the interior of a car.

Car Registration A license tag fee that must be renewed annually.

Car Title A legal document that establishes ownership of the vehicle.

Car-Buying Service A service that allows you to choose the vehicle features you want, and a professional car buyer takes over the price negotiation for you.

Care Labels Labels that give instructions for cleaning.

Cash Value The savings accumulated in a permanent life insurance policy that you would receive if you canceled your policy.

Cashier's Check A check written by a bank on its own funds.

Certificate of Deposit (CD) A time deposit where a fixed rate of interest is earned for a specified length of time.

Certified Check A personal check that the bank guarantees or certifies to be good.

Chapter 7 Bankruptcy A liquidation form of bankruptcy for individuals which wipes out most debts in exchange for giving up most assets.

Chapter 13 Bankruptcy A reorganization form of bankruptcy for individuals that allows debtors to keep most of their property and use their income to pay a portion of their debts over three to five years.

Character A responsible attitude toward honoring obligations, often judged on evidence in the person's credit history.

Check A written order to a bank to pay the amount stated to the person or business named on it.

Checkbook Register A booklet used to record checking account transactions.

Child Support Monthly payments to the custodial parent to help provide food, clothing, and shelter for the children.

Civil Case A case which involves one person who has a dispute with another person or entity.

Civil Ceremony A wedding performed by a public official, such as a judge or justice of the peace, rather than a member of the clergy.

Class-Action Lawsuit A lawsuit in which a large number of people with similar complaints against the same defendant join together to sue.

Classic Cars Older vehicles in excellent condition that appreciate if valued as collectors' items.

Clearance When a merchant wants to clear out all the advertised merchandise, but not necessarily at a reduced price.

Closed-End Credit A loan for a specific amount that must be repaid in full, including all finance charges, by a stated due date.

Closing Costs The expenses incurred in transferring ownership from buyer to seller in a real estate transaction.

Co-Insurance Clause A provision requiring policyholders to insure their building for a stated percentage of its replacement value in order to receive full reimbursement for a loss.

Co-Op A room similar to one in a dormitory at lower cost but with added responsibilities.

COBRA A law that allows people who leave employment to continue their health insurance under the company plan for a limited period of time.

Codicil A legal document that modifies parts of a will and reaffirms the rest.

Collateral Property pledged to assure repayment of a loan.

Collective Bargaining The process of negotiating a work contract for union members.

Collective Values Things that are important to society as a whole.

Collision Coverage Automobile insurance that protects your own car against damage from accidents.

Common Law A system of laws based on decisions made in court cases.

Common Stock Represents a type of stock that pays a variable dividend and gives the holder voting rights.

Communist Economic System A system in which the government owns and controls most, if not all, of the productive resources of a nation.

Company Advertising Advertising intended to promote the image of a store, company, or retail chain.

Comparison Shopping Checking several places to be sure you are getting the best price for equal quality.

Competition The rivalry among sellers in the same market to win customers.

Complaint A document outlining the issues of the case and the relief (damages) that the plaintiff requests.

Complimentary Close A courteous phrase used to end a letter.

Comprehensive Coverage Automobile insurance that protects you from damage to your car from causes other than collision or vehicle overturning.

Compressed Workweek A work schedule that fits the normal 40-hour workweek into less than five days.

Condominium Also called a condo, it is an individually owned unit in an apartment-style complex with shared ownership of common areas.

Consideration Something of value exchanged for something else of value.

Consumer Advocate A person who actively promotes consumer causes.

Consumer Credit Protection Act Also known as Truth in Lending, this law requires lenders to fully inform consumers about the costs of credit.

Contact A member of your network, such as a relative, friend, member of a group to which you belong, or a former work associate.

Contract A legally enforceable agreement between two or more people.

Conventional Loan Mortgage agreement that does not have government backing and that is offered through a commercial bank or mortgage broker.

Convertible Bond A corporate bond that can be exchanged for common stock.

Cooperative Education Students attend classes part of the day and then go to a job that provides supervised field experience.

Coordination of Benefits A group health insurance provision that specifies how the insurers will share the cost when more than one policy covers a claim.

Cosigner Someone who promises to pay if the borrower fails to pay.

Counterclaim An accusation that the plaintiff is at fault and should pay damages to the defendant.

Counteroffer A rejection of an offer with a listing of what terms would be acceptable.

CPSC An agency that protects consumers from unreasonable risk of injury or death from potentially hazardous consumer products.

Creative Listening Listening with an open mind to new ideas.

Credit The use of someone else's money, borrowed now with the agreement to pay it back later.

Credit Bureau A business that gathers, stores, and sells credit information to other businesses.

Credit Counseling A service to help consumers manage their debt load and credit more wisely.

Credit Guard A service that monitors your credit records.

Credit History The complete record of your borrowing and repayment performance.

Credit Management Following an individual plan for using credit wisely.

Credit Payment Plan A record of your debts and a strategy for paying them off.

Credit Rating A measure of creditworthiness based on an analysis of your credit and financial history.

Credit Repair The process of reestablishing a good credit rating.

Credit Report A written statement of a consumer's credit history, issued by a credit bureau to businesses.

Credit Score The total of assigned points used to determine the likelihood that you will repay debt as agreed.

Creditor A person or business that loans money to others.

Creditworthy A determination that you are a good credit risk.

Cremation A process of reducing a body to ashes in a high-temperature oven.

Criminal Case A case which involves a government unit who is accusing an individual of committing a crime.

Critical Listening The ability to differentiate facts from opinion.

Custom A long-established practice that takes on the force of an unwritten law.

D

Database A computer program that sorts data for easy search and retrieval.

Dealer Add-Ons High-priced, high-profit dealer services that add little or no value to an automobile.

Debenture A corporate bond that is based on the general creditworthiness of the company.

Debit Card A plastic card that deducts money from a checking account almost immediately to pay for purchases.

Debt Adjustment The formal process of taking over your debt situation for a period of time, after which you will be free of debt.

Debt Collector A person or company hired by a creditor to collect the overdue balance on an account.

Debt Management Plan (DMP) A plan which involves giving money each month to a credit counseling organization.

Debt Negotiation Program Hiring a company to call your creditors to negotiate reductions in the amounts owed.

Debtor A person who borrows money from others.

Deception Occurs when false or misleading claims are made about the quality, the price, or the purpose of a particular product.

Deductible The specified amount of a loss that you (the insured) will have to pay.

Deductions Amounts subtracted from your gross pay.

Deed The legal document that transfers title of real property from one party to another.

Defendant The person against whom the lawsuit is filed.

Deferred Billing A service available to charge customers whereby purchases are not billed to the customer until much later than the standard billing time.

Defined-Benefit Plan A company-sponsored retirement plan in which retired employees receive a set monthly amount based on wages earned and number of years of service.

Defined-Contribution Plan A company-sponsored retirement plan in which employees can receive a periodic or lump-sum payment based on their account balance and the performance of the investments in their account.

Demand Deposit A type of bank account from which funds may be withdrawn at any time.

Dependability A character trait that means you can be counted on to do what you say you will do.

Dependent A person who lives with you and for whom you pay more than half of his or her living expenses.

Deposition A sworn statement of a witness that is recorded and often videotaped to preserve the memory of the issues at hand.

Depreciation The decline in the value of property due to normal wear and tear.

Direct Deposit Your net pay is deposited electronically into your bank account.

Direct Investment Buying stock directly from a corporation.

Disability Insurance An insurance plan that makes regular payments to replace income lost when illness or injury prevents the insured from working.

Discharged Debts Debts erased by the court during bankruptcy proceedings.

Discount Bond A savings bond that is purchased for less than its maturity value.

Discount Points Used to lower the mortgage interest rate.

Discrimination Treating people differently based on prejudice rather than individual merit.

Disposable Income The money you have left to spend or save after taxes and other required deductions are taken.

Disputing a Charge Asking the credit issuer to reverse the charge on your account.

Dissolution of Marriage The breakdown of a marriage due to irreconcilable differences (no-fault).

Diversification The spreading of risk among many types of investments.

Dividend Reinvestment Using dividends previously earned on the stock to buy more shares.

Dividends Money paid to stockholders from the corporation's earnings.

Divorce Decree A final statement of the dissolution decisions.

Dormitory An on-campus building that contains many small rooms that are rented out to students.

Double Indemnity A rider that allows the beneficiary to be paid double the face amount of the insurance policy in the event of accidental death.

Down Payment The amount paid at purchase to bring down the amount owed.

Driving Record Includes the number and type of traffic tickets you've received for driving infractions and misdemeanors along with the number of accidents in which you've been involved.

Duplex A building with two separate living quarters.

E

Earnest-Money Offer An offer to buy property accompanied by a deposit.

Economic Risk A risk that may result in gain or loss because of changing economic conditions.

Economy Refers to all activities related to production and distribution of goods and services in a geographic area.

Electronic Funds Transfer (EFT) A computer-based system that moves money from one account to another without writing a check or using cash.

Employee Assistance Plan (EAP) A group benefit that allows employees and their families to seek counseling and other mental-health services.

Employee Expenses Any costs of working paid by the employee that are not reimbursed by the employer.

Employment Agencies Help job seekers find a job for which they are qualified.

Employment Application Also called a job application, it is a form that asks questions of people who apply for a job.

Encryption A code that protects your account number and other information online.

Endorsement A written amendment to an insurance policy.

Engaged Being formally pledged or in a committed relationship.

Entrepreneur Someone who organizes, manages, and assumes the ownership risks of a new business.

Equity Difference between the market value of property and the amount owed on it.

Escrow Account A fund where money is held to pay amounts that will come due during the year.

Estate All that a person owns, less debts owed, at the time of the person's death.

Estate Tax A tax on property transferred from an estate to its heirs.

Evaluation A report that discusses the employee's strengths and weaknesses in

performing the job and how well the employee helped to meet the company goals.

Eviction The legal process of removing a tenant from rental property.

Exclusions Specific losses that the insurance policy does not cover.

Exempt Status Available only to people who will not earn enough in the year to owe any federal income tax.

Exempted Property Assets considered necessary for survival that a bankrupt debtor is allowed to keep.

Exemption An amount you may subtract from your income for each person who depends on your income to live.

Experience The knowledge and skills acquired from working in a career field.

F

FAA An agency of the U.S. Department of Transportation that controls air traffic and certifies aircraft, airports, pilots, and other personnel.

Face Value The amount the bondholder will be repaid at maturity.

Fake Sale A consumer fraud where a merchant advertises a big sale but keeps the items at regular price or makes the price tags look like a price reduction when there actually is none.

FCC An agency that regulates interstate and international communications by radio, television, wire, satellite, and cable.

FDA An agency that enforces laws and regulations preventing distribution of mislabeled foods, drugs, cosmetics, and medical devices.

FHA Loan A government-sponsored loan that carries mortgage insurance.

Fiat Money Money which is not backed by gold, but by faith in the general economy and government of the country.

Filing Status Your tax-filing group based on your marital status.

Finance Charge The total dollar amount of all interest and fees you pay for the use of credit.

Finance Company An organization that makes high-risk consumer loans.

Financial Plan A set of goals for spending, saving, and investing the money you receive.

Fixed Expenses Costs that do not change from month to month.

Fixed-Rate Loans Loans for which the interest rate does not change over the life of the loan.

Fixed-Rate Mortgage A mortgage on which the interest rate does not change.

Flammability The capacity for catching on fire.

Flex 125 Plan An employee benefit program that allows employees to set aside money, pretax, to help pay deductibles, copayments, and other health expenses during the year that are not covered by insurance.

Flextime A type of work schedule that allows employees to choose their working hours within defined limits.

Floating a Check Writing a check and hoping to cover it with a deposit before it clears.

Follow-Up Contact with the employer after the interview but before hiring occurs to remind the employer of who you are and possibly improve your chance of getting the job.

Form W-2 A summary of the income you earned during the year and all amounts the employer withheld for taxes.

Form W-4 A form that asks for your name, address, Social Security number, marital status and the number of exemptions you are claiming for income tax purposes.

Formal Wedding A wedding with long gowns and tuxedos worn by the wedding party and guests.

Front-end load A mutual fund that charges its fee up front.

FTC An agency that regulates unfair methods of competition, false or deceptive advertising, deceptive product labeling, inaccurate or obsolete information on credit reports, and concealment of the true cost of credit.

FTC Rule Requires that dealers fully disclose to buyers what is and is not covered under warranty for a used vehicle.

Furnished Rental A rental unit in which basic furnishings—bed, dresser, sofa, chairs, lamps, and so on—are provided.

Futures Contracts to buy and sell commodities or stocks for a specified price on a specified date in the future.

G

Garnishment A legal process that allows part of your paycheck to be withheld to pay a debt.

Gems Natural, precious stones, such as diamonds, rubies, sapphires, and emeralds.

General Obligation Bond A municipal bond backed by the power of the issuing state or local government to levy taxes to pay back the debt.

Generic Drugs Less-expensive medications with the same composition as the equivalent brand-name drugs.

Gift Tax A tax applied to a gift of money or property.

Global Fund A mutual fund that purchases international stocks and bonds as well as U.S. securities.

Goal A desired end toward which efforts are directed.

Grace period A timeframe within which you may pay your current balance in full and incur no interest charges.

Grants Forms of educational funding that do not have to be repaid.

Gross Income All taxable income you receive, including wages, salaries, and tips.

Gross Pay The total amount you earn before any deductions are subtracted.

Group Insurance A type of health insurance in which all those insured have the same coverage and pay a set premium.

Growth and Income Fund A mutual fund whose investment goal is to earn returns from both dividends and capital gains.

Growth Fund A mutual fund whose investment goal is to buy stocks that will increase in value over time.

Growth Stocks Stocks in corporations that reinvest their profits into the business so that it can grow.

H

Headhunter Type of employment agency that seeks out highly qualified people to fill important positions for an employer.

Health Insurance A plan for sharing the risk of high medical costs resulting from injury or illness.

Hearing Process of perceiving sound.

Hedge Any investment or action that helps offset against loss from another investment or action.

Heir A person who will inherit property from someone who dies.

HMO A group plan offering prepaid medical care to its members.

Homeowner's Policy Insurance that protects property owners from property and liability risks.

Hospice A nonprofit agency that has trained, compassionate people who assist those who are dying and their families.

HSA A health savings account used in association with a medical plan that carries a high deductible.

Human Relations The art of getting along with others.

Hybrid A type of vehicle that uses alternate energy sources, such as natural gas or battery power, in addition to gasoline.

Hygiene Factors Job elements that dissatisfy when absent but do not add to satisfaction when present.

I

Identity Who a person is and how they fit in.

Identity Theft Stealing personal information, such as credit card numbers and Social Security numbers, to gain access to a person's finances, often to make purchases with credit.

Impulse Buying Buying something without thinking about it.

Incentive Pay Money offered to encourage employees to strive for higher levels of performance.

Income Fund A mutual fund whose investment goal is to produce current income in the form of interest or dividends.

Income Stocks Stocks that have a consistent history of paying high dividends.

Incontestable Clause A provision in an insurance policy that prevents denial of coverage after a period of time.

Indemnification Putting the policyholder back in the same financial condition he or she was in before a loss occurred.

Index Fund A mutual fund that tries to match the performance of a particular index by investing in the companies included in that index.

Individual Retirement Account (IRA) A retirement savings plan that allows individuals to set aside up to a specified amount each year and delay paying tax on the earnings until they begin withdrawing it at age 59½ or later.

Industry Advertising Advertising intended to promote a general product group without regard to where these products are purchased.

Inflation An economic period where prices are rising and purchasing power is decreasing.

Infomercial A lengthy paid TV advertisement that includes testimonials, product demonstrations, and presentation of product features.

Informal Wedding A wedding which may be held outside with no special attire needed.

Inheritance Tax A tax imposed on an heir who inherits property from an estate.

Initiative Taking the lead, recognizing what needs to be done, and doing it without having to be told.

Innovations New ideas, products, or services that bring about changes in the way we live.

Insurable Interest Any financial interest in life or property such that, if the life or property were lost or harmed, the insured would suffer financially.

Insurable Risk A pure risk that is faced by a large number of people and for which the amount of the loss can be predicted.

Insurance A method for spreading individual risk among a large group of people to make losses more affordable for all.

Interest Earnings on principal.

Interests The things you like to do.

Investing The use of long-term savings to earn a financial return.

Investing Risk The chance that an investment's value will decrease.

Investment-Grade Bonds A bond that is considered of the highest quality.

Invoice Price The price the dealer paid for a car.

Involuntary Bankruptcy Bankruptcy that occurs when creditors file a petition with the court against a debtor.

Itemized Deductions Expenses listed on Schedule A that you can subtract from adjusted gross income to determine taxable income.

Itinerary A detailed schedule of events, times, and places.

J

Job Analysis An evaluation of the positive and negative attributes of a given type of work.

Job Interview A face-to-face meeting with a potential employer to discuss a job opening.

Job Rotation A job design in which employees are trained to do more than one specialized task.

Job Shadowing Spending time with a worker in the type of job that interests you to see how activities are performed on a daily basis.

Job Sharing A job design in which two people share one full-time position.

Judgment The final court ruling that resolves the key issues and establishes the rights and obligations of each party.

Junk Bond A bond that has a low rating or no rating at all.

K

Keogh Plan A tax-deferred retirement savings plan available to self-employed individuals and their employees.

L

Labor Union A group of people who work in the same or similar occupations, organized for the benefit of all employees in these occupations.

Landlord The owner or owner's representative of rental property.

Lease A written agreement that allows a tenant to use property for a set period of time at a set rent payment.

Lemon A car with substantial defects that the manufacturer has been unable to fix after repeated attempts.

Lemon Laws Laws that protect consumers from the consequences of buying a defective car.

Lessee The tenant or person who will take possession of the property.

Lessor The landlord or person responsible for the property.

Letter Address Also called the inside address, it contains the name and address of the person or company to whom you are writing.

Leverage The use of borrowed money to buy securities.

Liabilities Money or debts that you owe to others.

Liability Coverage Insurance to protect against claims for bodily injury to another person or damage to another person's property.

Liability Risk The chance of loss that may occur when your errors or actions result in injuries to others or damages to their property.

Lien A financial claim against property.

Life Insurance Insurance that provides funds to the beneficiaries when the insured dies.

Life-Enhancing Wants Items beyond basic needs that add to your quality of life.

Lifelong Learner Actively seeking new knowledge, skills, and experiences that will add to your professional and personal growth throughout your life.

Lifestyle The way people choose to live their lives, based on the values they have chosen.

Line of Credit A preestablished amount that can be borrowed on demand with no collateral.

Liquidation A type of bankruptcy (straight) where assets are sold and debts are paid as much as possible; there is no repayment plan.

Liquidity A measure of how quickly you can get your cash without loss of value.

Listening An active hearing process that requires concentration and effort.

Load The sales fee charged for buying mutual funds.

Loan Consolidation Combining many loans into one large loan with one monthly payment.

Loan Origination Fee The amount charged by a bank or other lender to process the loan papers.

Loan Sharks Unlicensed lenders who charge illegally high interest rates.

Lobbying An attempt to influence public officials to pass laws and make decisions that benefit a profession.

Long-Term Needs Expenses that are costly and require years of planning and saving.

Loss Leader An item of merchandise marked down to an unusually low price, sometimes below the store's cost.

Low-Balling Advertising a service at an unusually low price to lure customers and then attempting to persuade them that they need additional services.

Loyalty A work habit based on respect.

M

Major Medical Coverage Coverage which provides protection against the catastrophic expenses of a serious injury or illness.

Market Economy An economy where both market forces and government decisions determine which goods and services are produced and how they are distributed.

Market Value The price for which stock is bought and sold in the marketplace.

Marketable Of such quality that the employer can sell it or use it to favorably represent the company.

Maturity Date The date on which an investment becomes due for payment.

Mediation A dispute resolution method in which an independent third person, a mediator, helps the parties to reach a solution in a controlled environment.

Micromarketing A marketing strategy designed to target specific people or small groups who are likely to want certain products.

Minimum Wage The lowest wage that an employer may pay an employee as established by law.

Money Anything that can be used to settle debt.

Money Market Account A type of savings account that offers a more competitive interest rate than a regular savings account.

Money Market Fund A mutual fund that invests in safe, liquid securities, such as Treasury Bills and bonds that mature in less than a year.

Monopoly A market with many buyers but only one seller.

Mortgage A loan to purchase real estate.

Motivators Job elements that increase job satisfaction.

Moving costs Expenses of packing, loading, transporting, unloading and unpacking.

Municipal Bond A bond issued by state and local governments.

Mutual Fund A professionally managed group of investments.

N

Negotiable An instrument that is legally collectible.

Negotiation The process of finding a solution to a dispute that is acceptable to both sides through informal discussion.

Net Asset Value The market price for a share of a mutual fund.

Net Pay The amount left after all deductions are taken out of your gross pay.

Net Worth The difference between assets and liabilities.

Networks Informal groups of people with common interests who interact for mutual assistance.

NIST An agency that develops and rewards standards of excellence in business.

No-Fault Insurance Automobile insurance in which drivers receive reimbursement from their own insurer, no matter who caused the accident.

Notarized A process that verifies the signature of a person who signs a document.

O

Odd-Number Pricing The practice of setting prices at uneven amounts rather than whole dollars to make them seem lower.

Open-End Credit A credit arrangement in which a borrower can use credit up to a stated limit.

Open-Ended Questions Require you to respond in paragraphs and talk about yourself.

Opportunity Cost The value of your next best choice—what you are giving up.

Option The right, but not the obligation, to buy or sell a commodity or stock for a specified price within a specified time period.

Overbook To sell more reservations than an airline can fulfill.

Overdraft A check written for more money than your account contains.

Overdraft Protection A bank service that covers checks even if you have insufficient funds in your checking account.

Overtime Time worked beyond regular hours.

Oxidize A chemical reaction with air that causes paint to lose its color and shine.

P

Par Value An assigned dollar value given to each share of stock.

Pawnbroker (or Pawnshop) A legal business that makes high-interest loans based on the value of personal possessions pledged as collateral.

Payroll Savings Plan A plan in which you authorize your employer to make automatic deductions from your paycheck each pay period.

Penny Stocks Low-priced stocks of small companies that have no track record.

Permanent Investments Investment choices held for the long run.

Permanent Life Insurance A life insurance policy that remains in effect for the insured's lifetime and builds a cash value.

Personal Injury Protection (PIP) Automobile insurance that pays for medical, hospital, and funeral costs of the insured's family and passengers, regardless of fault.

Personal Preferences Your tastes, or likes and dislikes.

Personal Property Floater Insurance coverage for the insured's movable property wherever it may be located.

Personal Risk The chance of loss involving your income and standard of living.

Personality Made up of the many individual qualities that make you unique.

Phishing A scam that uses online pop-up messages or e-mail to deceive you into disclosing personal information.

Pigeon Drop Any method used by experienced con artists to convince vulnerable people to invest in phony investments, swampland real estate, or other swindles.

Placement Centers A service offered at schools to help students and former students with careers and employment.

Plaintiff The person who brings a lawsuit by filing the complaint.

Point System 1. A method of evaluation in which points are assigned by a credit bureau based on several factors. 2. A rating system to determine insurance rates.

Polishing Compound A substance that can smooth out surface scratches, scuffs, and stains.

Portability The feature that allows a group policy to be converted into an individual policy.

Portfolio A collection of investments.

Power of Attorney A legal document authorizing someone to act on your behalf.

PPO A group of health care providers who band together to provide health services for set fees.

Preapproval The process of getting a new- or used-car loan prearranged through your bank or credit union.

Precious Metals Tangible metals that have known and universal value worldwide.

Preferred Stock Represents a type of stock that pays a fixed dividend but has no voting rights.

Premium The cost (usually monthly) of an insurance policy.

Prime Rate The interest rate that banks offer to their best business customers.

Principal 1. The total amount borrowed.
2. Amount deposited on which interest will be paid.

Product Advertising Advertising intended to convince consumers to buy a specific good or service.

Productivity The relationship between the cost of paying for workers and the output that is received from their work.

Progressive Taxes Taxes that take a larger share of income as the amount of income grows.

Promotion The ability to advance to positions of greater responsibility and higher pay.

Property Risk The chance of loss or harm to personal or real property.

Property Settlement Agreement A document specifying division of assets agreed to by a divorcing couple outside of court and submitted for the judge's approval.

Proportional Taxes Taxes for which the rate stays the same, or is flat, regardless of income.

Prospectus The legal document that offers securities or mutual fund shares for sale.

Proxy A stockholder's written authorization to transfer his or her voting rights to someone else, usually a company manager.

Prudent Laysperson A reasonable untrained person in a similar position.

Public Goods The goods and services provided by government to its citizens.

Punctuality Being ready to start work at the appointed time.

Pure Risk A chance of loss with no chance for gain.

Pyramid Schemes Multilevel marketing plans that promise distributors commissions from their own sales and those of other distributors they recruit.

R

Rate The percentage of interest you will pay on a loan.

Reaffirmation The agreement to pay debts that have been legally discharged.

Real Estate Land and the buildings on it.

Rebate Plan A plan in which you get back a portion of what you spent in credit purchases over the year.

Recall A request for consumers to return a defective product to the manufacturer for a refund or repair.

Redress A remedy to a problem.

Reference Letter Statement attesting to your character, abilities, and experience, written by someone who can be relied upon to give a sincere report.

References People who have known you for at least a year and can provide information about your skills, character and achievements.

Regressive Taxes Taxes that take a smaller share of income as the amount of income grows.

Rent-To-Own Option Renting furniture with an option to buy at a reduced price at the end of the rental period.

Rental Agreement A written agreement that allows you to leave anytime as long as you give the required notice.

Rental Inventory A detailed list of current property conditions.

Renter's Policy Insurance that protects renters from property and liability risks.

Renting The process of using another person's property for a fee.

Reservation An advance commitment to receive a service at a specified later date.

Restrictive Endorsement An endorsement that limits the use of a check.

Resume Often called a personal data sheet, biographical summary, professional file or vita that describes your work experience, education, abilities, interests, and other information that may be of interest to an employer.

Retraining Learning new and different skills so that an employee can retain the same level of employability.

Return Address The first thing to appear at the top of the application letter.

Revenue Incoming funds to the government collected from citizens and businesses in the form of taxes.

Revenue Bond A municipal bond issued to raise money for a public-works project.

Reverse Mortgage A loan against the equity in the borrower's home.

Rewards Program A payback in the form of points that can be redeemed for merchandise.

Risk Assessment Understanding the types of risk you will face and their potential consequences.

Risk Assumption Accepting the consequences of risk by self-insuring to absorb the loss.

Risk Avoidance Lowering your chance of loss by not doing high-risk activities.

Risk Management An organized strategy for controlling financial loss from pure risks and insurable risks.

Risk Reduction Taking measures to lessen the frequency or severity of losses that might occur.

Risk Shifting Transferring risk by buying insurance to cover potential losses.

Roth IRA A type of IRA where contributions are taxed, but earnings are not.

Rule of 72 A technique for estimating the number of years required to double your money at a given rate of return.

S

Safe Deposit Box A place at your bank available to store valuable items or documents.

Safety of Principal A guarantee that you will not lose your savings deposit.

Salary The amount of monthly or annual pay that you will earn for your labor.

Salutation The greeting that begins your letter.

Scarcity A situation in which consumers' wants are unlimited, while the resources for producing the products to satisfy those wants are limited.

Scholarships Cash allowances awarded to students to pay education costs.

SEC An agency that protects investors and maintains the integrity of the securities markets. (Securities and Exchange Commission)

Secured Bond A bond that is backed by specific assets as collateral.

Securities Exchange A marketplace where brokers who are representing investors meet to buy and sell securities.

Security Deposit A refundable amount a renter pays in advance to protect the owner against damage or nonpayment.

Self-Actualization The need to reach one's full potential to grow and to be creative.

Self-Assessment Inventory Lists your strong and weak points along with plans for improvement as you prepare for a career.

Self-Employment Tax The total Social Security and Medicare tax, including employer-matching contributions, paid by people who work for themselves.

Self-Esteem Self-respect and recognition from others.

Semiformal Wedding A wedding which is usually held during the afternoon or early evening, with less formal wear required of guests.

Seniority Refers to the length of time on the job and is used to determine transfers,

promotions, and vacation time according to most union contracts.

Service Credit The providing of a service for which you will pay later.

Short Selling Selling stock borrowed from a broker that must be replaced at a later time.

Short-Term Needs Expenses beyond your regular monthly items.

Simple Interest Interest computed only on the amount borrowed, without compounding.

Simplified Employee Pension (SEP) A tax-deferred retirement plan available to small businesses.

Small Claims Court A court of limited jurisdiction that decides small matters quickly with minimum cost.

Socialist Economic System A system characterized by a large degree of government control of many of the decisions within the nation.

Space-Shifting Copying the contents of CDs and other media to portable devices.

Special Endorsement An endorsement that transfers the right to cash the check to someone else.

Speculative Risk A risk that may result in either gain or loss.

Spousal Support Money paid by one former spouse to support the other.

Spreadsheet A computer program that organizes data in columns and rows.

Standard Deduction A stated amount you can subtract from adjusted gross income if you do not itemize deductions.

Statute of Limitations A legally defined time limit in which a lawsuit may be filed for various complaints.

Sticker Price The manufacturer's suggested retail price (MSRP) shown on the tag in the car's window.

Stock Unit of ownership in a corporation.

Stock Split An increase in the number of outstanding shares of a company's stock.

Stockholders People who own shares of stock.

Stop-Loss Provision An insurance clause that caps or sets a maximum that the insured has to pay during any calendar year.

Stop-Payment Order A request that the bank not honor a specific check.

Student Loans Money borrowed to pay for education.

Studio Apartment An apartment with one large room that serves as the kitchen, living room, and bedroom.

Subscribers Businesses that supply information to credit bureaus about their customers.

Sunk Cost An expense that occurred in the past for which the money cannot be recovered.

Supervision Providing new and current employees with the information and training they need to do their job well.

Sympathetic Listening Often called empathic listening, which is the ability to perceive another person's point of view and to sense what the person is feeling.

T

Target Market A specific consumer group to which advertisements are designed to appeal.

Tax Brackets Income tax ranges from 10 to 35 percent based on income.

Tax Credit An amount subtracted directly from the tax owed.

Tax Evasion Willful failure to pay taxes.

Taxable Income The amount on which you will pay income tax.

Teamwork Working cooperatively in order to achieve a group goal.

Temporary Agency Commonly referred to as a "temp agency," provides part- or full-time temporary job placement.

Temporary Investments Investment choices that will be reevaluated in the short term.

Temporary Life Insurance A life insurance policy that remains in effect for a specified period of time.

Tenant A person who rents property.

Term Life Insurance The most common form of temporary life insurance—a life insurance policy that remains in effect for a specified period of time.

Thank-You Letter Shows appreciation to the employer for taking time to speak with you.

Time-Shifting Recording a video or audio for later viewing or listening.

Time The period during which the borrower will repay a loan.

Title Legally established ownership to property.

Title Insurance A policy that protects you from any claims arising from a defective title.

Townhouse A living space that has two or more levels.

Tradeoff Giving up one option in exchange for another.

Traditional Economic System A system in which the people decide what decisions will be made and how they will be made.

Traditional IRA An IRA for which you can deduct your contribution each year from your taxable income.

Transcripts School records that include a listing of courses you have taken along

with the credits and grades you received for them.

Travel Agency A business that arranges transportation, accommodations, and itineraries for customers.

Traveler's Checks Check forms in specific denominations that are used instead of cash while traveling.

Trust Deed A debt security instrument that shows as a lien against property.

Trust A legal document in which an individual gives someone else control of property, for ultimate distribution to another person.

U

Umbrella Liability Insurance A supplement to your basic auto and property liability coverage that expands limits and includes additional risks.

Unemployment Insurance Provides benefits to workers who lose their jobs through no fault of their own.

Unfair Labor Practice (ULP) A complaint filed by an employee claiming violation of a labor contract.

Unfurnished Rental A rental unit in which furnishings generally are not included; however, basic kitchen appliances such as a stove and refrigerator may or may not be included.

Uninsured/Underinsured Coverage Automobile insurance that pays for your injuries when the other driver is legally liable but unable to pay.

Uninvited Guest A person presumed to have permission to be on your property.

Unused Credit The remaining credit available to you on current accounts.

Upgrading Advancing to a higher level of skill to increase your usefulness to an employer.

Upholstery The seat-covering material in a car.

USDA An agency that protects the food supply in the United States.

USPIS A federal law enforcement agency that investigates consumer problems pertaining to illegal use of the mail.

Usury Law A state law that sets a maximum interest rate that may be charged for consumer loans.

V

Values The ideals in life that are important to you.

Variable Expenses Costs that vary in amount and type, depending on the choices you make.

Variable-Rate Loans Loans for which the interest rate goes up and down with inflation and other economic indicators.

Vehicle Emission Test A test to verify that a vehicle meets the minimum clean-air standards.

Vehicle Identification Number (VIN) An alphanumeric number that identifies each vehicle manufactured or sold in the United States.

Verdict The decision reached by a jury.

Vested The point at which employees have full rights to their retirement accounts.

Voluntary Bankruptcy Bankruptcy that occurs when you file a petition with a federal court asking to be declared bankrupt.

Voluntary Compliance A system in which all citizens are expected to prepare and file income tax returns of their own accord without force.

W

Warning Labels Product labels that advise consumers of risks and safety issues.

Warranty A written statement about a product's quality or performance. Warranties can also be implied (assumed to exist).

Wedding Party Active participants in a wedding ceremony.

Will A legal document that tells how an estate is to be distributed when a person dies.

Work Characteristics The daily activities of the job and the environment in which they must be performed.

Work History A record of the jobs you have held and how long you stayed with each.

Work Rules The do's and don'ts of fitting in successfully and having a positive work experience.

Work-Study A program where students work on campus to earn money.

Workers' Compensation An insurance program that pays benefits to workers and/or their families for injury.

Z

Zero-Coupon Bond A bond that is sold at a deep discount, makes no interest payments, and is redeemable for its face value at maturity.