

WORDS TO KNOW IN FINANCE

401(k) – a retirement plan offered by some employers that allows employees to save and invest in their retirement

automated teller machine (ATM) – a machine that allows people to complete basic transactions, such as checking their account balances, withdrawing or depositing funds, or transferring money between accounts

bonds – loans to a company or government that pay a fixed rate of interest to the lender over time

checkbook – a book of blank checks

checking account – a bank account that allows deposits and withdrawals; funds can be withdrawn through checks, debit cards, and more

credit – the ability for someone to borrow money and pay it back at a later date

credit card – a plastic or digital card that allows people to make purchases on credit

credit card balance – the amount of money owed to a credit card company

credit score – a number assigned to a person based on factors such as their ability to make payments and the amount of money they owe; the higher the score, the more likely a borrower is to be able to repay loans

debit card – a plastic or digital card that deducts money directly from a checking account to make purchases

deductions – items withheld from a person's pay, usually relating to benefits such as health-care or retirement funds

deposit – the placement of money into a checking or savings account

direct deposit – an electronic payment directly to an employee's account by an employer

fraudulent transaction – a transaction that was unauthorized by an account holder

gross pay – full amount of pay received before withholdings and deductions

interest – a charge incurred for borrowing money, usually as a percentage of the money owed

issuer – a company that provides credit cards

minimum balance – the minimum dollar amount a bank requires its customers to keep in their bank accounts; dipping below this amount can result in fees

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(continued)

minimum payment – the lowest amount of money required to be paid on a loan or credit card balance each payment due date

negative balance – an account balance of less than zero, indicating that more money has been spent than was available in the account

net pay – amount of pay remaining after deductions from a person's gross pay

online banking – known as internet banking or web banking, an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website or app

overdraft fee – a fee incurred when a bank covers a payment that is greater than the available funds in a checking account

pay period – the recurring schedule that determines how frequently a person is paid

paycheck – a check or payment for salary or wages

payment schedule – a schedule of when repayment is made between a borrower and a lender

pay stub – a piece of paper accompanying each paycheck that lists gross pay, withholdings, deductions, and net pay

pending transaction – an approved transaction that may be reflected in your account balance but has yet to be fully processed

posted transaction – an account transaction that has been fully processed

savings account – a bank account that earns interest and is meant to hold funds for an extended period of time

SIMPLE IRA – a retirement plan designed for small businesses that allows employees to save and invest in their retirement

state and federal unemployment taxes – amount of pay withheld to cover unemployment taxes

union dues – regular payments made to labor unions (which are organizations that represent collective interests of employees) to cover the cost of membership

withdraw – to take money out of an account

withholdings – mandatory items withheld from a person's pay, such as income taxes, Social Security taxes, and unemployment taxes