

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**checking account** – a bank account that allows deposits and withdrawals; funds can be withdrawn through checks, debit cards, and more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

# WORDS TO KNOW IN FINANCE

## (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

# PAYCHECK

Burke Food Supply Company  
123 Avenue Q  
Los Angeles, CA 90019

Dolores Lopez  
714 Ivy Road  
Los Angeles 90018

Check number: 7207869  
Pay period ending: 8/14/20XX

## Hours and Earnings

## Taxes and Deductions

Description	Amount	Description	Current Amount	Y-T-D Amount
Rate of pay Reg.	15.00	FICA Tax	22.95	757.35
Hours Worked	20	Fed. Income Tax	23.43	773.19
		State Income Tax	2.82	93.06
		State Disability Tax	3.00	99.00
		Union Dues	2.00	66.00
Gross Pay	300.00			
Net Pay	245.80			
Total Gross Y-T-D	9,900.00	Total	54.20	1,788.60

## Statement of earnings. Detach and keep for records.

Burke Food Supply Company  
123 Avenue Q  
Los Angeles, CA 90019

**7207869**

**Date:** August 14, 20XX

**Pay to the  
order of**

Dolores Lopez  
714 Ivy Road  
Los Angeles, CA 90018

**\$\*\*\*245.80**

Two Hundred forty-five And 80/100 ..... **DOLLARS**

City Savings & Loan  
23 Sebastian St.  
Los Angeles, CA 90230

Joseph W. Burke

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