

KNOWING YOUR FINANCES

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 and withdrawing or depositing funds

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Account – a transactional bank account that allows deposits and withdrawals but accrues minimal interest; funds can be withdrawn through checks, debit cards, and more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 that represents their ability to repay loans, based on factors such as their payment history and the amount of money they owe

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

Depositor – a person who keeps money in a bank account

Direct Deposit – an electronic payment directly to an employee's account by an employer

FICA Tax – federal payroll deductions used to fund Social Security and Medicare

Federal Income Tax – taxes levied by the federal government to fund federal programs and services such as defense, education, and infrastructure

Fraudulent Transaction – a transaction that was unauthorized by an account holder

Gross Pay – full amount of pay received before withholdings and deductions

In Trust – to hold and protect on behalf of someone else

Interest – a charge incurred for borrowing money, usually as a percentage of what is owed

Issuer – a company that provides credit cards

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Mandatory Deductions – amounts withheld from a paycheck to meet income tax and other obligations required by law

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

Minimum Payment – the lowest amount of money required to be paid on a loan or credit card balance each payment schedule

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

Overdraft Fee – a fee incurred for when a bank covers a payment which 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 repayment between a borrower and a lender

Paystub – 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 Income Tax – taxes levied by a state to fund programs and services such as education, transportation, and law enforcement

Voluntary Deductions – optional amounts withheld from paychecks elected by the employee, generally to cover benefits such as health insurance premiums and retirement savings

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