FutureSmart^{SM} Glossary

Personal Values

Blueprint: A beginning design, outline, or plan that demonstrates the steps to creating something.

Career: The occupation or series of jobs that we take on during our working lives, typically how we earn money.

Career Path: The job-related progress and actions we take throughout our lifetimes that help us achieve our goals.

Company Culture: The attitudes and values of an organization and how they determine a variety of factors including work environment, what is expected of you, etc.

Financial Habits: The day-to-day way we manage our money and financial decisions.

Financial Plan: An outline of a person's financial goals and the plan that is needed to accomplish them.

Goal: An idea of the future or desired result that a person is working to achieve.

Habit: A routine or behavior that is done on a regular basis.

Lifestyle Costs: The amount of money needed to meet a basic standard of living.

Personal Values: Decision-making guidelines that help us figure out what to pursue and what to avoid. Personal values are a reflection of our needs, desires, and what we care most about in our lives.

FutureSmart^{SM} Glossary

Skill: The ability to do something well that comes from training, experience, or practice.

Values: What we consider to be important or beneficial in the way we live and work. Values determine our priorities and help guide the choices we make.

Work-Life Balance: The ability to focus on your job while balancing personal and family needs.

FutureSmart℠ Glossary

Smart Shopping

Budget: a plan for spending or saving money that is made up of income and expenses.

Discretionary Expense: spending that you have complete control over because it is not necessary spending.

Emergency Savings: an account used to put away funds to be used in an emergency.

Expenses: the money you're spending. This includes everything you buy, such as food, concert tickets, or even a pack of gum.

Fixed Expenses: an expense that occurs regularly. This amount typically does not change from month-to-month.

Income: money you earn, like money you may get from your birthday or allowance from your parents.

Need: when referring to budgeting, a need is an expense that you can't live without.

Opportunity cost: the next best alternative that was given up by making a certain decision.

Purchasing Power: the value of a currency expressed in terms of the amount of goods or services that one unit of money can buy.

FutureSmart℠ Glossary

Sales Tax: the tax you pay to the state or local government when purchasing an item. Sales tax differs by state and not all states have a sales tax.

Unit Price: the cost for one unit of an item.

Variable Expense: spending that is based on the purchase decisions you make. These can vary from month to month.

Want: when referring to budgeting, a want is an expense that you would like to have and is not an absolute necessity.

FutureSmart℠ Glossary

Ways to Pay

Annual Percentage Rate: interest rate charged by a credit card company on any outstanding credit card balance.

Credit Bureau: an agency that tracks a borrower's credit and payment history to determine their credit score.

Credit Card: a payment type that does not automatically draw money from your checking account. It provides a short-term loan from the credit card company. At the end of each purchase period (usually a month), you receive a bill with all of your charges. You will have the option to pay off your balance (the amount you owe) or pay the minimum payment. If you do not pay your entire balance, you start to pay interest on the money you owe.

Credit Card Bill: a statement showing the total amount of money owed based on your credit card transactions.

Credit Limit: the total amount of money you can charge to your credit card.

Credit Score: a three-digit numerical rating of how likely you are to pay off your debts.

Debit Card: a payment type that allows you to make purchases using money directly from your checking account.

Deposit: when money is added into a bank account, also known as a 'credit.'

Direct Deposit: when money is automatically transferred into your account electronically.

FutureSmart℠ Glossary

Federal Income Tax: a tax paid to the federal government based on the amount of money a person earns. Federal income taxes are used to fund government services such as healthcare, national defense, and scientific programs.

Income Tax: tax on the amount of money you earn that is paid to the federal or state government.

Initial Deposit Check: the amount of money that was previously sitting in your checking account.

Medicare Tax: tax that pays for healthcare for people ages 65 and over.

Minimum Monthly Payment: in regard to credit cards, this refers to the least amount of money you have to pay back on a monthly basis to avoid fees and penalties associated with not paying the minimum amount.

Net Pay: the amount of pay you take home after all taxes are taken out.

Payday Loans: a loan in the form of cash before you receive your paycheck, also known as “cash advances.” Payday loans typically have very high fees and interest rates.

Prepaid Cards: a card that allows you to put a specific amount of money onto it. Prepaid cards usually come with additional fees and charges, such an activation fee, a fee for each purchase, or fees if you don’t use the card for a specific amount of time.

Salary: a fixed payment, usually paid on a weekly or bi-weekly basis that does not vary depending on how little or how much you work.

FutureSmart℠ Glossary

Social Security Tax: tax that pays for people who are currently retired and for the future retired population.

State Income Tax: taxes paid to the state where you live or work based on the amount of money you earn. State income taxes are used to help support schools, maintain roads and keep people safe. The amount of state income tax varies by state – some states do not have state income tax at all.

Stipend: a fixed amount paid for work, usually on a scheduled basis or after a set amount of time.

Taxes Withheld: amount taken out of your paycheck to pay for income taxes.

Wage: amount paid based on a certain time period. You can earn a certain wage per hour, day or week.

FutureSmart℠ Glossary

Investing in You

529 College Savings Plan: a savings account that is specifically designed to help you and your family save for high education. The money in the account can only be used to pay for educational expenses, like tuition, room and board, and textbooks.

Associate Degree: a type of degree that typically takes two years of full-time study after high school and is dedicated training toward a specific career or skill.

Bachelor's Degree: a type of degree that normally takes four years of full-time study, also known as an undergraduate degree. You can earn a Bachelor of Science or Bachelor of Arts degree.

Community College: typically, a two-year higher education institution, also known as a junior college, that costs less than a four-year college.

Demand: measures the number of people who are willing to buy a particular good or service at a given price. In a labor market, demand is the number of employers seeking workers for a particular position.

Doctoral Degree: a type of degree that is highly specialized in regard to a specific profession and typically takes three to five years to earn after completing your bachelor's degree.

Economic Indicators: a piece of economic data that is used to interpret current or future investment possibilities and judge the overall health of an economy.

Economy: a network of consumers and producers of goods and services in a community.

FutureSmart℠ Glossary

Expected family Contribution: a term used in the college financial aid process to determine an applicant's eligibility for need-based student aid, abbreviation EFC.

FAFSA: an abbreviation for Free Application for Federal Student Aid. This is the main form students use to apply for federal education grants and loans. The amount of money a student is given or loaned depends on several factors, such as family income, marital status, the type of school a student is planning to attend, and more.

Family Savings: is the amount of money a family saves over time to help fund a relative's college education.

Federal Loans: are offered to students in need of financial assistance. The federal government makes interest payments while the student is in college.

Grant: provide money to students for college that does not have to be paid back.

High School Diploma: the degree you receive when you graduate from high school

In-State Tuition: typically, a discounted cost of enrollment for a higher education institute that is given to students that are from the same state the school is located in.

Job Skills: refers to the talent and expertise a person possesses to perform a certain job or task.

FutureSmart℠ Glossary

Master's Degree: after completing a bachelor's degree, you can continue on to complete a master's program in a variety of fields. This type of degree typically takes one or two years, but can sometimes be completed on evenings and weekends, while you're working full-time.

Private College: a higher education institute that is generally supported by private donations and tuition, and on average costs more than public colleges.

Private Loans: loans financed by lenders, like banks, credit unions and sometimes the school you attend.

Public College: a higher education institution that is generally supported by state government funds, and on average costs less than private institutions.

Scholarship: is a specific amount of money given to a student to help pay for education.

Supply: measures the amount of a specific good or service available for a given price.

Tuition: the cost to enroll in higher education.

Vocational Training: type of training that is usually focused on hands-on work that prepares you for skilled trades, like plumbing, cosmetology or car repair. This type of training can range in length from a few months to a couple years, and can be completed at community colleges, trade schools, or private schools.

Work Study: provides funds to eligible students for part time employment to help finance the costs of college education.

FutureSmart℠ Glossary

Growing a Business

ATM: an abbreviation that stands for Automated Teller Machine. An ATM is a machine that allows you to make electronic deposits and withdrawals from your bank accounts.

ATM Fee: the amount of money you are charged for using another bank's ATM.

Auto Pay: a system that allows you to pay bills, like your cell phone bill, automatically from your checking account.

Certificate of Deposit: a type of savings vehicle in which you put your money away for a certain amount of time, called a term, to allow your principal to earn interest. Also known as a CD, this savings vehicle traditionally has higher interest rates than a savings account and you must keep the money in the CD for the entire term or you will pay a penalty.

Checking Account: a type of bank of account in which interest is not usually applied to the principal but offers a safe place to store your money and allows you to make withdrawals using an ATM card, debit card or personal check.

Compound Interest: interest that's generated not only from the money you put into an account, but also from the interest you earned on your money.

Deflation: when the price of goods or services decreases.

FDIC: stands for the Federal Deposit Insurance Corporation and is a corporation that insures deposits at banks that have purchased their coverage.

FutureSmart℠ Glossary

Inflation: when the price of goods or services increases.

Interest: a monetary fee you are charged for borrowing money.

Interest Rate: the percentage of interest you either make or pay on a principal.

Liquidity: Liquidity refers to how easy it is to get at your money. High liquidity means it's easy to get your money right away. Low liquidity means it's harder to access your funds.

Loss: negative earnings, or when your earned revenue is less than your total expenses.

Minimum Balance: the amount of money you must keep in your account.

Net Income: the amount of money a business makes, after all expenses have been paid for (net income = revenue - expenses).

Overdraft: taking out more money than what is in an account.

Overdraft Fee: a fee incurred when you take our more money than what is in your bank account.

Profit: positive earnings, when you have earned more in revenue than you spent on expenses.

Revenue: the amount of money a business makes within a specific time period, typically a month.

FutureSmart℠ Glossary

Savings Account: a type of savings vehicle in which interest is earned on the deposit amount (principal). Savings accounts usually require a minimum balance, offer lower interest rates, and have restrictions on the number of withdrawals allowed within a given time period.

Simple Interest: interest that is generated from the money you put into an account.

Total Revenue: the amount of money left over each month after paying expenses.

FutureSmart℠ Glossary

Your Financial Future

401(k): a retirement account offered through an employer, where an employee can contribute money from his or her paycheck before or after taxes.

Annual Out-of-Pocket Maximum: the most a person has to pay for medical services in a full year, outside of monthly premiums.

Beneficiary: the people that are financially protected under a life insurance policy.

Bond: an interest-earning loan to a company or government for a specific amount of time. At the end of the set amount of time, the company or government must pay back the loan amount in full, along with any accumulated interest. Bonds are often considered a low-risk investment.

Car Insurance: a type of insurance that covers any damage you may cause to another person or their vehicle.

Coinsurance: money that a person is required to pay for services, after a deductible has been paid.

Collision Insurance: a type of car insurance that covers vehicle damage caused by an accident.

Comprehensive Insurance: a type of car insurance that covers vehicle damages caused by non-collision events, such as storm damage or theft.

Copay: a fixed fee you pay for specific medical services.

FutureSmart℠ Glossary

Deductible: amount you are personally required to pay before your insurance covers the cost.

Health Insurance: a type of insurance that covers the cost of medical expenses.

Homeowners Insurance: a type of insurance that covers your home as well as your possessions inside, in cases of damage or loss.

Investment Return: how much money you could potentially earn from an investment, and it is usually expressed as a percentage.

Investment Risk: how likely it is that you'll lose money on an investment.

Investment Summary: the higher the risk, the higher the potential return or loss. And, the lower the risk, the lower the potential return or loss.

IRA: abbreviation for an "Individual Retirement Account," a retirement account designed for individual savers that offers tax savings, but has contribution limits and withdrawal restrictions.

Liability Insurance: a type of car insurance that covers any damage caused to another person or their vehicle.

Life Insurance: a type of insurance that provides financial security for a person (called a beneficiary) when someone close to them passes awa.

Mortgage: a type of loan used to finance the purchase of real estate.

Mutual Fund: is a mix of different investments, like stocks and bonds.

FutureSmart℠ Glossary

Premium: the amount you pay the insurance company for coverage, typically paid each month.

Renters Insurance: a type of insurance that can protect a person from property damage or loss in a rental property.

Security Deposit: money a property owner holds onto during the leasing period, that can later be used to pay for any damages to the property caused by the renters. The security deposit is usually equal to one month's rent.

Stock: a small piece of ownership in a company.

Stock exchange: a place to trade stocks.

Uninsured/Underinsured Motorist: a type of car insurance that covers any medical and repair bills if an accident occurs with another driver who does not have car insurance.