

Reading Makes CENTS

Glossary

A

Account—Money deposited in a financial institution (such as a bank, credit union, or brokerage firm) that may be withdrawn when you ask for it.

Advertisement—A message that tries to sell a product or service through television, radio, newspapers, magazines, Web sites or other places. The message is designed to make products or services seem necessary or desirable.

Allowance—Money given to children by parents on a regular basis to spend, save or share. It is part of income.

Assets—Items owned that are worth money.

Automated teller machine (ATM)—A machine used to electronically withdraw money from an account and/or deposit money in an account.

B

Balance—The amount of money in a financial account or the remaining amount owed on a debt.

Bank—A business that provides financial services, such as checking and saving accounts, loans to individuals and businesses, and other related services.

Barter—To trade or exchange a good or service for another good or service without using money.

Bond—A certificate or IOU document issued by a business or government agency to borrow money. The business or government agency promises to repay the lender a given amount by a given date.

Borrow—Money received as a loan that you agree to pay back at a later date.

Budget or spending plan—A guide to show where money comes from and where it is going. It outlines how income will be saved, spent and shared.

Bureau of Engraving and Printing—The agency of the United States Government responsible for printing paper money.

Business—A legal company that sells a product or service to make money.

C

Cash—Money in the form of paper bills or coins that can be used to buy goods or services.

Charity—An organization that provides goods, services and money for the benefit of individuals and families.

Check—A written or electronic order to a financial institution to pay a specific amount of money to a person or company from money in that bank.

Coins—Metal money, issued by a government, used to buy goods and services.

Collectibles—Objects or items that are expected to increase in monetary value such as baseball cards, dolls, model cars, trains, and books.

Compound interest—Interest earned on money saved in a bank plus any previous interest that was earned on that money. The value of an account increases faster when interest is compounded.

Counterfeiter—Someone who prints money illegally.

Credit—Money loaned for a fee that must be paid back in the future.

Credit card—A plastic card issued by a creditor that allows you to buy goods and services without paying for them immediately (a fee is charged).

Credit union—A not-for-profit financial institution owned and operated by its members. It has similar services as a bank. A credit union's members have something in common, such as working at the same business.

Currency—Money used to buy goods and services.

D

Debit—Money subtracted from an account.

Debit card—A plastic card that subtracts money from a checking account electronically when used to buy goods and services.

Debt—Money owed when buying on credit or borrowing money from a financial institution.

Default—Failure to pay back a loan.

Deposit—Money put in a financial institution to be held for future use or investments.

Depression—A period of time of high unemployment and a decline in businesses and stock market values.

Dividends—Company or corporation profits distributed to shareholders.

Dollar—Official paper money of the United States.

E

Earned income—Wages and salary received from paid work.

Earning—Making money from paid work, savings and investments.

Earnings—Money received from savings and investments.

Economy—Activities related to the production, distribution, exchange and use of goods and services.

Endorse—Your name written or signed on the back of a check so it can be cashed.

Entrepreneur—A person who starts a business or who assumes the risk of operating a business.



GLOSSARY



F

Federal Reserve System—The national banking system of the United States in charge of its credit and monetary policies.

Finance—The systems of money, banking and investment; Also, techniques and ways to borrow and handle your money.

Financial Institution—A business such as a bank, brokerage firm, credit union, or mutual fund company that handles financial transactions and accounts.

I

Income—Money received from earnings, wages, salary, profits on investment, interest earned on savings and other sources such as allowances and gifts.

Interest—The money a financial institution pays depositors for using their money. A charge added to the cost of borrowing money.

Investment—An asset that is expected to increase in monetary value over time.

L

Lending—Providing or loaning money to individuals and businesses.

Loan—Money that is borrowed.

M

Market—Any place where goods or services are bought and sold.

Mint—To make coins out of metal. In the United States, the U.S. Mint is part of the Treasury Department and is responsible for making coins.

Money—An acceptable item of exchange for goods and services recognized by the government of a country.

Mutual fund—An investment company that pools money from investors or shareholders to buy and sell stocks, bonds, and other securities.

N

Needs—Basic requirements to survive such as food, clothing, shelter, water and medical care.

O

Overdrawn—The lack of sufficient funds to cover debits from an account.

P

Personal identification number (PIN)—A special code or number that activates an ATM card, debit card, or other financial accounts.

Philanthropy—Giving money to make the world a better place to live for others.

Principal—A sum of money in an account, not including the interest. An amount of money borrowed on which interest must be paid.

Profit—The money a business has left after subtracting the costs of making and selling products or services.

R

Reserve—Money that is set aside to handle emergencies or unexpected events.

Risk—The chance of loss of money invested due to a variety of causes.

S

Save—Money/income set aside for later use.

Savings—Money put aside in a financial institution such as a bank or credit union, for use later.

Savings account—An account in a financial institution where money is kept and earns interest.

Services—Work done for others that may or may not be done for money.

Share—A part or unit of a company that may be purchased as an investment.

Stock—A share ownership of a company.

T

Taxes—A government fee individuals and businesses are charged to pay for public services such as schools, roads, and parks.

Tip—Money given to a service provider such as a server in a restaurant, hotel employee or hairdresser for providing a service.

Trade—To exchange items of value with another person or country, e.g., food, cars.

U

Unemployment or Unemployment Rate—The number of individuals who want to work but cannot find a job.

V

Value—People, ideas or things that are important to us and that we spend our time and money on.

W

Wants—Things people believe or think will make their lives happier or easier even though they can live without them. They are not critical to living.

Warranty—A written statement that comes with an item that guarantees it will work properly.

Withdrawal—Money removed from a financial account.