



# Words to Know

**Budget:** A plan for what you need and how much money you'll need to spend.

**Compound interest:** When you deposit money into a savings account, your money earns more money, called interest. Compound interest can help you earn even more money over time.

**Credit:** Money a company is willing to loan a person to purchase goods and services with the agreement that the money will be repaid with interest.

**Credit card:** A card issued by a bank, other financial institution, or business that allows consumers to purchase goods and services on credit. Credit cards are specific kinds of loans.

**Custodial account:** An account set up and maintained by an adult but intended for a person under legal age. When the person is old enough, the account reverts to their name.

**Debt:** The amount of money owed to lenders.

**Debit card:** A card used to pay for goods and services directly from a checking account by transferring funds electronically to the store's account to pay for a purchase; also called check cards.

**Fraud:** Misleading, cheating, or tricking.

**Identity theft:** When someone steals another person's information and uses it for their personal gain.

**Income:** Money you receive from different sources. Earned income is money from a job, tips, or your business. Unearned income comes from cash gifts, interest on a savings account, or stocks, bonds, and other investment income. You may pay taxes on both earned and unearned income.

**Interest:** Additional money that can be earned on a savings account, or additional money that must be paid on a credit card.

**Investment:** Putting money in things like stocks, bonds, and real estate—anything that can help money grow.

**Micro savings:** A savings option that helps people with limited income build their assets. It allows them to save even the smallest amounts of money over time.

**Online marketplace:** Also referred to as an ecommerce marketplace, this is a website where consumers can shop for products and services from many different sources.

**Peer-to-peer:** Means from user to user.

**Savings:** Money that is not spent and has been set aside to use later.

**Scam:** A dishonest scheme, usually to get money from someone.

**Stocks:** A way to invest in a company by buying shares. If the company does well, the investor receives extra money called dividends.

**U.S. savings bond:** A long-term investment option backed by the full faith and credit of the U.S. government.