



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 money called interest. Compound interest is what you get when you earn interest on your interest.

Credit: Money a creditor 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.

Debt: The amount of money owed to lenders.

Debit card: A payment card that deducts money directly from the consumer's account.

Earnings: Money you make in return for work or service; unearned earnings can be gift money.

Expenses: What you spend money on, like food or clothing.

Gross income: The salary before taxes and benefits (such as health care and Social Security) are taken from wages.

Income: Money you receive from different sources. Earned income is money from a job, tips, or your business. Unearned income comes from interest on a savings account or stocks, bonds, or other investment 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.

Medicare tax: A payroll tax that funds federal health insurance for people 65 or older.

Mobile pay or mobile payment systems: A term that describes a purchase transaction made using a smartphone. A mobile payment system is a digital technology that builds upon existing payment methods like a credit card and often used as an extension of these payment systems.

Net income: The money an employee takes home after taxes and benefits (such as health care and Social Security) have been deducted.

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

Social Security: Benefits that are payments for qualified retirees and individuals with disabilities, as well as for their spouses, children, and survivors. A person must pay into the Social Security program during their working years to qualify for benefits.

Withholding: The amount of an employee's pay withheld by the employer and sent directly to the government as partial payment of income tax.