

Glossary

529 plan. Savings plan for education operated by a state or educational institution. (15)

A

ability. Physical or mental skill developed through learning, training, and practice. (15)

acceleration clause. Statement in a contract that allows the creditor to require full and immediate payment of the entire balance if a payment is missed or the terms of the contract are not followed. (6)

adjustable rate mortgage (ARM). Mortgage with an interest rate that can be adjusted up or down periodically. (13)

advertising. Any paid public announcement promoting the sale of a product or service. (9)

amortization. Process of paying back a loan in equal monthly installments. (13)

annual percentage rate (APR). Annual cost of credit a lender charges. (6)

annual percentage yield (APY). Rate of yearly earnings from an account, including compound interest. (5)

annuity. Contract with an insurance company that provides regular income for a set period of time. (7)

apartment. Living unit that is often among similar units. (12)

appraisal. Written estimate of the value of real estate. (13)

apprenticeship. Combination of on-the-job training, work experience, and classroom instruction. (15)

aptitude. Natural physical or mental talent. (15)

asset. Item of value that is owned, such as cash, securities, real estate, and personal possessions. (2)

ATM card. Card issued by a bank that allows the holder to check account balances, withdraw and deposit cash, and transfer money from one

account to another using an automated teller machine. (4)

B

bait and switch. Strategy that involves advertising one item and then substituting another item. (10)

balance of payments. Account of the total flow of goods, services, and money coming into and going out of the country. (21)

bank statement. Record of checks, ATM transactions, deposits, and charges to an account that is provided by the bank. (4)

bankruptcy. Legal state in which the courts excuse a debtor from repaying some or all debt. (6)

bear market. Extended period of uncertainty and pessimism when stock prices fall. (7)

beneficiary. Person or organization named by a policyholder to receive the death benefit of an insurance policy after the policyholder's death. (8)

bill of sale. Legal document that spells out important features of the sale and transfers rights from the seller to the buyer. (14)

binding arbitration. Method of settling disagreements through an objective third party. (10)

biodegradable. Ability to be broken down naturally by microorganisms into harmless elements. (17)

biofuel. Fuel composed of or produced from biological raw material. (17)

bodily injury liability. Insurance coverage that protects a person who is responsible for an auto accident that results in the injury or death of other parties. (8)

body composition. Proportions of muscle, bone, fat, and other tissues that make up body weight. (11)

bond. Certificate of debt issued by a corporation or government. (7)

bonus. Money added to an employee's base pay. (3)

brick and mortar. Business that operates out of a physical location. (9)

brokerage firm. Place where a variety of investment products can be purchased as well as savings accounts can be opened. (5)

budget. Plan for the use of money over time based on goals, expenses, and expected income. (2)

bull market. Extended period of consumer confidence and optimism when stock prices rise. (7)

business cycle. Fluctuations between periods of economic growth and slowdown. (19)

business plan. Formal document that states the goals of a business and includes a detailed strategy of how goals will be achieved and how the business will be grown. (16)

buying incentive. Special offer by sellers designed to help sell goods and services. (9)

C

capital. Manufactured products that are used to make other products. (18)

capital gain. Income that results from selling an asset for more than the purchase price. (7)

capital good. Manufactured product used to make a final product. (18)

capital loss. Loss of money that occurs when the selling price of an investment is less than the purchase price. (7)

career cluster. Grouping of general occupational and career areas. (15)

career ladder. Outline of jobs in a given career field that are available at different levels of education, training, and experience. (15)

career plan. Outline of steps or actions that can be taken to reach a career goal. (15)

cartel. Group of countries or firms that controls the production and pricing of a product or service. (21)

cash advance. Loan against the available credit on an account. (6)

cash flow statement. Summary of the amount of money received and the amount paid for goods and services during a specific time period. (2)

cashier's check. Special type of check that the bank guarantees to pay. (4)

caveat emptor. Term that means let the buyer beware. (10)

certificate of deposit. Savings account that requires a deposit of a fixed amount of money for a fixed period of time. (5)

certified check. Personal check that a bank certifies is genuine and that there is enough money in the account to cover the check. (4)

certified used car. Previously owned vehicle that has received a thorough mechanical and appearance inspection along with necessary repairs and replacements. (14)

chain letters. US letters or e-mails that promise a big return for a small investment. (10)

Chapter 13 bankruptcy. Bankruptcy that permits debtors with regular incomes to pay all or a portion of their debts under the protection and supervision of the court. (7)

Chapter 7 bankruptcy. Bankruptcy that eliminates most types of debt and stays on a credit report for 10 years. (7)

charter. License that authorizes a bank to operate. (4)

check. Written order for the bank to pay a specific amount to the person to whom the check is written. (4)

check register. Record of account deposits, withdrawals, checks, fees, and interest. (4)

class action lawsuit. A legal court action brought by a group of individuals who have been similarly wronged. (10)

climate change. Shifts in measurements of climate—such as temperature, precipitation, or wind—that last decades or longer. (17)

closed-end credit. Loan for a specific amount that must be repaid with finance charges by a specified date. (6)

closing cost. Fee or settlement charge that must be paid before the sale of a home is final. (13)

codicil. Document that explains, changes, or deletes provisions in a will. (7)

coinsurance. Percentage of the service costs that patients pay. (8)

collateral. Property that a borrower promises to give up in case of default of a loan. (6)

collection agency. Business that specializes in debt collection. (6)

college access. Building awareness about college opportunities, providing guidance regarding college admissions, and identifying ways to pay for college. (15)

collusion. Making a secret agreement among companies to shut out smaller competitors and to engage in price fixing. (19)

command economy. System in which a central authority, usually the government, controls economic activities. (18)

commercial bank. Business owned by investors, and its primary functions are to receive, transfer, and lend money to individuals, businesses, and governments. (4)

commission. Income paid as a percentage of sales made by a salesperson. (3)

common stock. Stock that has voting rights and receives dividends declared by the company. (7)

community bank. Type of commercial bank that is locally owned and operated. (4)

community college. Two-year postsecondary school offering both academic and occupational courses. (15)

commuter service. Type of mass transit that runs mainly during business hours and caters to commuters. (14)

comparative advantage. Benefit to the party that has the lower opportunity cost in pursuing a given course of action. (21)

comparison shopping. Process of gathering information about products, services, and prices to find the best buy among similar products and services. (9)

compensation. Payment and benefits received for work performed. (3)

composting. Natural process that transforms materials, such as food waste, leaves, and grass clippings, into useful soil-like particles. (17)

compound interest. Amount calculated using the principal (money deposited) plus the interest it earns. The interest previously earned is included in the total before new interest earnings are computed. (5)

condominium. Form of multifamily housing in which a person typically owns the unit he or she occupies. (12)

conflict of interest. Situation in which a buyer and a seller have competing interests. (20)

conservation. Protection and management of the environment and valuable natural resources. (17)

consumer. Buyer and user of goods and services. (18)

consumer advocate. Group or an individual who promotes consumer rights. (10)

consumer cooperative. Nonretail association owned and operated by a group of members for their own benefit rather than for profit. (9)

consumer price index (CPI). Measure of the average change in prices over time for selected consumer goods and services. (19)

contingency clause. Part of a contract that calls for certain requirements to be met before the contract is binding. (13)

continuing education. Pursued after formal education and training is completed. (15)

contract. Legally binding agreement between a borrower and a creditor. (6)

cooperative. Form of home ownership in which a person buys shares in a corporation that owns the apartment building. (12)

copayment. Flat fee the patient must pay for medical services. (8)

copyright. Exclusive right to copy, license, sell, or distribute material. (16)

corporation. Business that is a separate legal entity that is owned by investors called stockholders or shareholders. (16)

cosigner. Responsible person who signs the loan with the person to whom the loan is granted and promises to repay the loan if the borrower fails to pay. (6)

cost-benefit analysis. Method of weighing the costs against the benefits of an action, a purchase, or a financial decision. (1)

coupon. Printed or electronic offer giving a discount for products or services bought before a certain date. (9)

cover message. Letter or e-mail that is sent with a résumé. (16)

credit. Medium of exchange that allows individuals to buy goods or services now and pay for them later. (6)

credit card. Plastic card that allows the holder to make credit purchases up to an authorized amount. (6)

credit counseling service. Organization that provides debt and financial management advice and services to people with debt problems at little or no cost. (7)

credit fraud. Fraudulent use of someone else's credit information. (6)

credit report. Record of a person's credit history and financial behavior. (6)

credit score. Numerical measure of a person's creditworthiness at a particular point in time. (6)

credit union. Nonprofit financial cooperative owned by and operated for the benefit of its members. (4)

creditworthy. Having the assets, income, and tendency to repay debt. (6)

culture. Beliefs, behaviors, and other characteristics common among members of a group or society. (1)

cyberbullying. Using the Internet to harass or threaten an individual. (16)

D

debit card. Card that allows a person to make purchases by swiping the card through a point-of-sale terminal that is usually located at the merchant's checkout counter. (4)

deceptive advertising. Information that purposely misleads a consumer through dishonest claims. (20)

deductible. Amount that is paid toward medical expenses before the insurance company begins to pay. (8)

deficit spending. Amount the federal government spends each year beyond the amount it receives in revenues. (19)

deflation. Period of declining prices. (19)

demand. Quantity of a product or service consumers are willing to buy. (18)

demographics. Statistical characteristics of a population. (1)

dependent. Individual who relies on someone else for financial support, such as a child, a spouse, or an elderly parent. (8)

depreciation. Decrease in the value of property as a result of use and age. (8, 14)

depression. Recession that lasts for several years. (19)

dietary supplement. Product that is intended to enhance a person's diet. (11)

disability. Limitation that affects a person's ability to function in major life activities. (3)

discount rate. Interest rate Federal Reserve Banks charge commercial banks for credit when they borrow. (19)

discretionary expense. Amount spent for an item that a person could do without. (2)

diversification. Spreading risk by putting money in a variety of investments. (7)

dividend. Portion of a corporation's earnings paid to stockholders. (7)

dollar-cost averaging. Strategy of investing a fixed dollar amount at regular intervals. (7)

down payment. Portion of the purchase price paid before a loan is issued. (14)

E

earnest money. Deposit made when a purchase agreement is signed to show that an offer is serious. (13)

easy-access credit. Short-term loan at a high interest rate that is granted regardless of the borrower's credit history. (6)

ecology. Study of the relationship between living things and their environment. (17)

e-commerce. Buying and selling goods and services online. (9)

economic conditions. State of the economy at a given time. (1)

economic globalization. Flow of goods, services, labor, money, innovative ideas, and technology across borders. (21)

economic system. Structure in which limited resources are turned into goods and services to address unlimited needs and wants. (18)

economies of scale. Concept that the cost of producing one unit of something declines as the number of units produced rises. (21)

education. General process of acquiring knowledge and skills. (15)

electronic funds transfer (EFT). Movement of money electronically from one financial institution to another. (4)

emergency fund. Amount of money that can be easily accessed in case of unexpected expenses. (5)

employee benefit. Form of noncash compensation received in addition to a wage or salary. (3)

endorsement. In banking terms, signature on the back of a check that transfers ownership of the check (4). In insurance terms, an attachment to existing insurance coverage, such as a family policy, to protect expensive items taken to college. (8)

endowment insurance. Type of insurance that pays the face value of the policy to beneficiaries if the insured dies before the endowment period ends, or pays the face amount to the insured if he or she lives beyond the endowment period. (10)

ENERGY STAR program. Voluntary partnership of the US Department of Energy and the Environmental Protection Agency, product manufacturers, local utilities, and retailers to encourage the purchase of the most energy-efficient consumer electronics and appliances. (9)

EnergyGuide label. Label that shows the estimated annual cost of operating an appliance and other information. (9)

entitlement. Government payment or benefit promised by law to eligible citizens. (3)

entrepreneur. Person who owns and operates a business. (16)

environmentalist. Person who is concerned with the quality of the environment and how to maintain it. (17)

equilibrium. Point at which the demand and supply curves intersect. (9)

equity. Difference between the market value of property and the amount owed on the property. (12)

ergonomics. Science of adapting the workstation to fit the needs of the worker and lessen the chance of injury. (16)

escrow account. Account for holding money in trust for others. (13)

estate. Assets and liabilities a person leaves when he or she dies. (7)

ethics. Moral principles or beliefs that direct a person's behavior. (1)

European Union (EU). Largest trade sector in the world and is composed of 27 countries. (21)

eviction. Legal process of removing a tenant who is not paying rent from a rental property if the tenant does not leave voluntarily. (12)

exchange rate. Value of one currency compared to another. (21)

exclusion. Medical service that is not covered in an insurance plan. (8)

exclusive buyer agent. Real estate agent who works for the buyer and not the seller. (13)

executor. Person appointed to carry out the terms outlined in a will. (7)

exemption. Amount that a taxpayer can claim for each person who is dependent on that person's income. (3)

expense. Cost of goods and services one buys. (2)

exports. Goods and services grown or made in a particular country and then sold in world markets. (21)

extended warranty. Warranty that covers servicing and repairs that may be required after the initial warranty expires. (9)

F

factor of production. Economic resource, such as labor, land, capital, or entrepreneurship. (18)

falling hazards. Sources of potential injuries from slipping or falling. (16)

family financial crisis. Major problem that changes the future of the family and its lifestyle. (2)

family life cycle. Stages a family passes through over its lifetime. (2)

Federal Reserve System. System that regulates the nation's money supply and the banking system. (19)

fee-for-service plan. Health insurance plan that pays for covered medical services after treatment is provided. (8)

finance charge. Total amount paid by a borrower to a lender for the use of credit. (6)

fiscal policy. Federal government's taxing and spending decisions. (19)

fixed expense. Amount that must be paid each budget period. (2)

fixed rate mortgage. Mortgage with a guaranteed fixed or unchanging interest rate for the life of the loan. (13)

focus group. Group of consumers that evaluates products before they go on the market. (9)

foreclosure. Forced sale of property. (6)

Form I-9. Form used to verify an employee's identity and that he or she is authorized to work in the United States. (16)

Form W-2. Form that shows earnings and the amounts of income, Social Security, and Medicare taxes withheld from income during the year. (3)

fossil fuel. Organic substance, such as coal, petroleum, and natural gas, derived from the decomposed remains of animals and plants that lived in prehistoric times. (17)

franchise. Agreement that permits the franchisee to market and sell goods and services in a given area that are provided by the franchiser. (16)

free enterprise system. System in which privately owned businesses operate and compete for profits with limited government regulation or interference; also called a market economy. (18)

free trade. Policy of limited government trade restrictions. (21)

freeware. Software that is fully functional and can be used forever without purchasing it. (16)

FTC Used-Car Rule. Law that requires dealers to fully disclose to buyers what is and is not covered under a used vehicle's warranty. (14)

G

game of chance. Situation in which the participant must wager something to win. (9)

garnishment. Legal procedure requiring a portion of the debtor's pay to be set aside by the person's employer to pay creditors. (6)

GDP per capita. Market value of final goods and services produced per person. (20)

General Agreement on Trade and Tariffs (GATT). Set of international agreements that was formed after World War II by the Allied nations to aid post-war recovery; currently they promote free and fair trade among nations. (21)

generic drug. Drug that is sold by its common name, chemical composition, or class; and it usually costs considerably less than a similar brand-name drug. (11)

global warming. Steady rise in average temperatures near the earth's surface. (17)

globalization. Worldwide spread and integration of production, markets, communications, and technology. (1)

goal. Objective that an individual wants to attain. (1)

goods. Physical items, such as food and clothing. (18)

grace period. Time between the billing date and the start of interest charges. (6)

graduated payment mortgage. Mortgage that allows the buyer to pay low monthly payments at first and higher payments in the future. (13)

gross domestic product (GDP). Measure of the value of all goods and services produced by a nation during a specified period of time. (19)

gross pay. Worker's earnings before payroll deductions. (3)

H

hazardous waste. Substances—liquids, solids, and gases—that are dangerous or potentially harmful to health or the environment. (17)

health savings account (HSA). Tax-advantaged savings account available to people enrolled in qualified high deductible health plans. (8)

high-pressure selling. Attempting to convince a buyer to make a quick decision. (20)

high-yield savings account. Account that pays a higher interest rate than passbook and statement savings accounts. (5)

home energy audit. Assessment of how much energy a home uses and ways to reduce consumption. (17)

home equity loan. Type of loan in which the borrower uses the equity in his or her home as collateral for the loan. (13)

human resource. Quality or characteristic that a person has. (18)

hypoallergenic. Substance or product does not contain ingredients likely to cause allergic reactions. (11)

I

identity theft. Form of credit fraud that involves stealing someone's personal information and using the information to commit theft or fraud. (6)

implied fitness. Unwritten promise that a product is fit for any performance or purpose promised by the seller. (9)

implied merchantability. Unwritten guarantee that a product is what it called and does what its name implies. (9)

imports. Goods and services that come into a country from other countries. (21)

impulse buying. Buying things without thinking about needs, goals, or the consequences of spending. (20)

income. Form of money received, such as an allowance, paycheck, or gift. (2)

inflation. Overall increase in the price of goods and services. (19)

infomercial. Paid television program designed to sell a service, product, or idea. (9)

innovation. Process of creating something, such as new or improved products and new ways to do things and solve problems. (18)

inpatient. Person whose care requires a stay in a hospital. (8)

insourcing. Process in which foreign companies open subsidiaries in the United States and create jobs here. (21)

insurance. Form of risk management that pools the premiums of a large group of people to cover the expenses of the smaller number within the group who suffer losses. (8)

interest. Activity that is enjoyed, a subject that is liked, an idea that is fascinating, a sport that is played, or a hobby that is enjoyed. (15)

interest-bearing savings account. Type of demand deposit account that pays interest and allows for regular deposits and withdrawals. (5)

International Monetary Fund (IMF).

Organization with the mission to oversee the international monetary system; it also works to stabilize exchange rates and eliminate trade barriers. (21)

international trade. Buying and selling of goods and services across national borders and among the people of different nations. (21)

internship. Short-term position with a sponsoring organization that gives the intern an opportunity to gain on-the-job experience in a certain field of study or occupation. (15)

interview. Employer's opportunity to meet with an applicant and discuss the job and qualifications for the job. (16)

investing. Purchasing a financial product or valuable item with the goal of increasing wealth over time in spite of possible loss. (7)

investment. Asset bought that can increase wealth over time, but it also carries the risk of loss. (20)

investment portfolio. Collection of securities and other assets a person owns. (7)

itemized deduction. Allowed expense that can be deducted from adjusted gross income. (3)

L

labeling law. Government regulation that requires certain information be placed on labels for certain products. (10)

labor. Work performed by people who turn resources into products. (18)

labor force. People, age 16 and over, who are employed or are looking for and able to work. (19)

labor productivity. Value of the goods and services a worker creates in a given time. (20)

labor union. Group of workers who unite to negotiate with employers over issues such as pay, health care, and working conditions. (19)

land. All the natural resources of a nation. (18)

landfill. Permanent waste disposal site for most solid, nonhazardous waste. (17)

landminium. Type of residential property in which the homeowner owns both the home and the land on which the home is built. (12)

lawsuit. Civil action brought by a person (a plaintiff) against another party (the defendant). (10)

lease. Contract that specifies the conditions, terms, and rent for the use of an asset. (12)

legal document. Paper that can be filed with a court officer or used to uphold an agreement in a court of law, such as a marriage certificate, auto loan, mortgage, or credit card agreement. (2)

lemon. Vehicle that has serious mechanical problems that the manufacturer has been unable to fix after a reasonable number of attempts. (14)

lemon law. Law that requires a seller or manufacturer of a defective vehicle either to replace or repair it or to refund the buyer's money. (14)

lessee. Person who rents property. (12)

lessor. Person who owns and rents property to the lessee. (12)

liability. Current or future financial obligation. (2)

license. Legal permission to use a software program. (16)

lien. Legal claim on a borrower's property by a creditor who is owed money. (6)

lifting hazard. Source of potential injury from improperly lifting or carrying items. (16)

limited liability company (LLC). Business that is organized as a proprietorship, but the liabilities (debts) are limited to the assets of the business. (16)

limited warranty. Guarantee for service, repairs, and replacements only under certain conditions. (9)

line of credit. Preapproved amount that an individual can borrow. (6)

loan shark. Someone who lends money at excessive rates of interest. (6)

loss leader. Item priced at or below cost to attract buyers in the expectation that they will purchase other merchandise as well. (9)

lottery. Activity in which prizes are awarded to participants by chance in exchange for some form of payment. (10)

M

managed care plan. Type of health-care plan in which the insurance company contracts with specific doctors, hospitals, and other health-care providers to deliver medical services and preventive care to members at reduced cost. (8)

management. Process of organizing and using resources to achieve predetermined objectives. (1)

manufactured home. Single-family house built in a factory and shipped to the home site where it is erected. (12)

marginal benefit. Change in total benefit of using one additional unit. (1)

marginal cost. Change in total cost of using one more unit. (1)

market economy. System in which privately owned businesses operate and compete for profits with limited government regulation or interference; also called a free enterprise system. (18)

marketplace. Arena in which consumers and producers meet to exchange goods, services, and money. (9, 18)

mass transit. Public transportation where a large number of people can travel at the same time. (14)

material-storage hazards. Sources of potential injury that come from the improper storage of files, books, or office equipment. (16)

Medicaid. Government program that pays certain health-care costs for eligible, low-income individuals and families. (3)

Medicare. Federal program that pays for certain health-care expenses for older citizens and others with disabilities. (3)

migrants. People who move from one place or country to another. (21)

minimum wage. Lowest hourly wage that employers can pay most workers by law. (3)

mixed economy. Combination of the market and the command systems. (18)

monetary policy. Actions the Federal Reserve Board takes to manage the supply of money and credit in the economy. (19)

money management software. Computer program used to organize daily finances and keep track of income, spending, saving, debts, investments, and other financial data. (2)

money market account. Type of savings account that requires a higher minimum balance than regular savings accounts, but it offers a higher interest rate. (5)

money market fund. Type of mutual fund that deals only in high interest short-term investments, such as U. S. Treasury securities, certificates of deposit, and commercial paper. (7)

money order. Payment order for a specific amount of money payable to a specific payee. (4)

monopoly. Situation in which there is a single seller or producer of a given product or service. (19)

moped. Low-powered motorized two-wheeler with an engine capacity less than 50cc. (14)

mortgage. Type of secured loan used for buying property. (13)

motor scooter. Two-wheeled motor vehicle with an engine capacity of 50cc to 250cc. (14)

multinational corporation. Business that operates in more than one country. (21)

mutual fund. Investment created by pooling the money of many people and investing in a collection of several securities. (7)

mutual savings bank. Financial institution that is owned by its depositors. (4)

N

national debt. Total amount of money the government owes at a given time. (19)

natural resource. Raw material, such as soil, water, minerals, plants, animals, and climate. (18)

need. Item a person must have to survive. (1)

net asset value (NAV). Net asset value is a mutual fund's assets minus its liabilities. (7)

net pay. Gross pay (plus bonuses, if any) minus payroll deductions. (3)

net worth statement. Written record of an individual's current financial situation. (2)

netiquette. Accepted social and professional guidelines for communicating using the Internet. (16)

no-fault auto insurance. Type of insurance plan that eliminates the faultfinding process in settling claims by having each policyholder make a claim to his or her own insurance company after an accident. (8)

nonhuman resource. External resource, such as money, time, equipment, or a possession. (18)

nonrenewable energy. Power source that can be used up or cannot be used again. (17)

North American Free Trade Agreement (NAFTA). Agreement between the United States, Canada, and Mexico that lowered trade barriers and opened markets among the three countries. (21)

nutrients. Chemical substances found in foods that furnish energy, build and maintain body tissues, and regulate body processes. (9)

O

obsolete. Something that is no longer useful because a newer version exists. (9)

Occupational Safety and Health Administration (OSHA). Federal agency that enforces safety and health regulations in the workplace. (16)

occupational training. Education that prepares an individual for a specific type of work. (15)

offshore outsourcing. Moving sections of a business to another country. (21)

oligopoly. Situation in which a few large companies dominate an industry. (19)

online-only bank. Financial institution that conducts customer transactions via the Internet. (5)

open-end credit. Agreement that allows the borrower to use a specific amount of money for an indefinite period of time. (6)

opportunity cost. Value of the option that was given up for another option. (18)

option. Feature available for a particular car. (14)

organic food. Food produced without synthetic fertilizers, pesticides, growth stimulants, or genetic engineering. (9)

outsourcing. Moving sections of a business to other companies or subsidiaries. (21)

overdraft. Check written for more money than the balance of an account. (4)

overspending. Spending more money than can be afforded to spend. (20)

over-the-counter drug. Nonprescription medication available on supermarket and drugstore shelves. (11)

P

partnership. Business that has two or more owners. (16)

pawnshop. Business that gives customers high-interest loans with personal property, such as jewelry, held as collateral. (6)

payday loan. Short-term, high-interest loan that usually must be repaid on the borrower's next payday. (6)

payroll deduction. Subtraction from gross pay. (3)

perfect competition. Condition in which no single seller can significantly influence the market price of a product or service. (19)

philanthropy. Act of giving money, goods, or services to meet the needs of others and to promote good causes. (2)

phishing. Crime committed online that involves the use of fraudulent e-mails and copies of legitimate websites to trick people into providing personal, financial, and other data. (6, 16)

physical fitness. State in which all body systems function efficiently. (11)

piecework. Wage based on a rate per unit of work completed. (3)

point. Amount that is charged by lenders at closing, and it equals one percent of the mortgage. (13)

policyholder. Person who has purchased insurance. (8)

Ponzi scheme. Investment operation in which money from new investors is used to pay earlier investors. (10)

postdated check. Check written with a future date. (4)

preexisting condition. Illness or an injury a person has before signing up for health-care insurance. (8)

preferred stock. Type of stock that pays regular dividends at a set rate. (7)

premium. Amount of money regularly paid to an insurance company for a policy. (8)

prescription drug. Medication that can only be obtained with a physician's orders. (11)

primary care physician. Physician who is trained to diagnose and treat a variety of illnesses in all phases of medicine and oversees general treatment for most patients. (11)

principal. Amount of money borrowed on a loan. (6)

priority. Value or goal that is given more importance than other values and goals. (1)

private mortgage insurance (PMI). Insurance policy that protects the lender from loss if the borrower defaults on the loan and the home goes into foreclosure. (13)

probate. Legal process of winding up the affairs of an estate, paying final expenses, and distributing the balance of money and property to beneficiaries. (7)

producer. Individual or business that provides goods and services to meet consumer demands. (18)

product placement. Means of showing a brand name product or its trademark in movies and television programs. (9)

productivity. Measure of the amount of work a person can do in a specific amount of time. (18)

profit. Total amount of money earned after expenses are subtracted from income. (18)

property damage liability. Insurance coverage that protects an individual who is responsible for an auto accident in which the property of others is damaged. (8)

property survey. Map of the property drawn by a surveyor to show size, boundaries, and characteristics of a property. (13)

prospectus. Legal document that gives a detailed description of a security. (7)

prosperity. Time period of growth and financial well-being. (20)

proxy. Stockholder's written authorization to have someone else cast a vote on his or her behalf. (7)

purchase agreement. A contract between a homebuyer and a seller that includes a description of the real estate, its location, the purchase price, the possession date, and any other condition and terms of the sale. (13)

pure risk. Risk with a possibility of loss but no possibility of gain. (8)

pyramid scheme. Fraudulent investment plan. (10)

R

real estate broker. Person licensed to arrange for the purchase and sale of real estate for a fee or commission. (13)

rebate. Cash back offer for purchasing an item. (9)

recession. Extended period of slow or no economic growth. (19)

record keeping. Process of setting up an organized system for financial and legal documents. (2)

recycle. Reprocess resources so they can be used again. (17)

reference. Person who is qualified and willing to speak on a person's behalf. (16)

regular charge account. Account that lets an individual charge goods and services in exchange for a promise to pay in full within 25 days of the billing date. (6)

renewable energy. Power source that is continually available or can be replenished. (17)

rental agreement. Written agreement that permits the tenant to move out at any time as long as the required notice is given. (12)

rent-to-own. Arrangement in which a consumer pays rent for the use of a product and eventually owns it. (6)

repossession. Taking of collateral when a borrower fails to repay a loan. (6)

Reserve Officers' Training Corps (ROTC). College program for training commissioned officers for the United States armed forces. (15)

résumé. Summary of an individual's educational background, work history, and relevant interests. (16)

retail stores. Business that sell directly to consumers from their place of business. (9)

review. Critical report or comments about an item. (10)

revolving credit account. Type of credit agreement that offers a choice of paying in full each month or spreading payments over a period of time. (6)

risk. Measure of the likelihood that something will be lost. (8)

risk management. Process of measuring risk and finding ways to minimize or manage loss. (8)

Roth IRA. Individual retirement account in which individuals contribute after-tax income and qualified withdrawals are not taxed. (7)

Rule of 72. Equation that estimates how long it will take to double an investment with a fixed interest rate. (5)

S

saving. Setting money aside for future use. (5)

savings account. Account designed for accumulating money for future use. (5)

savings and loan association. Financial institution that provides many of the services offered by commercial banks. (4)

scarcity. Challenge of stretching resources to cover needs and wants. (18)

secured loan. Loan that requires collateral. (6)

securities exchange. Secondary market where securities are bought and sold through stockbrokers. (7)

security deposit. Amount a renter pays to help protect the property owner against financial losses in case the renter damages the property or fails to pay rent. (12)

services. Work performed. (18)

share account. Savings account at a credit union. (5)

shareware. Software that can be installed and used on a trial basis. User should purchase if they decide to keep using it. (16)

simple interest. Interest earned only on the principal, which is the amount of money originally deposited. (5)

single-family house. Detached house, usually with a front and back yard, a driveway, and often an attached carport or garage. (12)

skill contests. Opportunity to win prizes by demonstrating skill instead of chance. (10)

small claims court. Part of the court system that offers a simple, prompt, and inexpensive way to

settle minor differences involving small amounts of money. (10)

SMART goal. Something to achieve stated in terms that are specific, measurable, achievable, realistic, and time based. (5)

social responsibility. General sense of concern for the needs of others in the community, country, and world. (16)

Social Security. Federal program that provides income when earnings are reduced or stopped because of retirement, serious illness or injury, or death. (3)

software piracy. Illegal copying or downloading of software, including scanning or downloading images or music. (16)

software viruses. Computer programs that cause harm to computer systems. (16)

sole proprietorship. Business that has a single owner. (16)

specialist. Physician who has had further education and training in a specific branch of medicine. (11)

specialization. Method of production in which a particular range of products and services is produced. (21)

speculative risk. Risk that may result in either financial gain or financial loss. (8)

stages in the family life cycle. Typical patterns of social and financial behavior families follow at different periods in the life cycle. (2)

stagflation. Period of slow economic growth and high inflation. (19)

standard deduction. Fixed amount that can be deducted from adjusted gross income. (3)

standard of living. Degree to which one has the ability to obtain the goods and services one needs and wants. (20)

stock. A share in ownership of a corporation. (7)

stock trade. Purchase or sale of shares of a stock. (7)

stockbroker. Agent who buys and sells securities for clients. (7)

store credit cards. Credit cards primarily issued by major department store chains that permit the user to charge purchases only with the merchant issuing the card. (6)

subprime mortgage. Mortgage made by lenders who charge higher than prime rates to borrowers who have poor or no credit ratings. (13)

subsidy. Form of transfer payment that gives financial assistance to a business or entity, such as those in education, agriculture, the arts, or health care. (19)

supply. Amount of a product or service producers are willing to provide. (18)

surplus. When the government receives more than it spends. (19)

sustainable. To be kept in existence, as in resources that can be used without depletion or permanent damage. (17)

sweepstakes. Promotional offer that gives participants the chance to win items of value or prizes. (10)

systematic decision-making. Process of choosing a course of action after evaluating available information and weighing the costs and benefits of alternative actions and their consequences. (1)

T

tax. Fee imposed by a government on income, products, or activities and paid by citizens and businesses. (19)

tax credit. Amount that can be deducted from the taxes a taxpayer owes. (3)

tax deduction. Amount that is subtracted from adjusted gross income, which further reduces taxable income. (3)

tax deferred. Taxes on the principal and/or earnings are delayed until the funds are withdrawn. (5)

tax exempt. Free of certain taxes. (5)

t-commerce. Sale of merchandise on television through shopping networks or TV commercials. (9)

technology. Application of science and research to human life and environments. (1)

telemarketing. Sale of merchandise by phone. (9)

term life insurance. Type of insurance that provides protection only for a specific period of time or until a specified age. (8)

testing and rating service. Group or organization that tests products and rates them according to certain criteria. (10)

tip. Money paid for service beyond what is required. (3)

title. Legal document that proves ownership of property. (13)

title insurance. Type of insurance that protects the buyer if problems with the title arise after the purchase. (13)

title loan. Short-term loan made using a borrower's car as collateral. (6)

townhouse. Home that is attached to adjacent houses. (12)

trade barrier. Action taken to control or limit imports. (21)

trade deficit. When a country buys, or imports, more products than it sells. (21)

trade-off. Choice given up when one choice is selected over another. (18)

trade surplus. When a country sells, or exports, more than it buys. (21)

traditional economy. System in which economic decisions are based on a society's values, culture, and customs. (18)

traditional IRA. Individual retirement account that allows individuals to contribute pretax income to investments that grow tax deferred. (7)

training. Instruction on a specific skill or task needed for a job. (15)

travel and entertainment cards. Credit cards that are typically used for business and usually require the user to pay the entire balance each month. (6)

traveler's check. Special form of check that functions as cash. (4)

trust. Arrangement through which a person transfers assets to a trustee, who then oversees and manages the assets on behalf of beneficiaries. (7)

trustee. Person or institution named to manage an estate on behalf of the beneficiaries. (7)

U

umbrella policy. Insurance policy that covers loss amounts that are higher than those covered by primary policies. (8)

underemployment. Underemployment is a condition in which workers are employed only part time or are overqualified for their jobs. (19)

unemployment rate. Percentage of the labor force that is out of work and seeking employment. (19)

unit price. Cost per unit, weight, or measure. (9)

unsecured loan. Loan made on the strength of a signature alone. (6)

V

value. Personal belief about what is important and desirable. (1)

value system. Overall structure of values and goals that guides behavior and provides a sense of direction. (1)

variable expense. Cost that changes both in the amount and time it must be paid. (2)

variations in the family life cycle. Patterns that differ from the typical family life cycle. (2)

vehicle identification number (VIN). Unique number assigned by the automobile industry and used to identify an individual auto. (14)

W

walk-in clinic. Health-care facility that provides certain routine medical attention. (11)

want. Nonessential thing a person would like to have. (1)

warranty. Guarantee that a product will meet certain performance and quality standards. (9)

wealth. Abundance of money and other assets. (2)

whole life insurance. Type of insurance that provides basic lifetime protection so long as premiums are paid. (8)

will. Legal document stating a person's wishes for his or her estate after death. (7)

work order. Document that describes the work that will be performed. (9)

World Trade Organization (WTO). International organization that mediates trade disputes among 155 member nations and establishes trade practices that are acceptable and fair to all nations. (21)

written roommate agreement. Document that includes the rules related to living arrangements and expenses and is signed by all roommates. (2)