From School To Work
Chapter 26 Banking, Saving, and Investing—Terms and Definitions

bond. A certificate of debt or obligation issued by a corporation or a government.

canceled check. A check that has been processed/paid by the bank.

cash card. A prepaid type of debit card.

cashier’s check. A check drawn on a bank’s own funds and signed by a bank officer.

certificate of deposit (CD). Money deposited for a set period of time that earns a set rate of interest.

certified check. A personal check with a bank’s guarantee that the check will be paid.

common stock. Stock that pays dividends based on company earnings and economic conditions.

compound interest. Interest paid on an initial deposit as well as on interest already earned.

Consumer Price Index (CPI). A measure of the average change in prices for consumer goods and services over time.

debit card. A card that allows the immediate withdrawal of funds from a checking account without writing a check.

electronic funds transfer (EFT). The automatic transfer of funds to and from a person’s bank accounts electronically.

endorse. Signing one’s name on the back of the check along the left end within the area indicated.

401(k) plan. Retirement savings plan offered through an employer.

individual retirement account (IRA). A type of retirement savings plan for employed people; can be tax-deferred (traditional IRA) or pre-taxed (Roth IRA).

inflation. A general increase in prices.

Keogh plan. A tax-deferred retirement plan for self-employed people or employees of unincorporated companies that do not have their own pension plans.

money market fund. A type of mutual fund that deals only in high-interest, short-term investments, such as government securities and certificates of deposit.

money order. An order for a specific amount of money payable to a specific payee.

mutual fund. A company that collects money from many investors and invests it in securities.

online banking. The use of a computer to manage finances through an Internet connection.

preferred stock. Stock that pays set dividends (profits) at set rates regardless of the amount of profits the company earns.

securities. Investments that represent either ownership or indebtedness, such as stocks, bonds, mutual funds, and money market funds.
simple interest. Interest is paid only on the money initially deposited in the account.

smart card. An advanced form of debit card with an embedded computer chip to track certain purchasing information.

stock. A share in the ownership of a corporation.

traveler’s check. A convenient type of check used by travelers that can be replaced if lost or stolen.