1040EZ tax form – The basic tax form used by many people for filing their federal income taxes. An income tax form is also called a tax return.

1099 form – A tax form similar to a W-2 form that is used by independent contractors, such as part-time freelance employees, lawyers, or accountants.

401(k) account – A type of retirement savings account set up by employers for their employees.

529 plan – A fund that allows parents to prepay or save for their children's future college expenses. There are two types of 529 plans: prepaid plans and savings plans. A prepaid 529 plan lets parents purchase college tuition at today's rates, with the guarantee that they'll be able to apply today's rates to college in the future, no matter how much they go up. A savings 529 plan is an investment account where money is set aside for college expenses.

Accountant – A finance professional who keeps track of a company or individual's money. Accountants are sometimes called auditors.

Accounting – The recording, reporting, and analyzing of financial information.

Accounting equation – See balance sheet equation.

Accounting journal – See ledger.

Accounts payable – A part of a company's liabilities. These are amounts of money owed to other companies for products.

Accounts receivable – Amounts of money that are owed to a company by customers.

Accrual basis accounting – The standard accounting type defined by GAAP.

Active listening – When you are fully engaged and participating as a listener.

Adjustable interest rate – See interest rate.

Advertising – When a company pays for messages that are meant to get consumers to notice and want its products.

Affirmative Action – A collection of policies that recruit and advance qualified minorities, women, people with disabilities, and veterans. Not all businesses use affirmative action.
Affordable Care Act – A law passed in the United States in March 2010. This law is intended to make health insurance more affordable and easier to get.

Aggression – Behavior that is intended to harm or cause pain to others. Aggression can be verbal or physical.

Agricultural workers – Workers in the farming industry.

Alternative investments – Investments other than the traditional categories of stocks, bonds, and cash. Alternative investments include things like real estate, annuities, lending, private equity, investment commodities, foreign exchange, collectibles, and social investing.

Amendment – A change that’s made to the Constitution.

Americans with Disabilities Act (ADA) – An act that protects the rights of people with disabilities.

Angel investor – An investor or small group of investors who provide funding to a startup business in its very early stages. This often takes the form of a private equity investment. See also venture capital.

Annual – Once per year.

Annual percentage rate (APR) – An annual interest rate that doesn’t take into account any compounding of interest that happened during that year. See also annual percentage yield.

Annual percentage yield (APY) – An annual interest rate that does take into account compounding of interest that has happened that year. See also annual percentage rate.

Annuity – An agreement you can make with an insurance company in which you pay the company a specific amount of money, and the insurance company agrees to pay you back a larger amount of money in regular payments in the future. See also straight annuity and installment-certain annuity.

Appreciation – When an equity investment increases in value. See also depreciation.

APR – See annual percentage rate (APR).

APY – See annual percentage yield (APY).

Assets – Your assets include money you have and things you own that are worth money. Assets also refers to things a company owns that are worth money.
Bankruptcy – The inability to pay back creditors, to the extent that you file legal papers that put your finances under the supervision of the court system. See also declaring bankruptcy.

Bargaining – See negotiation.

BBB – See Better Business Bureau.

Behavior – The combination of things a person says and does.

Being organized – Having a reliable and efficient system for organizing your tasks and appointments.

Being trustworthy – Being a person that others can depend on.

Beneficiary (of a life insurance policy) – The person or group of people who will receive your life insurance money.

Benefits (of a job) – Health insurance, life insurance, retirement plans, or many other things that a company offers to help employees personally and financially.

Benefits (of a product) – The ways a product will improve your life by solving a problem or by making you feel good. See also features.

Better Business Bureau – An organization that reports on the reliability and ethics of companies and other organizations.

Bias – A prejudice or limit that damages the completeness and accuracy of the information a primary source or secondary source is providing.

Bill of Rights – The first ten amendments to the Constitution.

Bills – See invoice.

Blank endorsement – A type of endorsement that includes a signature on the back of a check without any special notes.

Board of Governors – The portion of the Federal Reserve System appointed by the government to oversee the work of the Fed.

Bonds – A type of debt investment in which you lend money to a company or a government, and the company or government gives you a document called a bond. The bond
Convenient – Easy to get without a lot of effort.

Corporation – A separate legal business entity. It is legally independent from its owners.

Co-signer – The person with established credit who shares responsibility for the debt on a co-signed account. See also primary borrower.

Co-signing – A way to take advantage of someone else’s credit history to get a credit card. See also co-signer and primary borrower.

Counterfeiting – Making illegal copies of money and trying to pass them off as the real thing.

Cover letter – A short letter from a job application that gives additional information about their qualifications for and interest in the job. A cover letter is sometimes called a letter of application.


Credit – A commitment to pay for something in the future, instead of paying for it right away. When you use credit, you are creating debt. See also credit card and lines of credit. In U.S. financial policy, credit refers to the amount that banks or other financial institutions are able to loan to their customers.

Credit bureau – An organization that keeps credit history records.

Credit card – A card that looks similar to a debit card, but is connected to a credit account.

Credit counseling service – An organization designed to educate and advise consumers about credit, debt management, and budgeting. The people who work to advise consumers at these services are credit counselors.

Credit history – Your history of using credit and making payments. A good credit history makes it more likely that creditors will trust you. See also credit score.

Credit limit – The maximum amount of credit a creditor will give you.

Credit score – A number that tells lenders how likely you are to make payments on time.

Credit union – An institution that accepts deposits and makes loans like a bank, but credit unions are cooperative. This means that each person who has an account at the credit union is also a part owner of the credit union. Most credit unions are not set up to make a profit for their owners.

Currency – A specific type of money, such as the U.S. dollar, Euro, or Japanese yen.
Debt settlement program – A program that claims it can get you out of debt by negotiating your debt to a much lower amount and working out a payment plan with your creditors. See also debt management plan.

Debt to equity ratio – A ratio that compares the company’s debt to the amount of equity invested into the company. The debt to equity ratio is calculated with this equation: Total liabilities ÷ Total equity.

Declarating bankruptcy – The process of filing legal papers that state that you are unable to pay your debts. See also bankruptcy.

Deductible – A dollar amount you will be expected to pay before the insurance plan takes effect and the insurance company starts paying. See also meeting the deductible.

Defaulting – When a borrower pays what is owed.

Demand – How much of something consumers want. See also supply.

Department of the Treasury – See U.S. Department of the Treasury.

Dependability – Being reliable, showing up on time, doing what you say you will do, and being willing to take on tasks as needed.

Dependent – A member of the household who depends on your income, such as a child or relative.

Depending on experience (DOE) – A salary that is likely to be higher for someone with more experience, education, or skills.

Deposit – See transaction.

Depreciation – When an equity investment or fixed asset decreases in value. See also appreciation.

Depression – See recession.

Desires – Things people want to have in order to be happy and feel good. Desire-based marketing shows people who are achieving what they desire. See also fears.

Direct competitors – Companies that offer basically the same product, such as two companies that both sell jeans, sports cars, or pizza delivery. The companies do not have to
**Etiquette** – A collection of standards that define proper social behavior in a specific community.

**Exchange rate** – The calculation of how much one unit of currency is worth when converted to another currency.

**Exchange rate risk** – The risk that investors and business people have when converting their money to a foreign currency to invest or do business. It is the risk that the money might not be worth as much when it eventually gets converted back to the domestic currency.

**Excise tax** – See transaction taxes.

**Exit stage** – The stage of a business when the business owner makes plans to end their day-to-day commitment to run the company. See also Improve stage, Identify stage, Operate stage, Start stage, and Plan stage.

**Expected expenses** – Expenses you've planned for and can predict. See also unexpected expenses.

**Expenses** – Things a person or company pays money for. See also expected expenses and unexpected expenses.

**Exponential growth** – In compounding, exponential growth is growth that speeds up as the value of the account grows.

**Exporting** – When a country sells its products to people, organizations, and governments in other countries. See also importing.

**Extract** – To take something out by force. See also extractive industry. For extracting a zipped file, see unzipping.

**Extractive industry** – The industry that physically takes resources from the earth, such as metals, minerals, oil, plants, and so on. The extractive industry is sometimes called the primary industry because it is one of the first types of industry to develop in an economy.

**Factor** – See factoring.

**Factoring** – When a company sells its accounts receivable to another company. The company that buys the accounts is called the factor. The factor pays the company right away for the accounts and then collects the money from the customers when it is due.

**Factors of production** – The forces that combine to make the production of goods and services possible. See land, labor, capital, and entrepreneurship.
**Improve stage** – The stage of a business when business people make plans to change or expand an operating business. See also **Exit stage**, **Identify stage**, **Operate stage**, **Start stage**, and **Plan stage**.

**Impulse goods** – See **convenience goods**.

**Income** – The amount of money a person earns or receives. See also **earned income** and **unearned income**.

**Income statement** – A document that shows the company’s **revenue** and **expenses** during a specific time period, such as a year, month, or quarter (three months). An income statement is sometimes called a **profit/loss statement**.

**Income tax** – See **federal income tax**.

**Index fund** – A fund that works similarly to a **mutual fund**, except that instead of being managed closely by an investment expert, it is set up to track the overall performance of the stock market. It follows a **stock market index**.

**Indirect competitors** – Companies that offer goods or services that can be substituted for each other, but which are a little different from each other. The customer can choose one instead of the other, so the companies are competitors, but not directly. See also **direct competitors** and **noncompetitors**.

**Individual retirement account (IRA)** – A common type of **retirement account** that you can get directly from an investment company. An IRA can be similar to a 401(k), but the IRA is not set up by your employer.

**Industries** – The way jobs are sorted based on the type of work involved in doing them.

**Inelastic demand** – See **elasticity**.

**Inflation** – When the value of a dollar goes down, so you can't get as many goods or services for your dollar. Inflation is a sign of a weak economy.

**Informational interview** – A meeting held to learn more about a career or workplace.

**Information technology (IT) department** – The department of a business that manages technology and systems, such as a computer network, database, or phone system.

**Information utility** – See also **types of utility**.

**Installment** – A payment.
**Investing** – When you give your money, time, or energy to something in order to get a reward in the future—usually a financial reward. By investing money, and by saving money in accounts that offer interest, you are putting your money to work. This way, not all of your money comes from your paycheck. Your investments can produce money for you while you are doing other things.

**Investing activities** – Cash transactions related to the company’s financial investments. These transactions appear on a cash flow statement.

**Investment** – A way to use money to make more money by purchasing something that you think will grow in value or that will produce income for you.

**Investment account** – A diversified account that a finance professional sets up and maintains for you.

**Investment commodity** – A very basic good or service. Commodities have utility for the majority of consumers. They are almost always needs instead of wants. Commodities are usually precious metals, agricultural products, energy sources, or sources of meat.

**Investment portfolio** – A collection of investments and financial holdings.

**Invoice** – A record of a product that was provided but not yet paid for. Invoices are also called bills.

**IRA** – See individual retirement account (IRA).

**IRS** – See Internal Revenue Service (IRS).

**IRS audit** – When the Internal Revenue Service performs an examination of your tax forms to make sure everything you have claimed is accurate.

**IT department** – See information technology (IT) department.

**Job opening** – See job opportunity.

**Job opportunity** – A job that a company has available. The company will then look for a new employee to fill the job. Job opportunities are also called job openings.

**Job performance** – How well an employee does his or her job.

**Job shadowing** – When a person observes and follows around another person at their job.