FUTURE FINANCE HUB

EMPOWERING THE NEXT GENERATION THROUGH FINANCIAL LITERACY

Financial Glossary

Key financial terms and definitions to support your budgeting, saving, and scholarship planning journey.

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Terms A–D

Essential financial terms starting with A through D.

Term	Definition
APR (Annual Percentage Rate)	The yearly interest rate charged on borrowed money or earned on savings
Amortization	Spreading loan payments over time in equal installments of principal and interest
Asset	Anything of value that you own, such as cash, investments, or property
Balance	The amount of money in an account or the amount owed on a debt
Budget	A plan for how to spend and save your money over a set period
Bond	A loan you make to a government or company that pays you interest over time
Capital	Money or assets available for investment or starting a business
Compound Interest	Interest earned on both the original amount and previously earned interest
Credit Score	A number (300–850) that represents your creditworthiness to lenders
Credit Report	A detailed record of your borrowing and repayment history
Cost of Attendance	Total cost of college including tuition, room, board, books, and fees
Cosigner	A person who agrees to repay a loan if the primary borrower cannot
Debit	Money taken out of your account, or a card that draws directly from your bank
Debt	Money that you owe to another person, company, or institution
Default	Failure to repay a loan according to the agreed terms

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Terms E–H

Essential financial terms starting with E through H.

Term	Definition
EFC (Expected Family Contribution)	The amount your family is expected to pay toward college costs
Emergency Fund	Savings set aside for unexpected expenses like medical bills or car repairs
Endowment	A fund of money donated to an institution, invested to provide ongoing income
Equity	The value of ownership in an asset after subtracting what is owed on it
Expense Ratio	The annual fee charged by a mutual fund or ETF, expressed as a percentage
FAFSA	Free Application for Federal Student Aid — the form to apply for financial aid
Federal Loan	A student loan funded by the U.S. government with fixed interest rates
Financial Aid	Money given or lent to students to help pay for education costs
Financial Literacy	The ability to understand and manage personal finances effectively
Fixed Expense	A cost that stays the same each month, like rent or a subscription
Forbearance	A temporary pause or reduction in loan payments during financial hardship
Grace Period	Time after graduation before you must begin repaying student loans
Grant	Free money for education that does not need to be repaid
Gross Income	Total earnings before taxes and deductions are taken out
Guarantor	A person who promises to pay a debt if the borrower fails to do so
HSA (Health Savings Account)	A tax-advantaged account used to save for medical expenses
High-Yield Savings	A savings account that earns significantly more interest than standard accounts

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Terms I–L

Essential financial terms starting with I through L.

Term	
Income	Money received from work, investments, or other sources
Index Fund	A mutual fund designed to match the performance of a market index
Inflation	The rate at which prices for goods and services rise over time
Insurance Premium	The amount you pay regularly to maintain an insurance policy
Interest	The cost of borrowing money, or the reward for saving it
Interest Rate	The percentage charged on a loan or earned on savings
Investment	Putting money into something with the expectation of earning a return
IRA (Individual Retirement Account)	A tax-advantaged account for long-term retirement savings
Liability	A financial obligation or debt that you owe to someone else
Liquidity	How quickly an asset can be converted to cash without losing value
Loan	Money borrowed that must be repaid, usually with interest
Loan Forgiveness	A program that cancels remaining student loan debt after meeting requirements
Loan Servicer	The company that manages your loan payments and account
Long-Term Goal	A financial objective you plan to achieve in more than one year
Lump Sum	A single, one-time payment of money rather than installments

Terms M–P

Essential financial terms starting with M through P.

Term	Definition
Merit-Based Aid	Financial aid awarded based on academic or athletic achievement
Minimum Payment	The smallest amount you must pay on a credit card bill each month
Money Market Account	A savings account that typically offers higher interest with limited transactions
Mortgage	A loan used to buy a home, repaid over many years with interest
Mutual Fund	A pool of money from many investors used to buy a mix of stocks and bonds
Need-Based Aid	Financial aid awarded based on a family's financial situation
Net Income	The amount of money you take home after taxes and deductions
Net Worth	The total value of what you own minus what you owe
Opportunity Cost	The value of what you give up when choosing one option over another
Overdraft	Spending more money than is available in your bank account
Payroll	The process of paying employees or the total wages a company pays
Pell Grant	A federal grant for low-income students that does not need to be repaid
Portfolio	A collection of investments owned by an individual or organization
Principal	The original amount of money borrowed or invested before interest
Private Loan	A student loan from a bank or lender, not the federal government
Promissory Note	A written promise to repay a loan under specific terms
Purchase Power	The amount of goods or services your money can buy

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Terms Q–T

Essential financial terms starting with Q through T.

Term	Definition
Refinance	Replacing an existing loan with a new one, usually at a lower interest rate
Repayment Plan	A schedule that outlines how and when you will pay back a loan
Return on Investment	The profit or loss from an investment expressed as a percentage
Revenue	The total amount of money earned before expenses are subtracted
Risk Tolerance	Your ability and willingness to lose some or all of your investment
Roth IRA	A retirement account where contributions are taxed now but withdrawals are tax-free
Savings Rate	The percentage of your income that you save rather than spend
Scholarship	Free money for education awarded based on merit, need, or other criteria
Simple Interest	Interest calculated only on the original principal amount
Sinking Fund	Money set aside regularly for a specific future expense
Stock	A share of ownership in a company that can gain or lose value
Student Loan	Money borrowed specifically to pay for education expenses
Subsidized Loan	A federal loan where the government pays interest while you are in school
Tax Deduction	An expense that reduces the amount of income subject to tax
Tax Return	A form filed with the government reporting income and calculating taxes owed
Tuition	The fee charged by a school for instruction and classes

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Terms U–Z

Essential financial terms starting with U through Z.

Term	
Unsubsidized Loan	A federal loan where interest accrues while you are still in school
Variable Expense	A cost that changes from month to month, like groceries or entertainment
Variable Interest Rate	An interest rate that can change over time based on market conditions
Vesting	The process of earning full ownership of employer contributions over time
W-2 Form	A tax form from your employer showing annual wages and taxes withheld
W-4 Form	A form you fill out to tell your employer how much tax to withhold
Wage	Payment received for work, usually calculated by the hour
Wealth	The total value of all assets owned minus all debts owed
Withdrawal	Taking money out of a bank account or investment
Withholding	Money taken from your paycheck for taxes before you receive it
Work-Study	A federal program providing part-time jobs for students with financial need
Yield	The income earned from an investment, expressed as a percentage
Zero-Based Budget	A budgeting method where every dollar of income is assigned a purpose
401(k)	An employer-sponsored retirement savings plan with tax benefits
529 Plan	A tax-advantaged savings plan designed for education expenses

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