Here are some key terms related to financial literacy;

**Annual percentage rate (APR):** The yearly rate of interest that you’ll pay on a debt such as a credit card or loan.

**Assets:** Possessions that have economic value. Some assets may additionally provide a financial return.

**Budget:** A document used to plan and track the flow of money, for a specific project or for overall finances. By calculating money coming in and money going out, also known as income and expenses, a budget can help with monitoring and predicting an individual’s or organization’s financial security.

**Credit:** Borrowing from the credit provider to buy something with the understanding that payments will be due at a later time.

**Credit history:** The record of all an individual’s debts and repayments. This includes information from sources such as banks, credit card companies and collection agencies. The resulting credit score impacts a person’s ability to get credit in the future.

**Expenses:** Payments for goods and services.

**Financial literacy:** The common-sense understanding of how money works and how to manage finances. Financial literacy includes the development of the skills and knowledge needed to make effective choices that maximize financial resources.

**Finance charge:** Any fee associated with the cost of borrowing money.

**Income:** Earnings that result from providing labor or other resources in the marketplace.

**Interest:** The price associated with using someone else’s money. Banks pay savers interest to encourage them to make deposits. Banks charge interest to borrowers, who pay this interest as a cost of using someone else’s money.

**Long-term goal:** A goal that a person or organization plans to achieve more than five years in the future.

**Medium-term goal:** A goal that a person or organization plans to achieve in one to five years.

**Minimum payment:** The smallest amount a person can pay in a given term (usually a month) to remain in good standing on an open-ended credit account.

**Savings:** Income not spent on goods, services, other needs, and/or taxes that is set aside for future needs.
**Key Terms**

**Savings account**: An interest-bearing deposit account at a banking establishment that is not typically used for transactions and has no maturity date.

**Short-term goal**: A goal that a person or organization plans to achieve in less than one year.

**Wealth**: Combined assets or resources that have economic value, including available cash and assets that can produce income in the future.