

## GLOSSARY

<b>Added value accounts</b>	A standard bank account with additional features offered by your bank to suit your needs.
<b>APR</b>	Annual Percentage Rate: this is the cost of a loan, including interest and other charges.
<b>Arrears</b>	The part of a debt that becomes overdue once a payment is missed.
<b>Assets</b>	Assets are things that you own which are worth money.
<b>ATM</b>	Automated Teller Machine: a cashpoint or 'hole in the wall'.
<b>BACS</b>	Bankers Automated Clearing System: a fast electronic transfer of money between banks. The most common way for companies to pay employees.
<b>Balance</b>	Your balance is the amount of money you have or owe in an account or on a loan at a particular time.
<b>Bank</b>	A bank is a government-licensed and regulated financial institution whose primary activity is to lend money in order to stimulate economic growth and, in turn, make a profit. In order to lend money the bank must take a certain amount of deposits (money in) which it does in the form of current and savings accounts opened by individuals and businesses.
<b>Bank charges</b>	A cost incurred by a customer in return for a service or as a penalty cost because of the failure of a customer to stick to an agreement. It is also common for any interest charged to the customer to fall under this heading.
<b>Bankrupt</b>	A person is bankrupt when they cannot pay their debts and a court puts their property and money into the hands of an official receiver.
<b>Benefits</b>	A government system which provides practical help and financial support to those facing hardship and satisfy the required criteria.
<b>Bonus</b>	A bonus is a payment made to an employee in addition to a basic salary.
<b>Budget</b>	a) An amount of money set aside for something. b) A budget can also be a summary of intended expenditure and income to cover it.
<b>Building society</b>	A building society is like a bank but is owned by its members.
<b>Bursary</b>	A bursary is a grant paid to a student by a college or university.
<b>Cheque</b>	A cheque is a written instruction telling your bank to pay someone and to take the money from your account.
<b>Child Tax Credit</b>	Child Tax Credit is a benefit paid to families whose income is below a certain level.
<b>Compound interest</b>	Compound interest is interest paid on money which has grown by having had previous interest added.
<b>Compounding</b>	When interest is added to an account and interest is then earned on that amount. For example, if you have £10 in your account and earn 10% interest on it you have £11. The compounded interest will then be 10% of £11.
<b>Consolidation loan</b>	Taking out one loan to pay off other creditors (loans) so all payments are put into one.
<b>Council tax</b>	A charge levied by local authorities on householders to fund such services as waste collection.
<b>Credit</b>	A credit is an amount of money put in to an account. An account 'in credit' has money available to be spent. Buying something 'on credit' means buying something with a loan which must be paid back.
<b>Creditor</b>	A creditor is a person you owe money to.
<b>Credit agreement</b>	When a bank arranges to loan a customer a certain amount of money over a certain amount of time. The credit agreement is the contract with all terms and conditions of that loan.
<b>Credit card</b>	A card that allows you to buy things using borrowed money, up to a financial limit.
<b>Credit limit</b>	A credit limit is the maximum amount that a person can borrow, or can spend on a credit card.
<b>Credit score</b>	A credit score is a numerical indicator as to how likely you are to be able to repay a loan based on a review of your financial history and your current financial commitments. A higher credit score increases your ability to borrow money.
<b>Credit union</b>	A member-owned financial co-operative which provides credit and saving accounts to its members at competitive rates.
<b>Current account</b>	A current account is a low-interest bank account used for day-to-day transactions such as paying bills.
<b>Currency</b>	Money in any form which is used as a way of buying goods and services. Different countries use different currencies (e.g. the Euro or the Pound).
<b>Debit</b>	A debit is an amount of money taken out of an account.
<b>Debit card</b>	A debit card is a means of paying for things without using cash – the money is automatically taken from your account at the time of purchase.

<b>Debt</b>	Money owed to another person.
<b>Debt management</b>	Planning how to deal with money owed.
<b>Debt relief order</b>	A cheaper, quicker and easier form of declaring bankruptcy (when you cannot pay any money owed).
<b>Deductions</b>	A deduction is a sum of money taken off something e.g. income tax.
<b>Default</b>	To default on a loan means you fail to make payments that are due.
<b>Dependents</b>	Dependents are people such as children who depend on you financially because they have no income.
<b>Deposit</b>	A deposit is an initial payment which secures the purchase of something.
<b>Direct debit</b>	Direct debit is a way of paying bills from your bank account automatically, where the amount and timing of payment varies.
<b>Endowment</b>	An endowment is a kind of insurance/investment policy that pays out at the end of a set period.
<b>Entrepreneur</b>	An entrepreneur is a person who starts their own business.
<b>Equity</b>	Equity is the value of a property beyond the level of mortgage.
<b>Excess</b>	On insurance policies an excess is a fixed amount you have to pay before the insurance company will meet the rest of the claim.
<b>Exchange rate</b>	The exchange rate tells you how much you get when exchanging one currency for another.
<b>Expenditure</b>	Expenditure means the amount you spend.
<b>Fairtrade</b>	The fair-trade movement aims to make sure that workers and producers get paid fairly.
<b>Financial adviser</b>	A financial adviser is a person who is professionally qualified to give advice about financial products.
<b>Financial risk</b>	The amount of monetary risk you enter into when buying a savings or investment product. Some financial products, such as shares in new businesses, are risky because their value can vary (rise or fall in value) over time.
<b>Fixed rate</b>	Fixed rate means that you will receive or pay the same rate of interest over an agreed period.
<b>Fraud</b>	Fraud is a crime where someone is deceived, usually to gain money.
<b>Gross</b>	Gross means before deductions such as taxes or costs, e.g. gross profit (net means after deductions).
<b>Hire purchase</b>	Hire purchase is the legal term for a contract in which persons usually agree to pay for goods in parts or as a percentage, through regular payments, until the full price of the goods or service has been repaid.
<b>Identity theft</b>	Identity theft is a crime of fraud where somebody's personal details are used to steal their money.
<b>Income</b>	Income is the total money earned by an individual through employment (salary) and investments.
<b>Income support</b>	Income support is a government payment to help people on very low incomes.
<b>Income tax</b>	Income tax is tax you pay on money earned.
<b>Individual voluntary agreement (IVA)</b>	A formal alternative to declaring bankruptcy. It is a contractual agreement with creditors that is flexible depending on an individual's circumstance (e.g. income, capital, other payments).
<b>Inflation</b>	Inflation is the rise in price over a period in time.
<b>HMRC</b>	HMRC (Her Majesty's Revenue and Customs) is the organisation which collects UK taxes.
<b>Insurance</b>	Insurance involves regular payments to a company so that you can claim money to cover the cost of a possible event such as an accident.
<b>Interest</b>	a) Interest is the money you earn for putting your money in a bank, building society, etc. b) Interest is the amount of money you pay for borrowing e.g. on a loan.
<b>Investment</b>	a) Money put into something such as a business. b) An investment is also a product for savers which has some risks, e.g. shares.
<b>ISA</b>	Individual Savings Account: an account where you don't pay tax on interest earned.
<b>Jobseeker's allowance</b>	A benefit paid by the government to people who are unemployed but available and actively looking for employment.
<b>Loan</b>	A loan is a financial advance from one party to another where the borrower receives an amount of money from a lender, which he has to pay back, usually but not always in regular installments. This service is generally provided at a cost, referred to as interest on the loan. See also personal loan and secured loan.



<b>Loan shark</b>	An illegal money lender offering unsecured loans (i.e. not through a recognised body, such as a bank).
<b>Long term</b>	A long-term plan is far in the future, perhaps five years or more.
<b>Loyalty card</b>	A loyalty card enables you to earn points by spending at a particular chain of stores.
<b>Loyalty reward schemes</b>	Incentives offered by companies to reward customers for their business. E.g. cash back from credit cards.
<b>Medium term</b>	A medium-term plan may focus on the next three to five years
<b>Mortgage</b>	A mortgage is a type of loan used to buy a house or other property.
<b>MOT</b>	Ministry of Transport test – this checks to see whether your vehicle is safe enough to be on the road. It is illegal to drive without one if your car is more than three years old.
<b>National insurance</b>	National Insurance is an amount taken off salaries/wages by the government to pay for benefits and the state.
<b>Need</b>	A required payment e.g. rent and utilities. See also Want.
<b>Net</b>	Net means after deductions such as taxes and costs, e.g. gross profit (gross means before deductions)
<b>Outgoings</b>	Outgoings are things on which you spend money.
<b>Overdraft</b>	An overdraft is when a bank allows you to draw out more money than you have in your account, up to a set limit.
<b>P60</b>	A piece of paper which shows your total salary and the amount of tax paid at the end of each tax year.
<b>PAYE</b>	Pay As You Earn: a system where an employer automatically takes tax from your earnings when you are paid.
<b>Pension</b>	A pension is a retired person's income.
<b>Personal loan</b>	A personal loan is one which you can choose to spend on whatever you want. See also secured loan.
<b>PIN</b>	Personal Identification Number: a four-digit security number for credit cards and debit cards.
<b>Premium</b>	A premium is a regular payment made to an insurance/assurance company.
<b>Recession</b>	A recession is a fall in a country's growth (and income) over two consecutive three-month periods.
<b>Retail Price Index (RPI)</b>	The RPI is a measure of the changing price of everyday items. This measure is taken as evidence of the rate of inflation.
<b>Retirement</b>	The period in a person's life when they stop working, and start receiving a pension. To receive a state pension you must be over a certain age (the state pension age is currently changing and the age at which an individual can receive the state pension is increasing). Those with a private pension may be able to retire earlier if their pension fund is large enough.
<b>Return</b>	Your return is the amount you get back when you invest money.
<b>Road tax</b>	A tax which is to be paid to have a vehicle on the road – it is illegal to drive without this.
<b>RRP</b>	Recommended Retail Price: the suggested price for goods in shops as set by the supplier.
<b>Running costs</b>	Running costs are the costs of keeping and using a car or other vehicle.
<b>Salary</b>	Your salary is the amount you are paid for a job over a period of time (e.g. weekly, monthly, yearly).
<b>Savings</b>	Income not spent – any money kept aside to be used in the future.
<b>Savings bonds</b>	Bonds to invest your money in. They have set interest rates so you can see your money grow. See also Investments.
<b>Secured loan</b>	A secured loan is a financial advance where the finance company can take something as security which it can sell should you not repay the loan in order to get its money back. See also personal loan.
<b>Self-assessment</b>	Self-assessment means completing your own tax return.
<b>Shares</b>	An investment which makes you part-owner of a company, along with all the other shareholders. Some shares pay you an income (dividends) regularly. With all shares, you accept a capital risk: if the share price rises, you will make a profit when you sell, but if the share price falls, you will instead make a loss
<b>Short term</b>	Short-term planning is anything from now until one to two years.
<b>Stamp Duty</b>	Stamp Duty is a tax paid when you buy a house or other property and varies based on the value of the property.
<b>Standing order</b>	A standing order is a way to make automatic payments from a bank account for a set amount at regular intervals.

<b>Stock market</b>	A market which trades the stocks and shares (or part ownership) of companies. You can buy a stock or share in a company as an investment – if their stock/share goes up, you get more money. But you can lose money if their stock/share goes down.
<b>Store card</b>	A store card acts as a credit card for a certain shop.
<b>Student account</b>	A bank account to suit students. These differ from bank to bank, but often include no interest on overdrafts and some kind of incentive – vouchers or a railcard, for example.
<b>Take-home pay</b>	Take-home pay is the money you are left with after taxes and other deductions have been taken from your monthly salary.
<b>Tax</b>	A fee charged by a government to pay for public services such as schools, hospitals and the armed forces.
<b>Tax allowance</b>	A tax allowance is the amount of money you can earn before paying income tax.
<b>Tax year</b>	A 12-month period running from 6th April one year to 5th April the next year. Taxes, such as income tax, are worked out over this period.
<b>Transaction</b>	A transaction is a payment in or out of a bank account.
<b>Unsecured loan</b>	An amount of money lent to you on which the lender has not taken any security and is relying on your ability to repay the amount of money.
<b>Utilities</b>	Utilities are services such as gas, electricity and water.
<b>Value Added Tax (VAT)</b>	A retail tax paid when you buy most goods and services. Currently 20%.
<b>Variable interest</b>	A rate which can change – this means that if you have a mortgage on a variable rate your payments could go up or down from where they were when you first got it.
<b>Want</b>	Something you want to buy but owning it is not essential. For example, the latest phone upgrade. See also Need.