**IDA Participant Program Glossary**

**Account Balance**

The total amount of money in an account at a certain time.

**Annual Percentage Yield (APY)**

The percentage of compound interest you earn on the money you deposit with a financial institution. The financial institution is required by law to inform you about the APY before opening an account.

**Bank Statement**

A statement sent on a regular basis by the financial institution where you hold your accounts, to keep you informed of all banking transactions you made with your accounts within a certain period of time.

**Budget**

A plan for spending and saving money based on a person’s goals during a given time period

**Cash**

The most accepted way of exchange. It is money issued by governments in form of coins and paper (like Dollars and Cents).

**Cash Management**

How a person manages money (cash) coming in and money going out

**Certificate of Deposit**

A type of account where you deposit money for a certain amount of time when you know you will not need it during that time. You cannot remove the money before the time ends or you will pay a penalty. This type of account should be insured and it earns more interest than a regular savings or money market account.

**Check**

A form of written order we use to tell our bank or financial institution to pay money or transfer funds from our account to the check-holder.

**Checkbook**

A book that is made from detachable checks and deposit slips along with a table to record deposits and withdrawals for a checking account.

**Checking Account**

A type of account where you deposit money to have it available for you whenever you want it. With this type of account, you will be able to write checks and usually will not earn any interest, unless it is a special type of checking account. This type of account should be insured by the government.

**Compounding**

Earning interest on interest.

**Confidentiality**

The way information is kept hidden from people who do not have the right to know about it.

**Credit Report**

A history of how a person has used credit

**Debt**

The entire amount of money a person owes to lenders

**Earned Interest**

The payment a person receives for allowing a financial institution or corporation to use his/her money.

**Employee Benefits**

Additional benefits, beyond a paycheck, offered by employers, such as health insurance or a pension plan

**Federal Income Tax**

A fee for the support of federal government programs that is collected by the employer each pay period and paid to the Internal Revenue Service (IRS)

**Fee**

An amount of money required to pay to get a certain service or when the terms of your agreement are not met. Financial institutions are asked to inform customers about all possible fees and when you open an account. This can be different from one financial institution to another. This information is found in the disclosures.

**Financial Institution**

A business that accepts money and lends it or invests it.

**Gross Income**

The total amount of income from your wages or salary before payroll deductions

**Income**

Any money coming in

**Interest**

Payment for the use of money.

**Medicare Tax**

Collected from most employees to fund the hospital insurance provided under this system

**Money**

Any generally accepted medium of exchange

**Net Income**

Subtracting deductions from your paycheck leaves you with net income also called your “take-home pay.” It is the amount you receive when you cash your check or deposit it.

**Overdraft**

Spending or withdrawing more money than is available in your account

**Payroll Deductions**

The amounts subtracted from gross income which leaves your net income

**Saving**

Money set aside for short- and/or long-term goals

**Social Security Tax**

Collected from most employees to fund a federal program which provides old age, survivors, and disability insurance. You may see it listed as FICA on your earnings statement. FICA stands for the Federal Insurance Contributions Act.

**State Income Tax**

A fee collected by your employer and paid to the state revenue department to support state programs

**Taxes**

Fees placed on income, property, and goods to support government programs. Laws in the United

States require deductions for taxes.