

Glossary

NOTE TO THE TEACHER: The definitions provided here are primarily for your reference. As stated, they may in some cases not be well suited for use by students at this age.

- advertisement (ad):** A public notice, display, or presentation intended to promote the sale of goods or services.
- advertising:** Using advertisements to promote the sale of goods or services. Advertising media include billboards, Internet pop-up ads, television commercials, magazine ads, etc.
- benefit:** A monetary or non-monetary gain received because of an action taken.
- budget:** A plan to manage income, spending, and saving.
- check:** A printed form used by consumers to purchase goods and services. After such a purchase, the form is sent to the bank where the consumer has his or her checking account. Then the bank pays for the purchase using money drawn from the consumer's checking account.
- collateral:** Something of value pledged by a borrower to guarantee repayment of a loan; to be given up if the loan is not repaid.
- comparison shopping:** Examining different brands or models of a product, noting variations (in quality, price, etc.), in order to decide which brand or model to buy, or where to buy it.
- consume:** To buy and use a good or service.
- consumers:** People who buy and use goods and services.
- cost:** An amount that must be paid to buy something—as in “How much does this skateboard cost?” Also the effort needed to achieve or obtain something—as in “Learning to speak Spanish will cost you long hours of effort.”
- costs of production:** Payments made for the use of productive resources—e.g., payments for rent, wages, gas, and electricity.
- credit:** Money lent (usually at a particular rate of interest, or for a fee); the loan must be repaid in the future.



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- credit application:** A written request for a loan, submitted to a lender on a special form; on the form the applicant provides information about his or her current income, debts, prior loans, etc. Lenders use this information to assess an applicant's creditworthiness.
- credit card:** A small, specially coded plastic card issued (usually) by a bank, authorizing the cardholder to buy something now and pay for it later. In using a credit card, a cardholder borrows money from the card issuer and incurs an obligation to repay the loan.
- credit report:** A written record of a person's credit history, including his or her willingness and ability to repay loans, based on how reliably he or she has repaid loans in the past.
- creditworthiness:** A person's ability and willingness to repay debts.
- criteria (noun, plural):** Important standards or points to consider when making a decision—as in "We need to consider three criteria in deciding which dishwasher to buy."
- criterion (noun, singular):** One standard or point to consider when making a decision—as in "This dishwasher doesn't meet my criterion of durability."
- debit card:** A small, specially coded plastic card used by many consumers to buy goods and services without using cash. In using a debit card, the cardholder pays by transferring funds electronically from his or her bank account to another account.
- debt:** Something that is owed, typically money—as in "I've got a debt of \$900." Also the state or condition of owing money or something else—as in "I'll always be in debt to you for the kindness you have shown me."
- economic want:** A desire that can be satisfied by consuming goods or services.
- electronic/online payment:** A payment made using a web browser and a credit card, debit card, or an online bank account. Procedures for electronic payment continue to evolve, providing for electronic transfers of funds between bank accounts via computers, cell phones, and other technologies.



entrepreneurs:	People who use their skills and initiative to launch new businesses, with the aim of making a profit. Entrepreneurs are often risk-takers, inclined to recognize opportunity where others do not.
expenses:	Payments for goods and services.
fact:	A bit of reality that is actually the case—water actually does freeze at certain temperatures, Minnesota actually is located north of Iowa, etc. A statement of fact makes assertions about facts; it can be checked out, found to be true or false, by reference to the fact or facts in question. Compare opinion .
finance charge:	The cost of credit, including interest and fees; the price lenders charge borrowers for the use of money borrowed.
fixed expenses:	Expenses that do not vary from week to week or month to month. Compare variable expenses .
goods:	Tangible objects people use to satisfy their economic wants; often distinguished from services .
gross income:	The total amount of money received (from salaries, wages, investments, etc.) before taxes are deducted or subtracted. Compare net income .
human capital:	Intangible assets possessed by individuals, including knowledge, skills, talent, and health.
human resources:	People who work to produce goods and services.
incentive:	A reward or penalty (often monetary) that encourages people to do something or not do something—as in “Tax provisions in the new forest-management program give landowners an incentive to take good care of the trees on their property.”
income:	Money received for work performed, or from investments; may include wages, salaries, interest, fees, dividends, etc.
income taxes:	Required payments made to the federal government (and to some state and local governments), based on income received.



interest:	Money paid regularly, at a particular rate, for the use of borrowed money—as in “I’m paying 4.9 percent interest every month on my car loan.” By implication, interest also denotes income earned by lenders.
investment in human capital:	Action taken to improve one’s own (or other people’s) knowledge, skill, etc.—e.g., through education, practice, and on-the-job training.
long-term goals:	Outcomes or results people plan to attain in the years ahead (more than a year off).
net income:	The amount of income a person receives after taxes and other deductions are withheld or subtracted. Sometimes called take-home pay. Compare gross income .
opinion:	A statement (brief or lengthy) based primarily on beliefs or values. A statement of opinion cannot be proven true or false. Compare fact .
opportunity cost:	The next-best alternative a person gives up in making a choice.
opportunity recognition:	Noticing problems that can be solved by providing new goods or services for consumers to buy and use.
price:	The amount of money consumers pay for one unit of a good or service.
profit:	The money a business has left over after paying its costs of production; the income earned by entrepreneurs. Not to be confused with revenue .
property tax:	A tax on land and structures built on it (houses, factories, etc.), paid to state and local governments. The amount of property tax owed is based on the assessed value of property in question.
revenue:	Money a business receives from customers who buy its goods and services; not to be confused with profit . Also, money governments receive from taxpayers.