



Content Vocabulary: Personal Finance

BUDGETING

Assets – An asset is anything that is owned by an individual. With respect to saving and investing, assets are generally categorized as liquid (cash) assets and capital (investment) assets

Balanced Budget – A situation where income and expenses are equal

Budget surplus – A situation where money is left over after all obligations have been paid

Budget deficit – A situation where there is not enough money to cover expenses

Budget – An organized plan for saving and spending based on your expected income and expenses

Cash flow – Typically used to measure the health of a business, it calculates income minus expenses

Comparison shop – Checking several alternatives to find the best product at the best price

Disposable income – The money you have to spend or save as you wish after taxes, social security, and other required and optional deductions have been withheld from your gross pay

Emergency Fund – An amount of money set aside to cover bills in case of emergency

Expenses – The things people pay for with their money

Financial Plan – A plan of action that allows a person to meet not only the immediate needs but also the long-term goals

Fixed expenses – Expenses that remain the same each month

Flexible expenses – Expenditures that change each month and can be reduced or eliminated if necessary

Impulse spending – Making purchases without comparing costs or benefits beforehand

Income – Money earned in exchange for work, or received from investments, allowance, or gifts

Investing – The process of setting money aside to increase wealth over time and accumulate funds for long-term financial goals such as retirement

Liabilities – Money owed to individuals, businesses, or institutions

Net worth – The total value of a person or company, which can be calculated by subtracting liabilities from total assets

Pay Yourself First – The concept of putting aside a sum of money into savings each month before paying other bills

Record keeping – To write down information about a transaction or series of transactions

Risk management – The process of analyzing exposure to risk and determining the best way to handle such exposure

Savings – The process of setting aside money until a future date instead of spending it today. The goal of saving is to provide funds for emergencies, short-term goals, and investments

Sharing – Using a portion of income to make charitable contributions

Spending – The act of paying money for something

Spending habits – The ways in which a person typically uses money

Variable expenses – Expenses that increase or decrease