

# Instructional Terminology



## FINANCE 52.0801.00

This Instructional Terminology is aligned to both the Program Blueprint for Instruction and Assessment and the Instructional Framework. It corresponds with the technical standards adopted on May 25, 2023. Use of content-specific terminology is provided to help identify consistent definitions.

### 1, 2, 3

**1040 form** - The US individual income tax return form used to file annual federal income taxes.

**401(k)** - An employer-sponsored retirement savings plan that allows employees to save and invest a piece of their paycheck before taxes are taken out

**50/30/20 budget** - A budget rule where 50% of income goes to needs, 30% to wants, and 20% to savings and debt repayment

**60/40 Investment Portfolio** - An investment portfolio allocation where 60% of the assets are invested in equities (stocks) and 40% in fixed income (bonds).

**80/20 Investment Portfolio** - An investment portfolio allocation where 80% of the assets are invested in equities (stocks) and 20% in fixed income (bonds).

### A

**A4 form** - An Arizona state tax form for employees to determine the amount of state income tax to be withheld from their pay.

**Accidental Loss** - An unforeseen event causing financial loss, which insurance helps to make manageable.

**Accountability** - The obligation of individuals or organizations to account for their activities and accept responsibility for them.

**Active Listening** - Fully concentrating, understanding, responding, and remembering what is being said during communication.

**Active Trading** - A strategy involving frequent buying and selling of securities to take advantage of short-term market movements.

**Actuary** - A professional who uses mathematics, statistics, and financial theory to assess risk in insurance and finance.

**Adaptability** - The ability to adjust communication styles and strategies based on the audience and situation.

**Adjustable-Rate Mortgage (ARM)** - A mortgage with an interest rate that can change periodically based on the market.

**Aggressive Investment Strategy** - An approach to investing that seeks higher returns by taking on higher risk, often through investments in stocks or other high-volatility assets.

**Ambassador for Organization** - Representing the company's values, mission, and reputation through personal conduct and communication.

**Annual contribution limits** - The maximum amount you can contribute to a retirement account each year.

**Annual Percentage Rate (APR)** - The annual cost of borrowing money, including interest and fees, expressed as a percentage.

**Annual Percentage Yield (APY)** - The total interest earned on a savings account or investment over a year, expressed as a percentage.

**Anti-Corruption** - Efforts and measures to prevent, detect, and punish corrupt practices in business and government.

**Anti-Money Laundering (AML)** - Procedures and regulations designed to stop the practice of generating income through illegal actions.

**Arizona Department of Insurance and Financial Institutions** - A state agency that regulates and monitors insurance companies and professionals in Arizona to protect the public and ensure compliance with state and federal laws.

**Asset** - A resource owned by an individual or entity that has economic value.

**Asset Allocation** - The process of dividing investments among different asset categories, such as stocks, bonds, and cash, to manage risk.

**Asset Class** - A group of financial instruments that have similar characteristics and behave similarly in the marketplace, such as stocks, bonds, or real estate.

**Audio/Video Presentation Methods** - Tools and platforms used to present information through sound and visuals.

**Audit trail** - A chronological record of system activities to enable the reconstruction and examination of the sequence of events.

**Auditing** - The process of examining an organization's financial records to ensure they are accurate and comply with laws and regulations.

**Auto Loan** - A loan specifically for purchasing a vehicle, typically secured by the vehicle.

**Automated Teller Machine (ATM)** - A machine that allows bank customers to perform financial transactions, such as withdrawing cash or checking account balances, without the need for a teller.

**AZ 140 form** - The Arizona individual income tax return form.

**Anti-Fraud** - Measures and practices aimed at preventing and detecting fraudulent activities in financial transactions.

## **B**

**B Corporation (B Corp)** - A business certified by B Lab for meeting rigorous standards of social and environmental performance, accountability, and transparency.

**Bank Bribery Act** - A US federal law that prohibits bank employees from accepting anything of value in exchange for influencing bank transactions or business decisions.

**Bank Secrecy Act (BSA)** - A law requiring financial institutions to help government agencies detect and prevent money laundering.

**Bear Market** - A market condition where prices are falling, leading to widespread pessimism among investors.

**Beneficiary** - A person or entity designated to receive benefits from an insurance policy upon the occurrence of a specific event.

**Blockchain** - A decentralized digital ledger that records all cryptocurrency transactions across a network of computers.

**Board of Governors** - The main governing body of the Federal Reserve System, responsible for overseeing US monetary policy.

**Body Language** - Nonverbal signals expressed through physical behavior that can influence communication.

**Bonds** - Debt securities issued by corporations or governments that pay a fixed or variable interest rate over a specified term.

**Borrower** - An individual or entity that receives funds from a lender, with the obligation to repay the principal plus interest.

**Boutique Brokerage Firm** - A smaller firm that focuses on providing personalized services and expertise in specific sectors or niche markets usually for high-net-worth individuals or specific industries.

**Brand Loyalty** - The tendency of consumers to continue buying the same brand due to positive experiences.

**Brand Reputation** - The perception of a brand in the minds of consumers, influenced by experiences and marketing.

**Brokerage** - A firm or individual that acts as an intermediary between buyers and sellers in financial markets.

**Brokerage Firms** - Companies that buy and sell securities for clients, earning commissions on transactions.

**Brokerage Services** - Services provided by firms that execute trades and manage investment portfolios for clients.

**Budget** - A plan for managing income and expenses over a specific period.

**Budgeting** - The process of creating a plan to manage income and expenses over a specific period.

**Budgeting strategies** - Various methods and techniques used to manage and allocate your money effectively.

**Bull Market** - A market condition characterized by rising prices and investor optimism.

**Business Communication** - The sharing of information within and outside of an organization in a professional manner.

**Business Communications** - The exchange of information within and outside an organization, focusing on professionalism and clarity.

**Business Incubator** - An organization designed to help new businesses develop by providing services like management training, office space, and funding.

**Business Loans** - Loans provided to businesses for various purposes, like start-up, expansion, or capital investment.

**Business Model** - A framework for how a company creates, delivers, and captures value, outlining its revenue and cost structure.

**Business Plan** - A formal document outlining a business's goals, strategies, and financial projections.

**Business Planning** - The process of creating strategies and setting goals for the future growth and operation of a business.

**Business Valuation** - The process of determining the economic value of a business or its assets.

## **C**

**C Corporation** - A legal structure for a corporation in which the owners or shareholders are taxed separately from the entity.

**Capital** - Financial assets or resources that can be used for investment or production.

**Capital Allocation** - The process of deciding how to distribute financial resources among various investments or projects.

**Capital and Investment** - Money or assets invested in a business to help it grow and generate profits.

**Capital Gains** - The profit earned from the sale of an asset, such as stocks, bonds, or real estate, that exceeds the purchase price.

**Capital Loss** - The loss incurred when the sale of an asset, such as stocks or real estate, is less than the purchase price.

**Captive Insurance Careers** - Jobs with agencies that represent a single insurance company and offer that company's policies to clients.

**Cash** - Money in physical form or deposited in bank accounts, used as a medium of exchange.

**Cash Flow** - The total amount of money being transferred in and out of a business, crucial for maintaining operations.

**Cash Flow Management** - The monitoring and controlling of cash inflows and outflows to ensure sufficient liquidity.

**Cashier Checks** - Checks issued by banks that guarantee payment, often used for large transactions.

**Catastrophic Coverage** - Insurance designed to cover severe and unexpected losses, often with high deductibles and coverage limits.

**Central Bank Policy** - Actions and decisions made by a central bank, such as setting interest rates or adjusting the money supply, to influence a country's economy.

**Central Banks** - National institutions that manage a country's currency, money supply, and interest rates.

**Certificates of Deposit (CDs)** - Savings certificates with fixed interest rates and maturity dates, restricting access to funds until maturity.

**Charge-Off** - A declaration by a lender that an amount of debt is unlikely to be collected, typically after a prolonged period of non-payment.

**Checking Accounts** - Bank accounts that allow easy access to funds for everyday transactions through checks or debit cards.

**Claims Adjustment** - The process of evaluating and settling claims made by policyholders for losses covered under their insurance policies.

**Claims Process** - The procedure by which an insured individual requests payment from their insurance company for a covered loss.

**Client Feedback** - Information provided by customers regarding their experiences, used to improve services.

**Client Retention** - Strategies used by businesses to retain existing customers and encourage repeat transactions.

**Climate Policy** - Government actions and regulations aimed at addressing climate change, which can impact industries, economic conditions, and investments.

**Closed-End Funds** - Investment funds with a fixed number of shares that are traded on the stock market like stocks.

**Commercial Banks** - Banks that provide services to businesses and organizations, including loans and credit.

**Commercial Insurance** - Insurance policies designed to protect businesses against various risks, including property damage, liability, and employee-related risks.

**Commercial Real Estate** - Property used exclusively for business purposes, such as office buildings, shopping centers, and warehouses.

**Commodities** - Raw materials or primary agricultural products that can be bought and sold, such as oil, gold, or wheat.

**Commodities Trading** - The buying and selling of raw materials and primary agricultural products, such as oil, gold, or wheat.

**Communication Skills** - The ability to convey information effectively to others, both verbally and in writing.

**Communication Strategy** - A plan for how an organization communicates with its stakeholders, including customers and employees.

**Competitive Advantage** - A condition that allows a company to perform better than its competitors, often due to unique resources or capabilities.

**Compliance** - The act of adhering to laws, regulations, guidelines, and specifications relevant to an organization.

**Compliance Audit** - An examination of an organization's adherence to regulatory guidelines and internal policies.

**Confidential information** - Sensitive data that is restricted for use by authorized personnel only.

**Conflict of Interest** - A situation where a person's private interests might influence their professional decisions.

**Conservative Investment Strategy** - An investment approach that prioritizes capital preservation and lower risk, often through investments in bonds or other stable assets.

**Consumer Insurance** - Insurance policies for personal use, such as auto, home, health, and life insurance.

**Consumer Loans** - Loans given to individuals for personal, family, or household expenses, such as auto loans, student loans, or mortgages.

**Consumer privacy** - The protection of personal, financial, and other information of individuals who purchase goods and services.

**Consumer Protection** - Measures to safeguard consumers' rights and interests in financial transactions.

**Co-Payment** - A fixed amount that an insured individual pays for a specific service or prescription, with the insurance covering the remainder.

**Corporate Banking** - Banking services tailored to businesses, providing products like business loans and treasury management.

**Corporate Insurance Careers** - Jobs within insurance companies that provide a range of services and products to customers.

**Co-Signer** - An individual who signs a loan agreement alongside the primary borrower, agreeing to take responsibility for the loan in case of default.

**Counterparty** - The other party involved in a financial transaction or contract.

**Coupon Rate** - The annual interest rate paid on a bond, expressed as a percentage of the bond's face value.

**Coverage Limits** - The maximum amount an insurance policy will pay for a covered loss.

**Credit** - The ability to borrow money or access goods or services with the understanding that you'll pay later.

**Credit Application** - A request from an individual or business to obtain credit (loan), requiring the submission of personal and financial information.

**Credit Bureaus** - Companies that collect and provide consumer credit information to lenders (e.g., Transunion, Equifax, Experian).

**Credit Card** - A card issued by a financial institution that allows the holder to borrow funds up to a set limit to pay for goods and services to pay for goods and services with interest charged on unpaid balances.

**Credit Card Accountability, Responsibility, and Disclosure Act (CARD Act)** - A federal law enacted in 2009 aimed at protecting consumers from unfair credit card practices.

**Credit Limit** - The maximum amount of credit that a lender extends to a borrower.

**Credit Repair** - The process of improving a person's creditworthiness, often involving correcting errors on credit reports.

**Credit Report** - A detailed report of an individual's credit history, including credit accounts, payment history, and outstanding debts.

**Credit Reports** - Detailed reports of an individual's credit history, used by lenders to assess creditworthiness.

**Credit Scoring** - The process of assigning a numerical value to a person's credit risk, often using models like Fico.

**Credit Unions** - Member-owned financial cooperatives that provide similar services to banks, usually with better rates.

**Credit Utilization** - The ratio of current credit card balances to credit limits, indicating how much credit is being used.

**Creditworthiness** - An assessment of an individual's or entity's ability to repay borrowed money, often determined by credit history and financial stability.

**Cross-selling** - The practice of selling additional products or services to existing customers.

**Cryptocurrency** - Digital or virtual currency that uses cryptography for security and operates independently of a central bank.

**Cultural Awareness** - Understanding and respecting differences in cultures, practices, and norms during communication.

**Customer Advocacy** - Efforts to promote and support the interests of customers within a company.

**Customer Engagement** - The interaction between a company and its customers, aimed at fostering a strong relationship.

**Customer Focus** - Prioritizing the needs and satisfaction of customers in all business interactions.

**Customer Identification Program (CIP)** - A set of procedures to verify the identity of individuals wishing to conduct financial transactions.

**Customer Journey** - The path a customer takes from first awareness of a product to the final purchase and beyond.

**Customer Needs/Wants** - The desires and requirements of customers that businesses aim to satisfy through their products and services.

**Customer Relationship Management (CRM)** - Software used to manage and analyze customer interactions and data throughout the customer lifecycle.

**Customer Satisfaction** - The measure of how products and services supplied by a company meet or surpass customer expectations.

**Customer Satisfaction Score** - A metric used to gauge how products or services meet customer expectations.

**Customer Security Violations** - Breaches of customer data privacy and security, often due to communication mistakes.

**Customer Segmentation** - The practice of dividing customers into groups based on shared characteristics for targeted marketing.

**Customer Service** - Assistance and advice provided by a company to those people who buy or use its products or services.

**Cybersecurity** - The practice of protecting systems, networks, and data from digital attacks, theft, or damage.

**Cybersecurity compliance** - Adherence to laws and security regulations that set minimum standards for data security in the financial industry.

## **D**

**Data breach** - An incident where information is stolen or taken from a system without the knowledge or authorization of the system's owner.

**Data loss prevention (DLP)** - A strategy for ensuring that sensitive data is not lost, misused, or accessed by unauthorized users.

**Data Protection** - Measures taken to safeguard personal data from unauthorized access, corruption, or misuse.

**Debit Cards** - Cards linked to checking accounts that allow direct withdrawal of funds for purchases or cash.

**Debt Consolidation** - The process of combining multiple debts into a single loan with a lower interest rate or more manageable payments.

**Debt Protection** - Insurance that pays off outstanding debt in the event of the borrower's death or disability.

**Debt Recovery** - The process of collecting overdue debts from borrowers.

**Debt Security** - A financial instrument that represents a loan made by an investor to a borrower, typically with fixed interest payments and a maturity date.

**Debt-to-Income Ratio** - A measure of an individual's monthly debt payments compared to their monthly gross income.

**Default Rate** - The percentage of loans that are not repaid as agreed, leading to late payments or default.

**Dental insurance** - A form of health insurance designed to pay a portion of the costs associated with dental care.

**Deposit** - Money placed into a bank account for safekeeping and future use.

**Deposit Insurance** - A protection provided to depositors, ensuring that their deposits are safe up to a certain limit in case of bank failure.

**Derivative** - A financial contract whose value is based on the performance of an underlying asset, such as a stock, bond, or commodity.

**Digital Assets** - Financial assets that are stored and transferred electronically, including cryptocurrencies and tokens.

**Digital Wallets** - Software or devices that store private keys and enable users to send and receive cryptocurrencies.

**Disability Insurance** - Insurance that provides income in the event a worker is unable to perform their work and earn money due to a disability.

**Discount Brokerage Firm** - A firm that provides fewer services and offers lower commission rates for executing trades.

**Diversification** - The practice of spreading investments across various asset classes to reduce risk.

**Dividend** - A portion of a company's earnings distributed to shareholders, typically in cash or additional shares.

**Domestic Economic Conditions** - Economic factors within a country, such as employment rates, inflation, and consumer spending, that impact financial markets and investments.

**Dual authorization** - A process that requires approval from two separate individuals to execute a transaction.

**Dual control** - A security procedure requiring two people to be present or two keys/passwords to complete a sensitive operation.

**Due Diligence** - The process of investigating and evaluating a business or individual before entering into a transaction or agreement.

## **E**

**Economic Growth** - The increase in a country's or region's production of goods and services over time.

**Economic Impact** - The effect that a business or industry has on the economy, including job creation and contribution to GDP.

**Editing and Proofreading** - Reviewing and correcting written communication for errors before it is sent or published.

**Education Loan** - A loan taken out to pay for educational expenses, such as tuition and fees.

**Effective Communication** - The process of exchanging information clearly and efficiently to achieve understanding.

**Efficient Payment System** - Systems that ensure the smooth transfer of funds and settlement of transactions across the financial network.

**Elevator Pitch** - A brief and persuasive speech to spark interest in what an organization or individual offers.

**Emergency fund** - Money set aside for unexpected expenses or financial emergencies.

**Emergency preparedness** - Having funds set aside to cover unexpected expenses or financial setbacks.

**Emergency Savings** - Funds set aside to cover unexpected expenses or financial emergencies.

**Emotional Communication** - Expressing emotions in a message which can affect the tone and clarity of communication.

**Emotional Decision-Making** - Making investment choices based on feelings, such as fear or excitement, rather than logical analysis.

**Empathy** - The ability to understand and share the feelings of another person.

**Employment Opportunities** - Jobs available within a business or economy for workers.

**Encryption software** - Programs that convert information into a code to protect it from unauthorized access.

**Entrepreneurship** - The process of starting and running a new business, typically involving risk and innovation.

**Envelope system budget** - A cash-based budgeting method where you divide money into separate envelopes for different expense categories.

**Equal Credit Opportunity Act** - A law that prohibits discrimination in lending based on race, religion, gender, and other factors.

**Equity Financing** - Raising capital by selling shares of stock in a company, giving investors ownership stakes.

**Equity Security** - A financial instrument that represents ownership in a company, typically in the form of stocks.

**Exchange-Traded Funds (ETFs)** - Investment funds that hold a collection of assets, such as stocks or bonds, and trade on stock exchanges like individual securities.

**Exclusions** - Specific conditions or circumstances that are not covered by an insurance policy.

**Expense Tracking** - The practice of recording and analyzing spending habits to manage a budget effectively.

## **F**

**Fair Credit Reporting Act** - A federal law that regulates the collection, dissemination, and use of consumer credit information.

**Fair Debt Collection Practices Act** - A federal law that prohibits abusive practices in the collection of consumer debts.

**Federal Associations** - Government-regulated institutions that offer banking services, often focusing on specific sectors or regions.

**Federal Deposit Insurance Corporation (FDIC)** - A US government agency that insures deposits in banks and thrifts, protecting depositors against bank failures.

**Federal Funds Rate** - Set by FOMC, this is the rate that banks charge each other for short-term loans to meet their minimum reserve requirements.

**Federal Open Market Committee (FOMC)** - A committee within the Federal Reserve that makes key decisions about interest rates and the growth of the US money supply.

**Federal Reserve Dual Mandate** - The Fed's responsibility to promote maximum employment and stable prices. It also guides monetary policy decisions.

**Federal taxes** - Taxes collected by the US government on income, products, and activities.

**Feedback Loop** - A process in which feedback is used to improve products or services based on customer responses.

**Fees** - Charges by financial institutions for various services, like account maintenance or overdraft protection.

**FICA (Federal Insurance Contributions Act)** - A US law that mandates a payroll tax on both employees and employers to fund Social Security and Medicare.

**FICO Score** - A widely used credit score model developed by the fair ISAAC corporation.

**Financial Advisor Services** - Services that provide expert advice on managing finances, retirement planning, and investments.



**Financial Assessment** - A comprehensive evaluation of an individual's financial situation, including income, expenses, assets, and liabilities.

**Financial Derivative** - A financial contract whose value is derived from the performance of an underlying asset, such as stocks, bonds, or commodities.

**Financial Independence** - The state of having sufficient personal wealth to live without having to work actively for basic necessities.

**Financial Industry Regulatory Authority (FINRA)** - A self-regulatory organization that oversees brokerage firms and their registered representatives to protect investors.

**Financial Literacy** - The ability to understand and effectively use various financial skills, including personal finance, budgeting, and investing.

**Financial Obligation** - A legal duty to pay money to another party, typically arising from a loan or credit agreement.

**Financial Planning** - The process of setting financial goals and creating a strategy to achieve them.

**Financial Reporting** - The process of producing statements that disclose an organization's financial status to management, investors, and regulators.

**Financial Services** - Services provided by the finance industry, including banking, investments, and insurance.

**Financial Statement** - A formal record of the financial activities and position of a business, person, or entity, including the balance sheet, income statement, and cash flow statement.

**Financial Strategy** - A plan that outlines how an individual or organization.

**Financial Uncertainty** - The unpredictability of financial outcomes, which insurance aims to reduce.

**Financing** - The process of providing funds for business activities, making purchases, or investing.

**Firewall software** - A network security system that monitors and controls incoming and outgoing network traffic.

**Fixed-Rate Mortgage** - A mortgage with a constant interest rate and monthly payments throughout the loan term.

**Flexible Spending Account (FSA)** - An account you put money into to pay for certain out-of-pocket health care costs with pre-tax dollars.

**Foreclosure** - The legal process by which a lender takes possession of a property due to non-payment of a mortgage.

**Formulas and Functions** - Mathematical operations used in spreadsheets to perform calculations and data analysis.

**Franchise** - A type of business where the owner licenses its operations—along with its products, branding, and knowledge—in exchange for a franchise fee.

**Fraud Detection** - The process of identifying and preventing fraudulent activities, often using technology and analysis.

**Fraud prevention** - Measures taken to stop or deter the deception of others for financial or personal gain.

**FTC Safeguards Rule** - A regulation requiring financial institutions to develop, implement, and maintain a comprehensive information security program.

**Full-Service Brokerage Firm** - A firm that provides comprehensive financial advice, retirement planning, and investment management, while also executing trades for their clients; typically charge higher fees.

**Future Value (FV)** - The value of an investment at a future date based on a constant interest rate.

## G

**Gender Awareness** - Recognizing and addressing the different communication needs and preferences based on gender.

**Global Economic Conditions** - Worldwide economic factors, including trade policies, currency exchange rates, and international political stability that affect financial markets and investments.

**Grace Period** - A time frame during which a borrower can make a payment without incurring penalties or interest.

**Gramm Leach Bliley Act (GLBA)** - A law that requires financial institutions to explain how they share and protect their customers' private information.

**Gross income** - Total amount of money earned before taxes and other deductions.

## H

**Health insurance** - A type of insurance coverage that pays for medical and surgical expenses.

**Health Savings Account (HSA)** - A tax-advantaged savings account for medical expenses, available to those with high-deductible health plans.

**Hedge Fund** - An investment fund that employs various strategies to earn active returns for its investors, often involving higher risk and less regulation.

**Human Capital** - The value that employees bring to a company through their skills, knowledge, and experience.

**Hybrid Security** - A financial instrument that combines features of both debt and equity, such as convertible bonds.

## I

**Identity theft** - The fraudulent practice of using another person's personal information for financial gain.

**Identity Verification** - The process of confirming an individual's identity, often required for financial transactions.

**Income** - Money received, especially on a regular basis, for work or through investments.

**Income Planning** - Developing a strategy for managing income to meet current and future financial needs.

**Indemnification** - The process by which an insurer compensates the insured for a loss, restoring them to their financial position before the loss occurred.

**Indemnity** - A principle in insurance that provides for compensation to restore an insured party to their financial position before the loss occurred.

**Independent Insurance Careers** - Jobs with independent agencies that represent multiple insurance companies and offer various policies to clients.

**Index Fund** - A type of mutual fund or ETF designed to replicate the performance of a specific index, such as the S&P 500.

**Information Security** - The practice of protecting information by mitigating risks related to unauthorized access and data breaches.

**Initial Coin Offerings (ICO)** - A fundraising method where new cryptocurrencies are sold to investors in exchange for existing cryptocurrencies or fiat money.

**Innovation** - The introduction of new ideas, products, or methods that improve business processes or products.

**In-Person Communication** - Direct, face-to-face interaction between people.

**Installment Loan** - A loan that is repaid over time with a set number of scheduled payments.

**Institutional Brokerage Firm** - A firm focused on institutional clients such as mutual funds, pension funds, and insurance companies. Their services include executing large trades, research, and market analysis for institutional investors.

**Insurance** - A contract, represented by a policy, in which an individual or entity receives financial protection or reimbursement against losses from an insurance company.

**Insurance Adjuster** - A professional who investigates insurance claims to determine the extent of the insurer's liability.

**Insurance Auditing** - A review of the insurance processes and practices of an organization to ensure compliance and efficiency.

**Insurance Broker** - An intermediary who sells insurance products on behalf of various insurance companies.

**Insurance Claim** - A request made by the insured to the insurer for payment of benefits under an insurance policy after a covered loss occurs.

**Insurance Companies** - Firms that provide risk management by offering policies to protect against financial losses.

**Insurance Coverage** - The specific protection provided by an insurance policy against financial loss.

**Insurance Premium** - The amount paid by the insured to the insurer for coverage over a specified period.

**Insurance Rider** - An additional provision added to an insurance policy that modifies the coverage or benefits.

**Insurance Underwriter** - A professional who evaluates and assesses the risk of insuring a person or asset and determines the terms of coverage.

**Intellectual Property Violations** - Unauthorized use or distribution of proprietary business information through communication errors.

**Interest** - The cost of borrowing money, usually expressed as a percentage of the principal amount borrowed.

**Interest Accrual** - The process by which interest accumulates on a loan or credit account over time.

**Interest Payment (IPMT)** - The payment made on the interest portion of a loan during a specific period.

**Interest Rate (APR)** - The cost of borrowing money, usually expressed as a percentage of the principal, which is paid to the lender over time.

**Internal Controls** - Procedures and policies implemented by an organization to ensure the integrity of financial and accounting information, promote accountability, and prevent fraud.

**International Economy** - The economic activities and interactions between multiple countries.

**Internet Banks** - Banks that operate exclusively online, without physical branches, offering digital financial services.

**Inventory Management** - The supervision of non-capitalized assets, or inventory, and stock items.

**Investing** - The act of allocating money into financial assets or ventures with the expectation of generating profit or income over time.

**Investing Services** - Financial services that help clients invest money in stocks, bonds, mutual funds, and other assets.

**Investment Banks** - Banks that help companies raise capital, provide advisory services, facilitate mergers and acquisitions, and help with initial public offerings (IPOs).

**Investment Companies** - Firms that invest pooled funds from clients into securities like stocks and bonds.

**Investment Grade Bonds** - Classification for bonds that are considered to have a low risk of default, typically rated BBB- or higher by credit rating agencies.

**Investment Horizon** - The length of time an investor expects to hold an investment before taking the money out.

**Investment Portfolio** - A collection of various financial assets, such as stocks, bonds, and cash, held by an individual or institution.

**Investment Strategy** - A plan designed to achieve a particular investment objective by outlining how to allocate assets and select securities.

**Investment Trust** - A company that invests in a diversified portfolio of assets and allows investors to buy shares in the trust.

**Investor Speculation** - The act of trading in financial instruments or assets with a high risk of loss but also the potential for significant gains, based on predictions about future market conditions.

## **L**

**Labor Market** - The supply of available workers in relation to available work, affecting wages, employment rates, and overall economic health.

**Landlord Responsibilities** - The duties of a property owner to manage and maintain a rental property, ensuring it is safe and habitable for tenants.

**Landlord Risks** - Potential challenges and losses a property owner may face, such as property damage, tenant default, or market fluctuations.

**Lender** - An individual or institution that provides funds to a borrower, typically in exchange for interest.

**Lending Regulations** - Rules and laws governing how loans are issued, ensuring fairness and transparency.

**Liability** - A financial obligation or debt that an individual or entity owes to another party.

**Liability Coverage** - Insurance that protects against claims resulting from injuries or damage to other people or property.

**Liability Insurance** - Insurance that protects against claims resulting from injuries and damage to people and property.

**Life Insurance** - Insurance that pays a specified sum of money to designated beneficiaries upon the death of the insured.

**Limit Order** - An order to buy or sell a security at a specified price or better, which is not executed until the market reaches that price.

**Limited Liability Company (LLC)** - A business structure that offers personal liability protection and tax benefits, combining aspects of a corporation and a partnership.

**Liquidity** - The ability of a business to quickly convert assets into cash without losing value.

**Live Chat Customer Service** - The use of real-time online messaging to assist and communicate with customers.

**Loan Origination** - The process of creating a new loan, including the application and approval stages.

**Loan Servicing** - The management of a loan after it has been disbursed, including collection of payments and customer service.

**Loan Terms** - The conditions under which a loan is made, including the interest rate, repayment schedule, and other contractual obligations.

**Loans** - Money lent by financial institutions to individuals or businesses, to be repaid with interest.

**Local Economy** - The economic activities and conditions within a specific geographic area, such as a town or city.

**Local Wealth Development** - The process of increasing economic prosperity within a local community through business activity.

**Long-Term Capital Gains** - Profit made from the sale of investments or property held longer than 12 months. These gains are typically taxed at a lower rate typically ranging from 0% - to 20% depending on your income.

**Long-term financial goals** - Objectives you plan to achieve over several years or decades.

**Long-Term Goals** - Financial objectives that require a more extended period to achieve, typically several years or decades.

**Loss Adjustment** - The process of determining the amount of loss or damage covered by an insurance policy.

**Loss Mitigation** - Steps taken to reduce the severity of losses in the event of a claim.

## **M**

**Management and Leadership** - The process of directing and controlling a group or organization and making decisions that affect the business.

**Mandatory deductions** - Required subtractions from your paycheck, such as taxes

**Market Capitalization** - The total market value of a company's outstanding shares, calculated by multiplying the share price by the total number of shares.

**Market Choice** - The variety of products and services available for consumers to choose from in a market.

**Market Entry** - The strategy and process of introducing a product or service to a new market.

**Market Order** - An order to buy or sell a security immediately at the current market price.

**Market Penetration** - The strategy of increasing sales of existing products in a specific market.

**Marketing** - The activities and strategies used to promote and sell products or services, including market research and advertising.

**Maturity Date** - The date on which the principal amount of a bond is due to be paid back to the bondholder.

**Medicare** - A federal health insurance program for people who are 65 or older and certain younger people with disabilities.

**Meeting Etiquette** - The set of rules and behaviors that ensure productive and respectful meetings.

**Mission, Vision, and Values** - The core principles and goals that guide a business's operations and strategies.

**Monetary Policy** - Actions taken by a central bank to manage the economy by controlling the money supply and interest rates.

**Money Market Accounts (MMAs)** - Savings accounts that typically offer higher interest rates in exchange for higher balance requirements.

**Monitoring** - The ongoing observation and review of activities, processes, or systems to ensure compliance and efficiency.

**Mortgage** - A loan used to purchase a home or real estate, secured by the property itself.

**Mortgage Companies** - Lenders that specialize in providing loans for purchasing real estate.

**Mortgage Loans** - Loans specifically used for purchasing real estate, including first mortgages, second mortgages, home equity loans, and variable or fixed-rate loans.

**Multi-factor authentication** - A security system that requires more than one method of authentication to verify the user's identity.

**Mutual funds** - Investment vehicles made up of a pool of funds collected from many investors to invest in securities like stocks, bonds, and other assets.

## N

**National Credit Union Administration (NCUA)** - A US government agency that regulates and supervises federal credit unions and insures savings in federal and most state-chartered credit unions.

**National Economy** - The economic activities and conditions of a country as a whole.

**Needs vs wants** - Distinguishing between essential expenses (needs) and non-essential desires (wants).

**Net income** - The amount of money you have left after taxes and other deductions are taken from your gross income.

**Net pay** - The amount of money you take home after all deductions have been made from your gross pay.

**Net Worth** - The difference between an individual's total assets and total liabilities, representing their financial position.

**Non-Consumer Insurance** - Insurance for purposes related to the insured's trade, business, or profession, such as trade insurance for a plumber.

**Nonfungible Tokens (NFT)** - Unique digital assets that represent ownership of specific items or content, such as digital art or music, stored on a blockchain.

**Non-Revolving Credit** - A type of credit where the borrower has a fixed amount to pay over a set period (e.g., installment loans).

**Nonverbal Communication** - Communicating without words, using body language, facial expressions, and other physical gestures.

## O

**Office of Foreign Assets Control (OFAC)** - A US treasury department that enforces economic sanctions against targeted foreign countries and regimes.

**Operational Costs** - The expenses incurred in the day-to-day functioning of a business, including rent, utilities, and wages.

**Operational Efficiency** - The ability of a business to deliver products or services most cost-effectively without compromising quality.

**Opportunity Cost** - The potential benefits missed when choosing one alternative over another.

**Overdraft** - A situation where an account holder withdraws more money than is available in their account, resulting in a negative balance.

## P

**P/C (Property and Casualty) Insurance** - Insurance that protects against property losses to businesses and individuals and liability coverage for the financial risk of being responsible for property damage or injuries to others.

**Partnership** - A business organization where two or more individuals manage and operate the business with shared profits and liabilities.

**Passive Investing** - A long-term investment strategy that aims to replicate market performance by holding a diversified portfolio of assets.

**Pay yourself first budget** - A budget strategy where you save a portion of your income before spending on anything else.

**Payment Default** - Failure to fulfill a financial obligation, such as not making scheduled payments on a debt.

**Payment History** - A record of a borrower's payments on credit accounts, which is a significant factor in credit scoring.

**Payment of Fortuitous Losses** - Compensation for losses that occur by chance and are not predictable.

**Payment Processing** - The handling of payment transactions, including authorization, settlement, and reporting.

**Performance Metrics** - Measurements used to assess the effectiveness and efficiency of a company's operations and services.

**Periodic Payment (PMT)** - The payment amount for a loan or investment that occurs regularly.

**Personal Finance** - The management of an individual's financial resources, including budgeting, saving, and investing.

**Personal Integrity** - The quality of being honest and having strong moral principles in professional and personal conduct.

**Personal Loan** - A loan that can be used for various personal expenses, often unsecured.

**Personalization** - Tailoring products, services, or communications to meet the individual needs of customers.

**Policyholder** - The individual or entity that owns an insurance policy and is entitled to its benefits.

**Political Security** - The stability and security of a country's government and political environment, affecting investor confidence and economic conditions.

**Pooling of Losses** - The practice of spreading financial losses among a large group of people, reducing the impact on any one individual.

**Portfolio Management** - The art and science of making decisions about investment mix and policy to manage an individual's or institution's investment portfolio.

**Positive Attitude** - Maintaining a constructive and optimistic demeanor in communication and problem-solving.

**Post-tax deductions** - Amounts taken from your pay after taxes have been calculated and deducted.

**Premiums** - The amount paid periodically to an insurance company for coverage.

**Pre-tax deductions** - Amounts taken from your gross pay before taxes are calculated, reducing your taxable income.

**Principal** - The original sum of money borrowed or invested, excluding interest or returns.

**Privacy Policy** - A statement that explains how an organization collects, uses, and protects the personal information of its clients or customers.

**Privileged information** - Data or knowledge that is protected from disclosure and is known only to a select group of people.

**Problem Resolution** - The process of addressing and solving customer complaints or issues effectively.

**Problem Solving** - The process of finding solutions to difficult or complex issues within customer service.

**Product Development** - The process of designing, creating, and bringing a new product to market.

**Professional Email Composition** - Writing clear, polite, and professional emails for business communication.

**Profit Margin** - A financial metric that shows the percentage of revenue that exceeds total costs, indicating profitability.

**Prohibited transactions** - Financial activities that are not allowed due to laws, regulations, or institutional policies.

**Proof of Stake** - A consensus mechanism for blockchain networks that selects validators based on the number of coins they hold and are willing to "stake."

**Proof of Work** - A consensus mechanism that requires participants to solve complex mathematical problems to validate transactions and create new blocks on the blockchain.

**Property Insurance** - Insurance that provides financial reimbursement to the owner or renter of a structure and its contents in case of damage or theft.

**Public Relations** - The practice of managing communication between an organization and the public to maintain a positive image.

## **Q**

**Quality Assurance** - The systematic process of ensuring that products or services meet specific quality standards.

**Questioning Techniques** - Methods used to ask questions that elicit accurate and valuable information from sources and clients.

## **R**

**Rational Decision-Making** - Making investment choices based on objective analysis, facts, and logical reasoning.

**Real Estate Investment Trust (REIT)** - A company that owns, operates, or finances income-generating real estate, offering investors a way to invest in real estate without owning physical properties.

**Red Flags rule** - A regulation requiring businesses to implement a written program to detect the warning signs of identity theft.

**Refinance Loan** - A loan that replaces an existing loan with a new one, typically to get better terms.

**Reg B (Equal Credit Opportunity Act)** - A regulation that prohibits discrimination in credit transactions.

**Reg P** - A regulation governing the treatment of nonpublic personal information about consumers by financial institutions.

**Reg V (Fair Credit Reporting Act)** - A regulation that governs the collection and use of consumer credit information.

**Reg Z (Truth in Lending Act)** - A regulation that requires lenders to disclose the terms and costs of consumer credit.

**Regional Reserve Banks** - Federal Reserve branches located in different regions across the United States, implementing policies and providing services to local banks.

**Regulation** - A rule or directive made and maintained by an authority to govern conduct within a specific area.

**Regulatory Body** - An organization or agency responsible for overseeing and enforcing laws and regulations within a specific industry.

**Reinsurance** - The practice of insurers transferring portions of their risk portfolios to other insurers to reduce the likelihood of paying a large obligation.

**Relationship Management** - Strategies and practices used to manage interactions with customers to enhance satisfaction and loyalty.

**Rental Property** - Real estate that is leased to tenants to generate rental income.

**Repossession** - The act of taking back property by a lender when the borrower fails to make required payments.

**Reserve Requirement** - Minimum amount of money that banks must hold against deposits.

**Residential Real Estate** - Property used for housing, such as single-family homes, apartments, and condominiums.

**Respect** - Showing consideration and valuing the feelings, wishes, and rights of others.

**Retail Banking** - Banking services focused on individual consumers, offering products like savings accounts and loans.

**Retail Banks** - Banks that provide services directly to consumers, such as checking and savings accounts.

**Retirement Accounts** - Financial accounts designed for saving for retirement, often with tax advantages.

**Retirement Planning** - The process of preparing financially for life after leaving the workforce, typically by saving and investing over the long term.



**Revenue Stream** - The sources of income generated by a business from its operations.

**Revolving Credit** - A type of credit that allows the borrower to repeatedly borrow up to a certain limit and repay it over time (e.g., credit cards).

**Risk and Reward** - The concept that potential return rises with an increase in risk, meaning that higher returns are typically associated with higher risk.

**Risk Assessment** - The process of identifying and analyzing potential risks that could negatively impact an investment or business operation.

**Risk Exposure** - The extent to which an entity is exposed to potential losses due to various risks.

**Risk Management** - The identification, assessment, and prioritization of risks followed by coordinated efforts to minimize or control their impact.

**Risk Pooling** - The practice of grouping multiple insurance policies to spread risk among a larger group of policyholders.

**Risk Tolerance** - An investor's ability and willingness to endure fluctuations in the value of their investments.

**Risk Transfer** - The process of shifting the financial burden of a loss from the insured to the insurer.

**Robo-Advisor** - A digital trading platform that provides automated, algorithm-driven financial planning services with little to no human intervention.

**Roth Individual Retirement Account (IRA)** - A retirement savings account funded with post-tax income; withdrawals are tax-free.

**Rule of 72** - A simple formula used to estimate the number of years required to double the value of an investment at a fixed annual rate of return.

## **S**

**S Corporation** - A type of corporation that meets specific internal revenue code requirements and is taxed as a pass-through entity.

**Sales** - The exchange of a product or service for money; the action of selling something.

**Sarbanes Oxley (SOX)** - A law that sets requirements for public company boards, management, and public accounting firms to improve financial disclosures and prevent accounting fraud.

**Saving** - Setting aside money for future use instead of spending it immediately.

**Savings Accounts** - Bank accounts that earn interest on the deposited money, intended for saving rather than daily use.

**Savings goals** - Specific financial objectives you aim to achieve through saving money.

**Savings Rate** - The percentage of income an individual saves, typically used to measure financial health.

**Scalability** - The capacity of a business to grow and manage increased demand without negatively impacting performance.

**Secured Bonds** - Bonds that are backed by specific assets or collateral, providing additional security to investors.

**Secured Credit** - Credit backed by collateral, such as a mortgage or auto loan.

**Securities and Exchange Commission (SEC)** - A US government agency responsible for regulating the securities markets and protecting investors.

**Security Protocol** - A set of rules and procedures that govern the protection of data and systems from unauthorized access or breaches.

**Security Token Offerings (STO)** - A fundraising method where security tokens, representing ownership in an asset or company, are sold to investors.

**Self-Insurance** - A situation in which a person or business assumes the financial risk of a loss instead of purchasing insurance.

**Service Level Agreement** - A contract outlining the expected level of service between a service provider and a customer.

**Service Recovery** - Actions taken by a company to rectify a service failure and retain customer satisfaction.

**Service Standards** - Established criteria that define the expected level of service quality in an organization.

**Short-Term Capital Gains** - Profit from the sale of assets held for less than 365 days. These are taxed as ordinary income with rates ranging between 10% and 37% depending on your income.

**Short-term financial goals** - Objectives you aim to achieve within a year or less.

**Short-Term Goals** - Financial objectives an individual aims to achieve within a relatively brief timeframe, usually a year or less.

**Small Business Administration** - A US government agency that provides support to small businesses through loans, training, and advocacy.

**Social Media and Ethics** - The principles that guide the use of social media responsibly and ethically, especially in a business context.

**Social Security** - A federal insurance program providing benefits to retired people and those who are unemployed or disabled.

**Sole Proprietorship** - A type of business owned and operated by one person, where there is no legal distinction between the owner and the business.

**Sources of Consumer Credit** - Various institutions that provide loans, including commercial banks, consumer finance companies, credit unions, and life insurance companies.

**Spending** - The act of using money to pay for goods or services.

**Spending Habits** - Patterns and tendencies in how an individual allocates money for purchases and expenses.

**Spending plan** - A strategy for how you will spend your money.

**Stability of Financial System** - Efforts by financial authorities to maintain a stable and secure banking and financial environment.

**Start-up Capital** - The initial funding required to launch a business, covering costs for equipment, inventory, and operational expenses.

**State Economy** - The economic activities and conditions within a particular state or region.

**State taxes** - Taxes imposed by individual states on income, property, or sales.

**Stocks** - Shares representing ownership in a company.

**Supervising and Regulating Financial Institutions** - The process of overseeing financial institutions to ensure they operate safely and soundly.

**Supply Chain** - The network of production, processing, and distribution of goods, affecting economic conditions and investment opportunities.

## **T**

**Tax benefits** - Advantages that reduce your tax liability.

**Tax Planning** - The process of analyzing one's financial situation to minimize tax liability through various strategies.

**Tax Shelter** - A legal strategy or financial arrangement that minimizes or defers taxes owed by reducing taxable income.

**Text Messages** - Written communication sent via mobile devices for quick information exchange.

**Time Value of Money** - A financial concept stating that a sum of money has greater value now than the same sum in the future due to its earning potential.

**Trade Policy** - Government regulations and agreements that control international trade, impacting economic conditions and investment opportunities.

**Trading** - The buying and selling of financial instruments, such as stocks or commodities, to make a profit.

**Trading Services** - Services that facilitate the buying and selling of securities like stocks and bonds.

**Traditional Individual Retirement Account (IRA)** - A tax-deferred retirement savings account

**Transaction** - An exchange or transfer of goods, services, or funds between parties.

**Treasury Bonds** - Long-term government bonds issued by the US Department of the Treasury, known for their safety and reliability.

**Truth in Lending Act** - A federal law that requires lenders to disclose the true cost of credit to borrowers.

## U

**U.S. Patriot Act** - A law passed to strengthen national security in response to the September 11 attacks, including provisions to combat terrorism financing.

**Underwriting** - The process of evaluating the risk of insuring a person or asset and determining the terms of coverage.

**Union dues** - Regular payments made by members to a labor union.

**Unsecured Bonds** - Bonds that are not backed by any specific assets; they rely solely on the issuer's creditworthiness.

**Unsecured Credit** - Credit not backed by collateral, such as credit cards and personal loans.

**Up-selling** - The practice of encouraging customers to purchase a more expensive item or upgrade their current purchase.

## V

**Vantage Score** - An alternative credit scoring model, not as widely used as Fico.

**Verbal Communication** - The use of words, spoken or written, to convey a message.

**Virtual Platforms** - Online tools and software used for meetings, presentations, and other remote communication.

**Volatility** - A statistical measure of the dispersion of returns for a given security or market index, reflecting the degree of variation in trading prices.

**Voluntary deductions** - Optional subtractions from your paycheck, such as retirement contributions or health insurance premiums.

## W

**W2 form** - A wage and tax statement form that reports an employee's annual wages and the amount of taxes withheld from their paycheck.

**W4 form** - An internal revenue service form that tells employers how much tax to withhold from each paycheck.

**Wealth Building** - The process of increasing assets and financial resources over time through investments and savings.

**Wealth Management** - A comprehensive service that combines financial planning, investment management, and other financial services for high-net-worth individuals.

**Whistleblower** - An individual who reports unethical or illegal activities within an organization, often protected by law.

**Withdrawal** - The act of taking money out of a bank account.

**Word Choice** - Selecting appropriate words to convey the intended message effectively and respectfully.

**Workplace Practices** - The methods and standards used in a workplace, including policies and procedures that guide employees.

## **Y**

**Yield** - Return on an investment, usually expressed as an annual percentage of the investment's cost or current market value.

**Yield Curve** - A graphical representation of interest rates on debt for a range of maturities, indicating the relationship between interest rates and the time to maturity.

## **Z**

**Zero-based budget** - A budgeting method where income minus expenses equals zero, with every dollar assigned a purpose.