

**INCOME
TAX**

paid to the
government for
services
(highways, military,
schools...)

WITHHOLDINGS

income taxes
taken out of
your paycheck

**TAKE-HOME
PAY/NET
PAY**

money you get
to use after
taxes come out

**GROSS
PAY**

amount of
money you
make before
taxes come out

MEDICARE

pays for
healthcare for
the elderly and
disabled

**STATE
INCOME
TAX**

taxes paid to
your state for
services like
schools, roads...

**SOCIAL
SECURITY
TAXES**

taxes paid to
government but
returned to your
after retirement

**"OLD AGE
PENSION"**

**Social
Security**

FICA

Federal
Insurance
Contributions
Act

IRS

Internal Revenue
Service (government
department, makes
sure you pay taxes)

FRINGE BENEFITS

Non-wage form of
payment to workers
from employers (pd
vacation, health ins.)

W-2

Form stating how
much employee
paid in taxes
during the year

W-4

Form stating how many dependents you have for tax purposes

**TAX
RETURN**

Explains your income, how much you've paid in taxes, due April 15th

DEDUCTIONS

money taken out of your paycheck

NEEDS

Things you CAN'T live without (food, water, shelter, clothing)

WANTS

Things you would like to have (cell phone, car, designer clothes)

CREDIT REPORT/HISTORY

Report showing how you spend your money, can't be changed, determines if you can borrow \$

3 C'S OF CREDIT

Character,
Collateral,
Character

CHARACTER

Your "reputation" as a borrower (determined by credit report)

COLLATERAL

Item pledged to secure that you'll repay loan (car, house, boat)

CAPACITY

enough income to cover current expenses plus amount you want to borrow

CREDIT BUREAU

Organizations that track your credit history; check it yearly

CO-SIGNER

someone willing to sign a loan with you & willing to pay if you don't

CREDIT CARD

card used repeatedly to borrow money or buy products/services on credit

CHARGE CARD

card used that must be paid when a statement is issued

PAY YOURSELF FIRST

saving money **BEFORE** using it for other things

ASSETS

Anything you own that is of value (car, house, sports equipment)

LIABILITIES

debts you owe to someone else
(car payment, credit card bills...)

NET WORTH

a person's assets minus their liabilities equals their net worth

CD

Certificate of Deposit
(investment that pays interest)

IRA

Individual Retirement Account (long term/for retirement)

**401k,
403b**

**Retirement
investments**

