

5 C's of credit	Key elements a borrower should have to obtain credit: character, capacity, capital, collateral , conditions
abandon	Choose not to exercise or sell an option before it expires.
ability to pay	A borrower's ability to meet his/her current and future debt obligations.
Accelerated Depreciation	A method of depreciation which allowed faster write offs than the straight line method.
accidental death benefit	A life insurance policy provision that calls for an additional payment; also called "double indemnity."
account	A record of financial transactions for an asset or individual.
accountant	One who is skilled in the practice of accounting.
accounting	The systematic recording, reporting, and analysis of financial transactions of a business.
accounting equation	The fundamental balance sheet equation. Assets = liabilities + Owners' Equity.
accounts payable	Money which a company owes to vendors for products and/or services purchased.
accounts receivable	Money which is owed to a company by a customer for products and/or services provided.
accrual basis	Accounting method which reports income when earned and expenses when incurred.
accrued expenses	Expenses which are incurred, but for which payment is not yet made.
accumulated dividend	A dividend due, but not yet paid, to a preferred stock holder.
adjustable life insurance	Life insurance in which the policyholder can change the details of the plan, including the face amount, premium, and protection period.
adjustable rate	An interest rate which can be periodically adjusted up or down.
adjustable rate mortgage	A mortgage with an interest rate that may change.
adjusted basis	The base price of an asset or security that reflects any deductions taken on or improvements to the asset or security, used to compute the gain or loss when sold.
adjusted book value	Value on a company's balance sheet after assets and liabilities are adjusted to market value.
adjusted gross income	The amount used in the calculation of an individual's income tax liability.
adjusting entry	Made at the end of an accounting period to correct the data for, and assign income and expenses to, a prior period.
adventure capitalist	An entrepreneur who helps other entrepreneurs financially, and often plays an active role in the company's operations.
adverse opinion	An independent auditor's belief that a company's financial statements are not accurate.
affiliate	A company which is related to another company in some way.
aggressive	An investment strategy characterized by a willingness to accept above average risk
allowance for depreciation	An accumulated expense that writes off the cost of a fixed asset over its expected useful life.
amended return	An IRS filing done to correct mistakes that were made on tax returns in the previous three years.
amortization	The gradual elimination of a liability in regular payments over a specified period of time.
analyst	An employee of a bank, brokerage, advisor, or mutual fund who studies companies and makes buy and sell recommendations, often specializing in a single sector or industry.
annual meeting	The company gathering at which the previous year and the outlook for the future are discussed and directors are elected by shareholders.
annual percentage rate	The yearly cost of a mortgage, including interest, mortgage insurance, and the origination fee.
annual report	Audited document sent to public company or mutual fund shareholders, reporting the financial results for each fiscal year.
annuity	A contract sold by an insurance company designed to provide payments to the holder at specified intervals, usually after retirement.
antitrust laws	The Federal laws forbidding businesses from monopolizing a market or restraining free trade.
appraisal	Professional opinion of a property's market value when market price is not easily determined.
appraiser	A person qualified to provide evaluations of a property's market value.
appreciation	The increase in value of an asset.
arm's length transaction	A transaction between two parties who were not previously related or affiliated in any manner, to avoid any question of a conflict of interest.
assessed value	The dollar value of an asset assigned by a public tax assessor for the purposes of taxation.
asset	Item of economic value owned by an individual or corporation, which could be converted to cash.
assign	To transfer ownership of a property or right to another party by signing a document.
assumable mortgage	A mortgage that can be taken over by the buyer when a home is sold.
auction	A method for selling an asset to the highest bidder.
audit	An examination and verification of a company's financial and accounting records.
audited financial statements	A company's financial statements, prepared and certified by a Certified Public Accountant.
auditor	An individual qualified (at the state level) to conduct audits.
auditor's report	Section of an annual report containing an accountant's opinion of the financial statement's accuracy.
bad debt	Accounts receivable that will likely remain uncollectable and will be written off.
bait and switch	An illegal tactic in which a seller advertises a product with the intention of persuading customers to purchase more expensive product.
balance of trade	A country's exports minus its imports; the largest component of a country's balance of payments.
balance sheet	Summary of a company's financial condition, including assets, liabilities and net worth.
bank	An organization which provides a full array of financial services, i.e. checking, loans, investments.
bankrupt	A person, firm, or corporation that, through a court proceeding, has been declared insolvent and is relieved from the payment of all debts after the surrender of all assets to a court.
bankruptcy	A proceeding in a federal court in which an insolvent debtor's assets are liquidated and the debtor is relieved of further liability.
barter	The exchange of products and/or services without the use of money.

basis	Purchase price, including commissions and other expenses, used to determine capital gains and losses for tax purposes.
bear market	A prolonged period of falling prices accompanied by widespread pessimism.
bearer	the holder of a negotiable instrument
beneficiary	An individual, institution, trustee, or estate which receives benefits under a will, insurance policy, retirement plan, annuity, trust, or other contract.
bequeath	To transfer property to an heir through a will.
bill of sale	A document that transfers title of an asset from a seller to a buyer.
Black Market	A market where products are bought and sold illegally.
Blue Chip	Stock of a large, national company with a solid record of stable earnings and/or dividend growth and a reputation for high quality management and/or products.
Board of Directors	Individuals elected by a corporation's shareholders to oversee the management of the corporation.
bond	A debt instrument issued for a period of more than one year to raise capital by borrowing.
book value	A company's common stock equity as it appears on a balance sheet.
bookkeeping	The systematic recording of a company's financial transactions.
books	A company's accounting records, such as journals and ledgers.
borrow	To receive something of value with the promise of giving something of greater value in the future.
bounced check	A check which a bank returns because it is not payable due to insufficient funds.
brand	An identifying symbol, words, or mark that distinguishes a product or company.
broker	An individual or firm which acts as an intermediary between a buyer and seller.
budget	An itemized forecast of an individual's or company's income and expenses.
bull market	A prolonged period of rising prices, usually by 20% or more.
business plan	A document detailing the past, present, and future of the company.
bylaws	The official rules and regulations which govern a corporation's management.
capital	Cash or goods used to generate income.
capital asset	All tangible property which cannot easily be converted into cash.
capital expenditure	Money spent to acquire or upgrade physical assets .
capital gain	The amount by which an asset's selling price exceeds its initial purchase price.
capital gains tax	Tax assessed on profit from selling a capital asset.
capital loss	The decrease in the value of an investment or asset.
capitalism	Economic system characterized by the existence of private property ownership, individuals and companies are allowed to compete for their own economic gain, and free market forces determine the prices of goods and services.
cash	Currency and coins on hand, bank balances, and negotiable money orders and checks.
cash advance	A loan taken out on a line of credit or a credit card.
cash basis	Bookkeeping practice of recording sales and expenses when cash is actually received or paid out.
cash cow	A business or product which generates a steady, dependable flow of cash.
cash flow	A measure of a company's financial health which equals cash receipts minus cash payments.
cash flow statement	A summary of a company's cash flow over a given period of time.
cash management	The strategy by which a company administers and invests cash.
cash on delivery (COD)	A transaction in which goods are paid for in full when they are received by the buyer.
cashier's check	A check which cannot bounce because its face amount is paid to the bank when it is issued.
casualty insurance	Insurance coverage for loss or liability arising from a sudden, unexpected event.
catastrophic coverage	Insurance coverage for specific events such as death, fire, flood, and some medical conditions.
caveat emptor	Let the buyer beware.
certified check	A check for which the bank guarantees payment.
Certified Public Accountant (CPA)	An individual who has received state certification to practice accounting.
check	Negotiable instrument drawn against deposited funds, to pay a specified amount of money to a specific person upon demand.
claim	Notification to an insurance company requesting payment due under the terms of the policy.
class action suit	A lawsuit brought by one party on behalf of a group of individuals all having the same grievance.
closed corporation	A corporation in which all of the voting stock is held by a few shareholders.
closing statement	A document prepared by an agent describing a real estate transaction, including the escrow deposits for taxes, commissions, loan fees, points, hazard insurance, and mortgage insurance.
collateral	Assets pledged by a borrower to secure a loan or other credit; subject to seizure upon default.
collection agency	A firm whose purpose is to secure payment on delinquent accounts.
commission	A fee charged by a broker or agent for his/her service in facilitating a transaction.
commodity	A physical substance, such as food, grains, or metals, which is interchangeable with other product of the same type, and which investors buy or sell, usually through futures contracts.
common stock	Securities representing equity ownership in a corporation, providing voting rights, and entitling the holder to a share of the company's success through dividends or capital appreciation.
community property	Any property that a married couple has acquired during their marriage.
company	Any entity engaging in business, such as a proprietorship, partnership, or corporation.
confidentiality agreement	An agreement to protect trade secrets and expertise from being misused by those who have learned of them.
consumer goods	Goods and services bought for personal use.
Consumer Price Index (CPI)	An inflationary indicator that measures the change in the cost of a fixed basket of products and services, including housing, electricity, food, and transportation; published monthly.
contingency fund	An amount kept in reserve to guard against possible losses.

contract	A binding agreement between two or more parties for lawful consideration.
contract for deed	Title to a property is transferred only after the buyer makes a certain number of monthly payments.
controlling interest	The ownership of more than 50% of a company's voting stock; or a significant fraction, even if less than 50%, if the rest of the shares are not actively voted.
cooking the books	Knowingly providing incorrect information in a company's financial statements.
corporate bond	A bond issued by a corporation.
corporation	The most common form of business organization.
cosigner	An individual other than the borrower who signs a promissory note, assuming equal liability for it.
cost	The total money, time and resources associated with a purchase or activity.
cost of goods sold	The cost of purchasing raw materials and manufacturing finished products.
Cost of Living Adjustment	An annual adjustment in wages to offset a change in purchasing power.
crash	A precipitous drop in market prices or economic conditions.
credit bureau	Agency which collects and sells information about the creditworthiness of individuals.
credit history	A record of an individual's or company's past borrowing and repaying behavior.
credit limit	The maximum amount of credit a bank or other lender will extend to a customer.
credit rating	A ranking, based on financial analysis by a credit bureau, of one's ability to meet debt obligations.
current liabilities	Balance sheet item which equals all money owed by a company and due within one year.
dealer	An individual or entity, such as a securities firm, that buys and sells for its own account.
death benefit	The payment made to a beneficiary from an annuity or policy when the policyholder dies.
debenture	Unsecured debt backed by the borrower's integrity, not collateral; documented by an agreement
debt	Liability or obligation owed to another person or persons and required to be paid by a specified date
debtor	An individual or company that owes another individual or company.
deductible	Item or expense subtracted from adjusted gross income to reduce the amount of taxable income.
deduction	An expense subtracted from adjusted gross income when calculating taxable income.
default	Failure to make required debt payments on a timely basis.
defendant	A person charged in a legal action.
deflation	A decline in general price levels, often caused by a reduction in the supply of money or credit.
demand loan	A loan which is repayable on demand, without prior notice, rather than on a specific date.
demographics	Groups, characterized by age, income, sex, education, occupation, etc., making up a market niche
dependent	A person who is financially supported by another person.
depreciated cost	The original cost of an asset minus its depreciation thus far.
depreciation	The allocation of the cost of an asset over a period of time for accounting and tax purposes.
depression	A period during which business activity drops significantly.
disability insurance	Insurance policy that pays benefits if the policyholder becomes incapable of working.
disposable income	An individual's income left after taxes have been paid, available for spending and saving.
dividend	A taxable payment declared by a company's board of directors and given to its shareholders out of the company's current or retained earnings.
Doing Business As	D.B.A.
Dow Jones Averages	The oldest and most widely used measures of the overall condition of the stock market,
Dow Jones Industrial Average	The most widely used indicator of the overall condition of the stock market (a.k.a. DJIA).
downsizing	Reducing the number of employees at a company through terminations, retirements, or spin-offs.
downturn	A negative change in the economy.
durable goods	Products that aren't consumed or quickly disposed of, and can be used for several years.
earned income	Compensation including wages, salary, tips, commissions and bonuses.
earnest money	A deposit paid by a buyer to a seller to demonstrate intention to complete the purchase.
earnings	Income. Revenues minus costs of sales, operating expenses, and taxes.
economic growth rate	The rate at which a nation, industry, community, or company's income increases.
economic indicator	Statistical data that shows general trends in the economy.
economics	The study of how the forces of supply and demand allocate scarce resources.
economist	A person who works in the field of economics.
Eminent Domain	Right of a government to seize private property for public use, for payment of fair market value.
endorsement	A signature used to legally transfer a negotiable instrument.
endowment	A permanent fund bestowed upon an individual or institution, to be used for a specific purpose.
enterprise	Business or venture.
entrepreneur	An individual who starts his/her own business.
equity	Ownership or assets minus liabilities = owner's equity
escrow	Documents, real estate, money, or securities deposited with a neutral third party to be delivered upon fulfillment of certain conditions, as established in a written agreement;
estate	All assets owned by an individual at death, to be distributed according to the individual's will .
estate planning	The preparation of a plan of administration and disposition of one's property before or after death,.
estate tax	Tax imposed on the transfer of property from a deceased to his/her heirs, legatees or devisees.
eviction	The lawful expulsion of an occupant from a property.
executor	One nominated in a will and appointed by a court to settle the estate of a deceased.
exemption	A direct reduction taken from taxable income for a specific reason, as allowed by the IRS.
expansion	Growth, as in an economic recovery.

export	To ship a product outside a country or region.
face value	The stated principal amount of a bond, which the issuer promises to repay the holder.
fair market value	Price an interested buyer could be expected to buy, and an interested seller could be expected to sell, if the asset were offered for sale on the open market for a reasonable period of time.
favorable balance of trade	Having exports which exceed imports.
Federal Deposit Insurance Corp.	A federal agency that insures deposits in member banks up to \$100,000 (a.k.a. FDIC).
Federal Housing Administration	A government agency whose primary purpose is to insure residential mortgage loans (a.k.a. FHA).
Federal Reserve Bank	A bank which maintains reserves, issues bank notes, and lends money to member banks.
Federal Reserve System	Central banking system whose purpose is to regulate the flow of money and credit in the country.
Federal Savings and Loan Association	A federally chartered institution whose purpose is to collect savings deposits and provide residential mortgage loans.
Federal tax lien	A lien against all assets of a delinquent taxpayer.
Federal Trade Commission	Federal agency whose purpose is to encourage free enterprise and prevent restraint of trade and monopolies (a.k.a. FTC).
filing status	The types of taxpayers which determines filing requirements, the amount of the standard deduction, eligibility for certain credits, and the tax bracket.
finance charge	Any charge for credit.
finance company	A company which makes loans to individuals and/or businesses.
Financial Accounting Standards Board (FASB)	Independent agency which establishes generally accepted accounting principles.
financial planner	An investment professional who helps individuals set and achieve their long term financial goals
financial statement	Written report with income statement and balance sheet; describes the company's financial health.
finder's fee	A fee paid to someone who acts as an intermediary for a client in a transaction.
finished goods	Completely manufactured products which are ready for sale and delivery to the marketplace.
firm	Any business, such as a sole proprietorship, partnership or corporation.
First In First Out	A method of valuing the cost of goods sold that uses the cost of the oldest items in inventory first (a.k.a. FIFO).
first mortgage	The mortgage that has first claim in the event of a default.
fiscal year	An accounting period of 365 days (366 in leap years), but not necessarily starting on January 1.
flat tax	A system in which all levels of income are taxed at the same rate.
Forbes 500	Annual listing of the top public companies in the U.S. ranked by sales, assets, earnings, and capitalization.
forecast	Estimate future trends by examining and analyzing available information.
foreclosure	The legal process by which an owner's right to a property is terminated, usually due to default.
foreign corporation	Incorporated under the laws of a foreign country or doing business in a state other than the one in which it is incorporated.
forfeiture	A loss of money, property, or privileges due to a breach of legal obligation.
forgery	An illegal modification or reproduction of an instrument, document, signature, or legal tender.
Fortune 500	An annual list of the 500 largest industrial corporations in the U.S.
franchise	A form of business organization in which a firm enters into a continuing contractual relationship with other businesses operating under the same trade name, in exchange for a fee.
franchise tax	A tax, usually regressive, imposed by a state government on corporations chartered in the state.
fraud	Intentional misrepresentation or concealment of information in order to deceive or mislead
free enterprise	Business governed by the laws of supply and demand, not restrained by government interference, regulation or subsidy.
free trade	International business not restrained by government interference or regulation, such as duties.
friendly takeover	Takeover which is supported by the management of the target company.
Fringe benefits	Non - salary employee compensation.
full disclosure	An obligation to disclose all the facts relevant to a business transaction, as required by the SEC.
fund family	A mutual fund company offering many mutual funds, for various objectives.
fund manager	One responsible for making portfolio decisions for a mutual fund, pension fund, or insurance fund.
general and administrative overhead	The costs necessary for operations but not directly associated with developing a product or providing a service.
general ledger	A book of final entry summarizing all of a company's financial transactions, through offsetting debit and credit accounts.
General Partner	A partner with unlimited legal responsibility for the debts and liabilities of a partnership.
Generally Accepted Accounting Principles	A widely accepted set of rules, conventions, standards, and procedures for reporting financial information, as established by the Financial Accounting Standards Board (a.k.a. GAAP).
gift tax	A graduated tax assessed against a person who gives money or an asset to another person without receiving fair compensation.
going concern	The idea that a company will continue to operate indefinitely, and will not go out of business and liquidate its assets
going private	The repurchasing of some or all of a company's outstanding stock by employees or a private investor.
going public	Performing an initial public offering.
gold standard	A monetary system that backs its currency with a reserve of gold, and allows currency holders to convert the currency into gold. The U.S. went off this standard in 1971.
golden handcuffs	Rewards and penalties designed to discourage key employees from leaving a company.
golden parachute	A lucrative employment contract given to upper management in the event of their termination.
goodwill	An intangible asset which provides a competitive advantage which appears on the balance sheet of the acquirer in the amount by which the purchase price exceeds the net tangible assets of the acquired company.
Government Bond	A bond sold by the U.S. government.

grantee	The recipient of a grant.
grantor	The person from whom a grant is made or a trust is set up.
green investing	Environmentally correct investing.
greenmail	A premium paid to a raider to get him/her to terminate a takeover attempt.
Gross Domestic Product	The total market value of all final goods and services produced in a country in a given year (a.k.a. GDP).
Gross National Product	GNP
group insurance	Insurance issued to an employer, credit union, or trade association, that provides coverage for individuals and sometimes their dependents.
growth fund	A mutual fund whose aim is to achieve capital appreciation by investing in growth stocks.
growth stock	Stock of a company which is growing earnings and/or revenue faster than its industry or the overall market and usually pay little or no dividends, using the income to finance further expansion.
guarantee	To accept responsibility for an obligation if the entity with primary responsibility for the obligation does not meet it.
guardian	A person legally entrusted with the care of, and managing the property and rights of, another person, usually a minor.
head of household	A tax filing status that can be used by a married or unmarried person who maintains a household for and provides more than half of the financial support for a dependent (or nondependent relative).
health insurance	Insurance against loss by illness or bodily injury.
health maintenance organization	A form of health insurance combining a range of coverages in a group basis (a.k.a. HMO).
heir	Individual who will receive assets upon the death of another.
historical data	Past information about a company, used to help forecast the company's future.
home equity debt	Debt secured by a primary residence or second home to the extent of the excess of fair market value over acquisition debt.
home inspection	An inspection of the prospective home done by a professional (soon after an offer is made) to establish the structural and mechanical integrity of the house.
homeowner's insurance	Insurance that combines liability insurance and hazard insurance.
hostile takeover	Takeover going against the wishes of the target company's management and board of directors.
hyperinflation	A period of rapid inflation that leaves a country's currency virtually worthless.
import	To have a product shipped into a country or region.
in the black	Profitable.
in the red	Losing money.
incentive	A reward for a specific behavior, designed to encourage that behavior.
income	For corporations, earnings. For individuals, money earned through employment and investments.
income tax	Annual levy by the Federal government, most states, and some local governments, on an individual's or corporation's net profit.
incorporation	The process by which a business receives a state charter.
independent agent	A person who represents multiple insurance companies.
independent auditor	A Certified Public Accountant who provides a company with an accountant's opinion but who is not otherwise affiliated with the company.
index	A benchmark against which financial or economic performance is measured.
Individual Retirement Account	Deferred until withdrawals begin at age 59 1/2 or later (or earlier, with a 10% penalty) (a.k.a. IRA).
inflation	The overall general upward price movement of goods and services in an economy.
inflation rate	The percentage increase in the price of goods and services, usually annually.
infrastructure	The basic physical systems of a country's or community's population, including roads, utilities, water, sewage, etc.
inheritance	Part of an estate, given to an heir.
inheritance tax	A tax imposed on the recipient of the asset.
Initial Public Offering	IPO
inside information	Material information about a company which is known by the company's board of directors, management, and/or employees but not by the public.
insider	A shareholder who owns more than 10% of a corporation, or an officer or director.
insider buying	Buying of a company's stocks by individual directors, executives or other employees.
insider selling	Selling of a company's stocks by individual directors, executives or other employees.
insolvent	Unable to meet debt obligations.
inspection	Physical examination of a property or commodity to confirm that it meets the standards of the contract.
installment	The regular periodic payment that a borrower agrees to make to a lender.
institution	An organization which is in the business of holding assets, such as banks, insurance companies, and investment companies.
insurance	A promise of compensation for specific losses in exchange for a periodic payment.
insured	The person, group, or property for which an insurance policy is issued.
intangible asset	Something of value that cannot be physically touched, such as a brand, franchise, trademark, or patent.
intellectual property	Any intangible asset that consists of human knowledge and ideas.
interest	The fee charged by a lender to a borrower for the use of borrowed money.
interest rate	Interest per year divided by principal amount, expressed as a percentage.
Internal Revenue Service	Federal agency responsible for administering and enforcing Treasury Department's revenue laws (a.k.a. IRS).
interstate commerce	The buying and selling of products and services across state borders.
inventory	A company's unsold merchandise, raw materials, and finished and unfinished products.

inverse relationship	A relationship between two numbers in which an increase in the value of one number results in a decrease in the value of the other number.
investment	An item of value purchased for income or capital appreciation.
investor	One who makes purchases for income or capital appreciation.
invoice	A bill issued by one who has provided products and/or services to a customer.
irrevocable trust	A trust which cannot be changed or cancelled once it is set up without the consent of the beneficiary.
joint account	Any account owned by two or more people.
joint ownership	When two or more people share ownership of property, securities, or rights.
kickback	An illegal, secret payment made in return for a referral which resulted in a transaction or contract.
last in first out	A method of valuing inventory in which the items acquired last are treated as the ones sold first (a.k.a. LIFO).
launder	To run illegally acquired money through a legitimate business to make it more difficult to track.
law of demand	If supply is held constant, an increase in demand leads to an increased market price, while a decrease in demand leads to a decreased market price.
law of supply	If demand is held constant, an increase in supply leads to a decreased price, while a decrease in supply leads to an increased price.
layoff	The elimination of jobs, often without regard to employee performance, usually when a company is experiencing financial difficulties.
lease	A written agreement under which a property owner allows a tenant to use the property for a specified period of time and rent.
ledger	An accounting book of final entry where transactions are listed in separate accounts.
lessee	A person who leases a property from its owner, tenant.
liability	A financial obligation, debt, claim, or potential loss.
liability insurance	Insurance coverage to protect against claims alleging that one's negligence or inappropriate action resulted in bodily injury or property damage.
libel	Written or published defamation of character.
lien	Legal claim against an asset, used to secure a loan, which must be paid when the property is sold
life expectancy	How long a given person is expected to live.
life insurance	Insurance to be paid to a beneficiary when the insured dies.
Limited Partnership	A business organization with one or more general partners, who manage the business and assume legal debts and obligations, and one or more limited partners, who do not participate.
line of credit	An arrangement in which a bank or vendor extends a specified amount of unsecured credit to a specified borrower for a specified time period.
loan	An arrangement in which a lender gives money or property to a borrower, the borrower agrees to return the property or repay the money, usually along with interest, at some future point(s) in time.
loophole	An unintentional characteristic of a law which allows one to circumvent the law's intention without actually breaking that law.
loss	Reduction in the value of an investment. Condition in which a company's expenses exceed its revenues.
loss carryover	A capital loss that is not deductible in the current year because it exceeds the annual capital loss ceiling, but may be deductible in future years.
loss leader	A product or service sold at a substantial discount in order to generate additional sales.
lump sum	A single payment for the total amount due, as opposed to a series of periodic payments.
luxury tax	A tax on products not considered essential, such as expensive cars.
macro	Large, or pertaining to an entire system.
macroeconomics	Study of the behavior of the overall economy, including inflation, unemployment, and industrial production.
malpractice	Injurious conduct by an individual acting in an official or professional capacity, such as a doctor.
management	The group of individuals who make the decisions about how a business is run.
manufacturing overhead	All manufacturing costs other than direct labor and materials.
margin account	Brokerage account in which the brokerage lends the customer cash with which to purchase securities.
marginal rate	The tax rate paid on the last dollar of one's income.
market	A public place where buyers and sellers make transactions, directly or via intermediaries.
mass production	The manufacture of a product on a large scale.
maturity	The date on which a debt becomes due for payment.
mean	One type of average, calculated by dividing the sum of a set of values by the number of values.
merger	The combining of two or more entities into one, through a purchase acquisition or a pooling of interests.
micro	Small, or pertaining to one item in a system.
microeconomics	Study of behavior of small economic units, such as that of individual consumers or households.
minority ownership	Less than 50% ownership of a corporation's voting stock, or not enough ownership to control company operations.
monopoly	A single company owns all or nearly all of the market for a given type of product or service.
moratorium	A period of time during which a certain activity is not allowed or required.
municipal bond	Bond issued by a state, city, or local government to finance operations or special projects.
nationalization	Government ownership of an industry or company.
natural resources	Occurring in nature which can be used to create wealth such as oil, coal, water, and land.
net operating income	Income after deducting for operating expenses but before deducting for income taxes and interest.
net profit	Gross sales minus taxes, interest, depreciation, and other expenses.
net sales	Gross sales minus returns, discounts, and allowances.

net worth	Total assets minus total liabilities of an individual or company.
New York Stock Exchange	The oldest and largest stock exchange in the U.S., located on Wall Street also called Big Board.
noncurrent asset	An asset not easily convertible to cash; not expected to become cash within the next year.
noncurrent liabilities	Debt not due to be paid within the next year.
Notary Public	A person authorized by the state to notarize certain documents.
occupation	Job or profession.
officer	An executive of a company who shares legal liability for his/her company's actions.
optimum capacity	The production capacity at which cost per unit is minimized.
option	The right to buy or sell a specific amount of a given stock, commodity, currency, index, or debt, at a specified price during a specified period of time.
ordinary income	Income other than capital gains.
ordinary loss	A loss other than a capital loss.
organization	A company, business, firm, or association.
organizational chart	A graphic representation of how authority and responsibility are distributed within a company or other organization.
organized labor	Employees represented by a union.
origination fee	A fee charged by a lender for processing a loan application.
outstanding stock	The shares of a corporation's stock that have been issued and are in the hands of the public.
overdraft	The amount by which withdrawals exceed deposits.
overdraft protection	A checking account feature in which a person has a line of credit to write checks for more than the actual account balance.
overhead	The ongoing administrative expenses of a business, such as rent, utilities, and insurance.
overvalued	perceived to be too expensive.
Pacific Rim	Far Eastern countries and markets bordering the Pacific Ocean.
panic	Sudden, widespread fear of economic or market collapse, leading to massive bank deposit withdrawals and/or falling stock prices.
partnership	A relationship of two or more entities conducting business for mutual benefit.
passive income	Income derived from real estate and business investments in which the individual is not actively involved.
passive investor	An investor who does not play an active role in the business.
patent	The exclusive right, granted by the government, to make use of an invention or process for a specific period of time, usually 14 years.
Patent Pending	A U.S. Patent Office Statement indicating that a patent has been applied for but not yet granted.
patronage dividend	A taxable distribution made by a cooperative to its members
payment in kind	Payment made in the form of goods and services, rather than cash.
payroll	The financial record of employees' salaries, wages, bonuses, net pay, and deductions.
penalty	A fee imposed for a violation of a rule.
per capita	Average per person.
performance bond	A bond issued by an insurance company to guarantee satisfactory completion of a project by a contractor
periodic payment plan	The process of making regular contributions, usually monthly, to an investment or portfolio.
perk	Employee benefit or incentive.
permanent life insurance	Any form of life insurance except term or group.
permit	Legal authorization to conduct an activity.
perpetual	Unending, continuing forever, having no expiration date.
personal exemption	An amount excluded from taxable income, given to any taxpayer who cannot be claimed as a dependent by another taxpayer.
personal guarantee	Promise made by an entrepreneur which obligates him/her to personally repay debts his/her corporation defaults on.
personal property	Property, other than real estate, owned by an individual.
petty cash	A small amount of cash kept on hand by a business for incidental expenses.
pink slip	An employee's termination notice.
planning	The process of setting goals, developing strategies, and outlining tasks and schedules to accomplish the goals.
plunge	Sudden, dramatic drop in a security's price or an overall market.
point	For loans, 1% of the loan amount. For stocks, \$1 per share. For bonds, 1% of the face value.
point of sale	The physical location at which goods are sold to customers.
points	Finance charges paid by the borrower at the beginning of a loan.
policy loan	A loan made by an insurance company to a policyholder on the security of the cash value of the policy.
policyholder	The owner of an insurance policy.
Power of Attorney	A legal document that enables an individual to designate another person to act on his or her behalf as long as the individual does not become disabled or incapacitated.
preferred stock	Capital stock which provides a specific dividend, paid before any dividends are paid to common stockholders; takes precedence over common stock in the event of a liquidation; does not carry voting rights.
prepayment	The payment of all or part of a debt prior to its due date.
present value	The current value of a future cash payment or payments, discounted at some appropriate interest rate.
price fixing	Establishing the price of a product or service, rather than naturally through free market forces.
Price/Earnings Ratio	The most common measure of how expensive a stock is (P/E ratio).
Private Mortgage Insurance	PMI
pro forma	Projected or hypothetical balance sheet and income statement, based on a specified set of assumptions.

proceeds	Money received through a sale or loan, after any commissions and fees are deducted.
producer	The manufacturer of a product.
product line	A set of related products sold by a single company.
profession	Occupation, especially one which requires an advanced education.
profit	The positive gain from an investment or business operation after subtracting for all expenses.
profit and loss statement	Earnings report
progressive tax	A tax system in which those who earn higher incomes pay a higher percentage of their income than those with lower incomes.
promissory note	A document signed by a borrower promising to repay a loan under agreed terms
property	That which is legally owned by an individual or entity.
property tax	Local tax assessed on such things as real estate or automobiles owned.
proprietor	A self - employed owner of an unincorporated business.
prospectus	A legal document offering securities or mutual fund shares for sale, explaining the offer, including the terms, issuer, objectives, planned use of the money, and historical financial statements.
proxy	A written authorization given by a shareholder for someone else to cast his/her vote at a shareholder meeting or at another time.
public company	A company which has issued securities through an offering, which are now traded on the open market.
punitive damages	Compensation in excess of actual damages, used to punish the offender.
purchase agreement	A legal agreement detailing a sale of property, including price and terms.
pyramid scheme	An illegal investment scheme in which early investors are paid with money from later investors, but the system inevitably collapses and later investors get nothing.
qualified opinion	Accountant or auditor's opinion of a financial statement for which some limitations existed.
qualified retirement plan	A retirement plan that meets the requirements of Internal Revenue Code and is thus eligible for favorable tax treatment.
quality	A measure of excellence.
quality assurance	steps taken to make sure that a company's products or services are of sufficiently high quality.
quarterly report	Unaudited document reporting the financial results each three month period, noting any significant changes or events in that period.
quick assets	Cash and other assets which can or will be converted into cash fairly soon, such as accounts receivable and marketable securities.
quorum	Minimum number of people who must be present (physically or by proxy) in order for a decision to be binding.
ratio	One value divided by another.
raw materials	Unfinished goods used to manufacture finished goods.
recall	The return of a product to its manufacturer for repair or replacement, usually due to defects or safety concerns.
recession	A period of general economic decline; specifically, a decline in Gross Domestic Product for two or more consecutive quarters.
reconciliation	Adjusting one's checkbook balance to match a bank statement.
red flag	A sign of a problem.
refinancing	Paying off an existing loan with the proceeds from a new loan, using the same property as collateral.
refund	The return of retail goods by a customer for his/her money back.
regressive tax	A tax that takes a larger percentage of the income of low income earners than from higher income earners.
regulatory agency	A government organization that monitors companies operating in a regulated industry.
resource	A person, asset, material, or capital which can be used to accomplish a goal.
retail	Selling directly to consumers.
retained earnings	Earnings not paid out in dividends but instead reinvested in the core business or used to pay off debt.
revocable trust	A trust that may be changed or cancelled by its grantor or by another person. Does not avoid estate taxes.
revoke	To cancel or annul.
revolving line of credit	An agreement by a bank to lend a specific amount to a borrower, and to allow that amount to be borrowed again once it has been repaid.
right of first refusal	The right of a party to match the terms of a proposed contract with another party.
Rule of 72	The estimation of doubling time on an investment, for which the compounded annual rate of return times the number of years must equal roughly 72 for the investment to double in value.
sales tax	A tax levied by a state or city on the retail price of an item, collected by the retailer.
second mortgage	A mortgage on real estate which has already been pledged as collateral for an earlier mortgage.
Securities and Exchange Commission	SEC
Securities Investor Protection Corporation	SIPC
separate return	Tax return filed by a married person who does not file a joint return.
severance pay	A payment made to a terminated employee.
share	Certificate representing one unit of ownership in a corporation, mutual fund, or limited partnership.
shareholder	One who owns shares of stock in a corporation or mutual fund.
silent partner	A business partner who provides capital but does not actively participate in the management of operations.
sin tax	A tax levied on products considered vices
slander	Spoken defamation of a person in the presence of a third party.

social responsibility	The idea that businesses should contribute to the welfare of their communities.
Social Security Tax	Federal tax levied equally on employers and employees.
socialism	Economic system which is based on cooperation rather than competition and which utilizes centralized planning and distribution.
sole proprietorship	A business structure in which an individual and his/her company are considered a single entity for tax and liability purposes.
speculation	Taking large risks, especially with respect to trying to predict the future.
split	An increase in the number of outstanding shares of a company's stock, such that proportionate equity of each shareholder remains the same. The market price per share drops proportionately.
standard deduction	A fixed deduction allowed to taxpayers who do not itemize.
status quo	The way things currently are; normal conditions.
Statute of Limitations	A state law limiting the amount of time within which legal action may be taken.
stock dividend	A dividend paid as additional shares of stock rather than as cash.
stock exchange	An exchange on which shares of stock and common stock equivalents are bought and sold.
stop payment	An order to a bank not to honor the payment of a check after it has been delivered but before it has been cashed.
straight line depreciation	A method of calculating the depreciation of an asset which assumes the asset will lose an equal amount of value each year.
tangible asset	Assets having a physical existence, such as cash, equipment, and real estate.
tariff	A tax imposed on a product when it is imported into a country.
tax bracket	The level of income tax of a given individual, as indicated by the amount of taxes he/she pays on his/her final dollar of taxable income.
tax evasion	Illegally avoiding paying taxes, failing to report, or reporting inaccurately.
tax planning	Considering the tax implications of individual or business decisions throughout the year, usually with the goal of minimizing the tax liability.
tax shelter	Any technique which allows one to legally reduce or avoid tax liabilities.
term insurance	insurance that provides protection only for a specified period of time.
third party	Someone other than the principals directly involved in a transaction or agreement.
trade secret	A formula, process, system, tool, etc. which provides a company with a competitive advantage.
trademark	A distinctive name, symbol, motto, or design that legally identifies a company or its products and services.
Treasury Bill	A negotiable debt obligation issued by the U.S. government and backed by its full faith and credit, having a maturity of one year or less.
trend	The current general direction of movement for prices or rates.
trust	A legal arrangement in which an individual gives fiduciary control of property to a person or institution for the benefit of beneficiaries.
Truth in Lending	A federal law requiring lenders to fully disclose in writing the terms and conditions of a mortgage, including the annual percentage rate and other charges.
unemployed	Involuntarily out of work
unsecured	Not backed by collateral, but by the integrity of the borrower.
usury	Charging an illegally high interest rate on a loan.
W2 Form	A tax form prepared by an employer, given to an employee to be filed with IRS 1040 form, listing wages earned, federal and state taxes withheld, and Social Security tax information for that year.
Wall Street	Name for the financial district in lower Manhattan, New York City.
withholding	An amount of an employee's income that an employer sends directly to the federal, state, or local tax authority as partial payment of that individual's tax liability for the year.