



# A GUIDE TO FINANCIAL TERMS

<b>Assets</b> .....	Current dollar value of the items you own.
<b>Monetary Assets</b> .....	Cash or items that can be converted to cash readily; used for living expenses, savings and emergencies.
<b>Tangible Assets</b> .....	Physical items such as your car, furniture or equipment primarily used to maintain lifestyle, but could be sold to raise cash. Many people are surprised to learn how little their assets are worth when they try to sell them.
<b>Investment Assets</b> .....	Tangible or intangible items obtained for producing additional income or held for speculated increase in value.
<b>Balance Sheet</b> .....	A financial “snapshot;” an overview of individual/family financial condition at a given time. Also known as a statement of financial position or position statement, it summarizes the assets and liabilities of a business entity at a certain time.
<b>Budget or Spending Plan</b> ..	Amounts expected to be received or spent within a specific time. Revising such estimates is necessary periodically. When budgeted expenses exceed budgeted income, three alternatives are recommended: earn more income, cut back expenses or a combination of the two.
<b>Cash Flow Calendar</b> .....	Annual estimated income and expenses for each budget time period are recorded on this sheet to help determine surplus or deficit situations. Effective management of cash flow can include reducing expenses during months with financial deficits, increasing income, using planned savings, using emergency savings or borrowing.
<b>Comparison Shopping</b> .....	Using an informed process of comparing products or services to find those that best fit your budget, needs and specifications.
<b>Consumer Price Index</b> .....	Published monthly by the U.S. Bureau of Labor Statistics, this index provides a broad measure of the cost of living for consumers. The index represents a statistical average of prices expressed as a percentage of a base period. Basically, it shows whether prices for a particular item, such as food or clothing, have risen or fallen since the last comparison period. A number of specific price indexes are compiled privately.
<b>Expenses</b>	
<b>Fixed Expenses</b> .....	Expenditures usually of the same amount for each budgeted time period, such as rent, car payments, loan installments, regular savings.
<b>Variable Expenses</b> .....	Expenditures that can fluctuate due to individual control, such as food, utilities, furnishings. Some expenses can be listed as both fixed and variable. Variable expenses are the easiest to juggle in times of financial difficulty.

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# A GUIDE TO FINANCIAL TERMS (continued)

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<b>Financial Planning</b> .....	A coordinated series of plans, beginning with goals and objectives that reflect your values, attitudes, lifestyle circumstances, wants and needs. This process helps you develop and implement financial moves to reach financial objectives.
<b>Financial Skills</b> .....	The techniques of decision making in personal financial management such as budget preparation, recordkeeping, savings and investment planning, and use of credit.
<b>Financial Statement</b> .....	A summary of individual or family finances on an annual or other basis.
<b>Financial Tools</b> .....	Instruments used in making personal financial management decisions, such as budgets and net worth statements.
<b>Goal</b> .....	The long-term objective that you plan to attain through financial planning and management efforts.
<b>Gross Income</b> .....	All income from all sources before taxes and other withholdings.
<b>Liabilities</b> .....	The dollar value of items for which you owe; total debts.
<b>Life Cycle</b> .....	Used for description of family or individual status along a continuous sequence of family or individual family development stages. For example, stages in individual development include periods such as adolescence and middle adulthood; stages in family development include periods such as starting out and the empty-nest period.
<b>Needs vs. Wants</b> .....	Needs are those items necessary for survival, such as food, clothing, shelter, medical services. Wants are those items beyond the necessary that are desired for improved comfort and satisfaction. These vary according to individual interests, tastes and lifestyles.
<b>Net Income</b> .....	Income after taxes; the total amount available for individual or family expenses.
<b>Net Worth Statement</b> .....	A statement showing the difference between total assets and total liabilities for an individual or a family.
<b>Personal Spending Style</b> ...	How you spend money, influenced by your values, emotions, attitudes and other factors resulting from life experiences. Conflict of spending styles may result in disagreement about family finances.
<b>Preshopping Research</b> .....	Gathering information on products before making a final selection.
<b>Real Income</b> .....	Income that is measured in constant prices relative to some base time period.
<b>Spending Plan</b> .....	A plan for spending and saving family resources to meet identified goals; a budget.

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