

# Financial Empowerment Curriculum

## Moving Ahead Through Financial Management



## Glossary



## GLOSSARY OF DOMESTIC ABUSE TERMS

**Abuser/Abusive Partner** – A person who engages in a pattern of coercive, exploitative and violent tactics against an intimate partner, in order to establish and maintain power, control and dominance over the partner.

**Advocacy** – Includes the support that domestic violence programs offer to individual women, including 24-hour crisis line, shelter, food, clothing, transportation, general, legal and medical assistance, accompaniment to court and other services, information and referrals, assistance with rent and utilities, crisis intervention, support groups, men’s re-education groups and childcare and children’s programming.

**Advocate** – Over the past 25 years, reform efforts for battered women have produced two distinct yet interwoven forms of advocacy. The first, “individual case advocacy,” involves an advocate who attempts to assist one woman. The second form of advocacy, “systems or institutional advocacy,” involves an advocate who works to alter the practices that produce unfair outcomes for battered women as a group.

**Assets** – Attributes someone possesses that are valuable – including higher education or special skills – as well as valuable objects someone owns, including a car, house, small business or savings account.

**Battered Woman/Domestic Violence Victim/Survivor** – Someone who has experienced verbal abuse, financial abuse, physical abuse or sexual violence.

**Child Support** – Financial support paid by a parent for a child or children who don’t live with them. Depending on state law, child support can be entered into voluntarily or ordered by a court or administrative agency. The support can be supplied in different forms, including medical support that is typically covered by the non-custodial parent or through public assistance, the cost of which may be wholly or partially reimbursed by the non-custodial parent. It can also be in the form of a one-time payment, regular installments paid directly to the custodial parent or regular withholdings from the non-custodial parent’s wages. Sometimes child support requires seizing state and federal tax refunds or administrative payments made to the non-custodial parent, including federal retirement benefits.

**Child Support Enforcement Agency** – An agency authorized to locate non-custodial parents, establish paternity and establish and enforce child support orders. It was established by Title IV-D of the Social Security Act and exists in 50 states and four territories, as well as several Native American tribes.

**Child Support Enforcement Program** – The federal/state/local partnership established under Part D of the Social Security Act to locate parents, establish paternity and child support orders and to enforce these orders.

**Confidentiality** – Advocates from domestic violence programs are bound by state and federal guidelines regarding the release of information. They will not acknowledge anyone's presence or participation in a local domestic violence program or shelter without written permission to release information from the domestic violence survivor. State laws give staff at domestic violence programs legal protection from being forced to testify about anyone seeking services, without a confidentiality waiver from the domestic violence survivor.

**Domestic Violence/Abuse** – A pattern of emotional, financial, physical and/or sexual violence to maintain power over another person. Abusers are motivated by the need for control and willing to use force or coercion.

**Domestic Violence Coalition** – A statewide nonprofit organization committed to ending domestic violence by promoting social change through public policy advocacy. The coalition provides domestic violence shelters with training and technical assistance. It also coordinates community responses to domestic violence and systems-based advocacy within the legal, healthcare, homeless and social services communities. It also provides information and referral services.

**Domestic Violence Services** – Includes the support that domestic violence programs offer to individual women, including 24-hour crisis line, shelter, food, clothing, transportation, general, legal and medical assistance, accompaniment to court and other services, information and referrals, assistance with rent and utilities, crisis intervention, support groups, men's re-education groups and childcare and children's programming.

**Economic Literacy** – A strategy that educates individuals about economics and finances, with the goal of assisting low-income families in their efforts to attain economic independence.

**Federal Parent Locator Service** – Provisions in the 1996 bipartisan welfare reform legislation that established a Federal Case Registry and National Directory of New Hires to track parents delinquent in child support payments across state lines. The same legislation also required that employers report all new hires to state agencies for transmittal to the national directory and expanded and streamlined procedures for direct withholding of child support from wages.

**Financial Abuse** – A tactic used by abusers to control victims by preventing access to money or other financial resources. It occurs when an individual attempts to take total or partial control of another person's financial resources, including money, property, an inheritance or employment income.

**Full Faith and Credit** – The doctrine under which a state must honor an order or judgment entered in another state.

**Good Cause** – A reason to cease trying to collect support from a father delinquent with child support, usually because the father may be a threat to the mother and child(ren).

**Individual Development Accounts (IDA)** – A matched savings account that is similar to IRA or 401(k) retirement savings accounts. Sources for IDA matching funds include community organizations, foundations, financial institutions, businesses, government grants and private contributors. Matching funds are typically reserved for high-return investments including home ownership, small business development and post-secondary education or training. IDA programs are a key strategy for helping low-to-moderate-income battered women attain assets and increase economic security.

**Local Domestic Violence Program** – A community-based nonprofit organization committed to providing free and confidential services to domestic violence victims and their children by providing crisis support, safe shelter, counseling, legal advocacy and information and referral services. Advocates from domestic violence programs accompany women to court, social service organizations and police stations. It's not a requirement that women who experience abuse stay at the shelter to get help from these programs.

**Micro-Enterprise** – A small business that employs five or fewer people and can be started with less than \$25,000 in capital.

**Micro-Enterprise Development** – An anti-poverty strategy that provides specialized services and training to low-income people interested in entrepreneurship. Micro-enterprise development programs are typically operated by nonprofit agencies that provide training and technical assistance, credit or access to credit and market access.

**National Directory of New Hires** – A national repository of employment, unemployment insurance and quarterly wage information.

**Oppression** – Oppression is the unjust exercise of authority and power by one group over another. It includes forcibly denying people's individual, cultural and spiritual practices and imposes the oppressor's values and belief system. Oppression has personal and institutional components and includes, but is not limited to, sexism, racism, heterosexism, homophobia, and discrimination due to class, age, disability and/or religion.

**Partner** – Individuals may refer to their partner as their girlfriend/boyfriend, lover, roommate, life partner, wife/husband, spouse or significant other. Use 'partner' until you know what term the other person prefers.

**Personal Responsibility and Work Opportunity Reconciliation Act** – Legislation passed in 1996, also known as welfare reform.

**Pro se** – An individual representing him or herself in a legal matter.

**Public Assistance** – Money granted from the state/federal government to a person or family for living expenses. Eligibility is based on need.

**Safety Plan** – A set of response strategies that women can use in a variety of situations, including living with an abusive partner, escaping abuse at work, attending school and attending court. The plans are specifically personalized to fit the needs of women experiencing abuse and used to assess safety and legality risks and evaluate options.

**Shelter** – A refuge that provides safety and protection from violence, time and space to rest, advocacy and resources to create a non-violent life. It includes advocates who are respectful and non-judgmental and who work to provide accurate information, transportation and accompaniment to court and protect women's confidentiality. Advocates support women's decisions and freedom to choose, including returning to their abuser, without giving up other rights.

**Strategy** – Proactive action steps and plans that an individual uses to respond to specific needs, challenges or barriers.

**Temporary Assistance to Needy Families (TANF)** – Assistance payments made on behalf of children who don't have the financial support of one of their parents by reason of death, disability or continued absence from the home. The program provides parents with job preparation, work and support services to help them become self-sufficient.

**Violence Against Women Act (VAWA)** – Federal legislation created to provide funding to support victims of domestic violence and ending violence against women which includes rape/sexual abuse, physical abuse/battering, stalking, and murder. VAWA provides resources for programs to combat domestic violence, sexual assault, dating violence and stalking and creates new ones to meet emerging needs of communities working to prevent the violence.

In addition to enhancing criminal and civil justice and community-based responses to these crimes, VAWA creates notable new focus areas such as:

- Developing prevention strategies to stop the violence before it starts;
- Protecting individuals from unfair eviction due to their status as victims of domestic violence or stalking;
- Creating the first federal funding stream to support rape crisis centers,
- Developing culturally and linguistically specific services for communities; and
- Enhancing programs and services for victims with disabilities, and
- Broadening VAWA service provisions to include children and teens.

## GLOSSARY OF FINANCIAL TERMS

**401(k)** – A retirement plan, also known as a defined contribution plan, offered by employers to their employees. Typically, tax-free money taken out of your paycheck is invested in stock or bond funds, where it potentially grows until you retire, at which point you pay taxes on withdrawals from the plan. Your employer will usually allow you to choose from a mix of funds and will often match your contribution up to a certain level.

**Annual Percentage Rate (APR)** – The interest rate on a loan. The lower the APR, the lower the amount of interest you'll pay.

**Automatic Teller Machine (ATM)** – A terminal that allows you to withdraw money from your account, check your account balance or transfer money between your checking and savings accounts.

**ATM Card** – A card you use to access your account at an ATM.

**ATM Surcharge** – A fee charged by an ATM owner to a non-customer using the ATM. Fees range from 50 cents to \$5 or more. Heavily used ATMs (like those at tourist attractions, airports and casinos) often have the highest surcharges. Typically, the ATM will allow the user to cancel the transaction before charging the extra fee.

**Balance** – The amount of money you have in a checking or savings account. With a checking account, it's important to figure out (or "balance") exactly how much money you have by comparing your check register to your statement.

**Bonds** – A type of investment that represents corporate or government debt. In essence, a bond is a loan from the purchaser to the company or government agency that issued it. Bonds are not federally insured, though bonds issued by the U.S. Government are considered free of repayment risk.

**Bonds, U.S. Savings** – A popular way to save for the future, they are issued by the U.S. Treasury Bureau of the Public Debt and are exempt from state income taxes. Other taxes are deferred until the bonds are redeemed.

**Budget** – A plan you create for controlling spending and encouraging saving.

**Certificate of Deposit (CD)** – A type of investment that requires you to invest money for a certain length of time and guarantees the same rate of return (interest) for that entire time. CDs usually require a minimum deposit and are typically guaranteed by the federal government.

**Check** – A check is a written order for your financial institution to pay someone with money from your checking account.

**Check Card** – See “Debit Card”

**Check Hold** – When a financial institution temporarily blocks your access to all or part of the funds in check that you deposit until the institution on which it was drawn pays out.

**Check Register** – A booklet for recording the transactions you make with your checking account. You enter the check number, date, who you paid, what it was for, how much and if the amount is tax deductible. Keep your register up to date so you always know how much is in your account. You'll also use your register when you reconcile your account each month.

**Closing Costs** – Additional costs typically involved in purchasing real estate. They usually amount to about 1 to 4 percent of the total price and include fees for inspections, appraisals, title insurance, credit checks, land surveys and legal services.

**Compounding** – Occurs when earnings from an investment are added back into the investment and used to generate further earnings. For example, on bank accounts that pay interest, the interest is typically added to the balance of the account each day, which means that the next day's interest is calculated on a slightly higher amount. If you leave your money in a mutual fund, rather than periodically withdrawing earnings on it, it may grow significantly faster. Generally, unlike a bank account, mutual fund values fluctuate.

**Credit History** – A record of your borrowing and paying habits. Credit reporting companies track your history and supply this information to credit card companies, banks and other lenders.

**Credit Rating** – A score assigned by three major credit bureaus that indicates how likely you are to pay back a loan on time. The rating is based on your credit report, a detailed list of your past transactions with creditors. Most information remains on your credit report for seven years, although a bankruptcy will remain for 10 years.

**Debit Card** – A card that accesses money in your checking account to make purchases. If you specify "credit" at a cash register terminal, you don't need to enter a PIN and the transaction typically clears in two days. By specifying "debit" at the terminal, you initiate a "Point-of-Sale" (POS) transaction, requiring you to "swipe" your card at the terminal and also enter your PIN. The purchase amount is immediately removed from your checking account.

**Debt** – Money you've borrowed from a lender. In addition to paying back the money borrowed, you almost always have to pay interest. The rate of interest charged on your debt affects how you should approach paying it off. Credit card debts generally carry the highest rates (sometimes more than 20 percent) and should be paid off first. You can pay off debts with lower rates, like most student loans (5 to 10 percent) more slowly, even while saving.

**Direct Deposit** – Many companies allow employees to have their pay deposited directly into a financial institution checking account or savings account. This is done through the Automated Clearing House (ACH), which wires funds instantaneously from the employer's financial institution to the employee's financial institution. You must set up direct deposit through your employer's payroll department.

**Deposit** – Any combination of cash or checks put into a checking or savings account.

**Diversify** – Spreading the money you invest into different types of investments, including bonds, stocks, CDs and mutual funds. The idea is to avoid putting all your eggs in one basket, since different kinds of investments do well in different kinds of economic climates. If one type of investment drops in value, the other types should hold or increase their value.

**Dividends** – A portion of earnings paid out to investors. There are two types of dividends: money earned on credit union savings accounts and money earned by owning shares of stock in a company.

**Endorsement** – You must sign or endorse the back of a check in order to cash or deposit it. Most institutions request that you include your account number in the endorsement, in case it's necessary to place a hold on the funds until the check clears. Writing "For Deposit Only," along with your name and account number is a type of *restrictive endorsement* that prevents someone else from cashing or depositing a lost or stolen check.

**Finance Charge** – A fee you pay when you don't pay off your entire credit card debt within a single payment period (usually 25 to 28 days).

**Gross Income** – The amount of money you earn before it is reduced by federal and state taxes, FICA and any other automatic payouts.

**Home Equity Loan** – A loan against the portion of a home's appraised value on which you don't owe money: the value of a home, minus the current balance of any mortgage loan on the property. A *home equity line of credit* is like a credit card account that allows you to borrow money up to a certain limit, pay it back and then borrow again, with a fluctuating interest rate. A *home equity installment loan* is typically for a pre-set length of time at a fixed interest rate.

**Insurance** – When you buy insurance, you agree to pay a company a small amount each year, called a premium, in return for coverage of the costs of certain future calamities or "perils." Everyone should have health insurance, which covers most types of medical treatment and care. Car owners are legally required in most states to purchase auto insurance, homeowners need home insurance and anyone with children should have life insurance and disability insurance.



**Interest** – The amount paid by a borrower to a lender for the privilege of borrowing money.

**Individual Retirement Account (IRA)** – This tax-advantaged investment comes in two types: traditional and Roth. In a traditional IRA, you can contribute money on a pre-tax basis and it is taxed when you withdraw it upon retirement. In a Roth IRA, you pay taxes on the money you contribute to your account, after which it is never taxed again.

**Loan Principal** – The amount you still owe on the original loan. The principal goes down as you make payments. You pay interest each month on the remaining principal until it's paid off.

**Minimum Payment** – The smallest amount you are required to pay a lender on a debt each month.

**Money Market Account** – A money market account is a federally insured savings account that pays higher dividends than a basic savings account. Dividend rates on the account are tiered, which means that the dividend rate you earn on your whole balance each day depends on the financial level in which your balance falls. You may write three checks a month from this account, according to federal regulations.

**Mortgage** – A loan used to purchase a home, usually including the land the home is built on.

**Mutual Fund** – A group of investors collectively owns shares of stocks or bonds. You buy shares of a mutual fund as you would stock. Mutual funds are not federally insured and may go up or down in value.

**Net Pay** – The amount of money you earn minus any taxes or other deductions such as Social Security.

**Non-Sufficient Funds** – Occurs when a check, purchase or ATM transaction is charged against an account and there is not enough money in the account to cover it. Financial institutions charge fees when this occurs unless there is some kind of overdraft protection in place. Purposely writing checks when there are no funds to cover them is considered a crime.

**Overdraft** – See "Non-Sufficient Funds"

**Pension (Defined Benefit Plan)** – The traditional retirement plan, increasingly replaced by defined contribution plans like 401(k) plans. Under the older plan, an employee receives a steady paycheck upon retirement based on his or her length of service with a company.

**Personal Identification Number (PIN)** – The code you need to access your accounts through your check card or ATM card at an ATM or POS terminal.

**Point-of-Sale (POS)** – Allows you to use your check card or ATM card to make purchases by “swiping” your card and entering your PIN at merchants who offer POS terminals.

**Reconciliation** – Using your monthly statement to “balance” your checking account to determine the exact amount you have available. It's important to do this each month to prevent overdrafts and any resulting fees.

**Retirement** – The point in life at which you stop working and are entitled to withdraw money from your 401(k), IRA, or Social Security. Although the rules for each type of retirement investment are different, you must generally be at least 59.5 years old before you can withdraw money without penalty.

**Returned Check** – See "Non-Sufficient Funds"

**Service Charge** – A fee charged by a financial institution that can be payment for a service or a penalty for violating a "rule." Service charges vary widely between financial institutions.

**Statement** – A paper record of your account transactions over a set period of time. Your statement is an essential tool in reconciling your account balances.

**Stock** – A type of investment that represents a share of ownership in a company. You can make money on stock through payment of stock dividends and increases in the stock share price. Dividends are the payment mechanism companies use to distribute earnings to shareholders. Stocks that don't pay dividends are often called *growth stocks*, since the earnings come solely from price growth.

**Stop Payment** – Instructions to your financial institution not to honor a check you have written on your account when it is presented for payment. Financial institutions charge a fee for this service.

**Term** – A set amount of time regarding the investment period for a financial product. This usually refers to the amount of time before a loan must be completely repaid or the amount of time funds in a certificate account must be on deposit before they can be withdrawn without penalty.

**Withdrawal** – Taking money out of a checking or savings account.