

Financial Glossary



FICO Score

A number that tells lenders how **good you are at paying back money you've borrowed**. It helps them decide if they should lend you money.



401(k)



This is a way to **save for retirement through your job**. You can put a **part of your paycheck** into this account before taxes are taken out, which can **grow over time** until you retire.



Roth IRA

A special kind of retirement account where you **pay taxes on the money you put in now**, but you don't have to pay taxes on it when you **take it out in retirement**.

IRA (Individual Retirement Account)

This is a special savings account that **gives you tax benefits for saving money** for when you retire.



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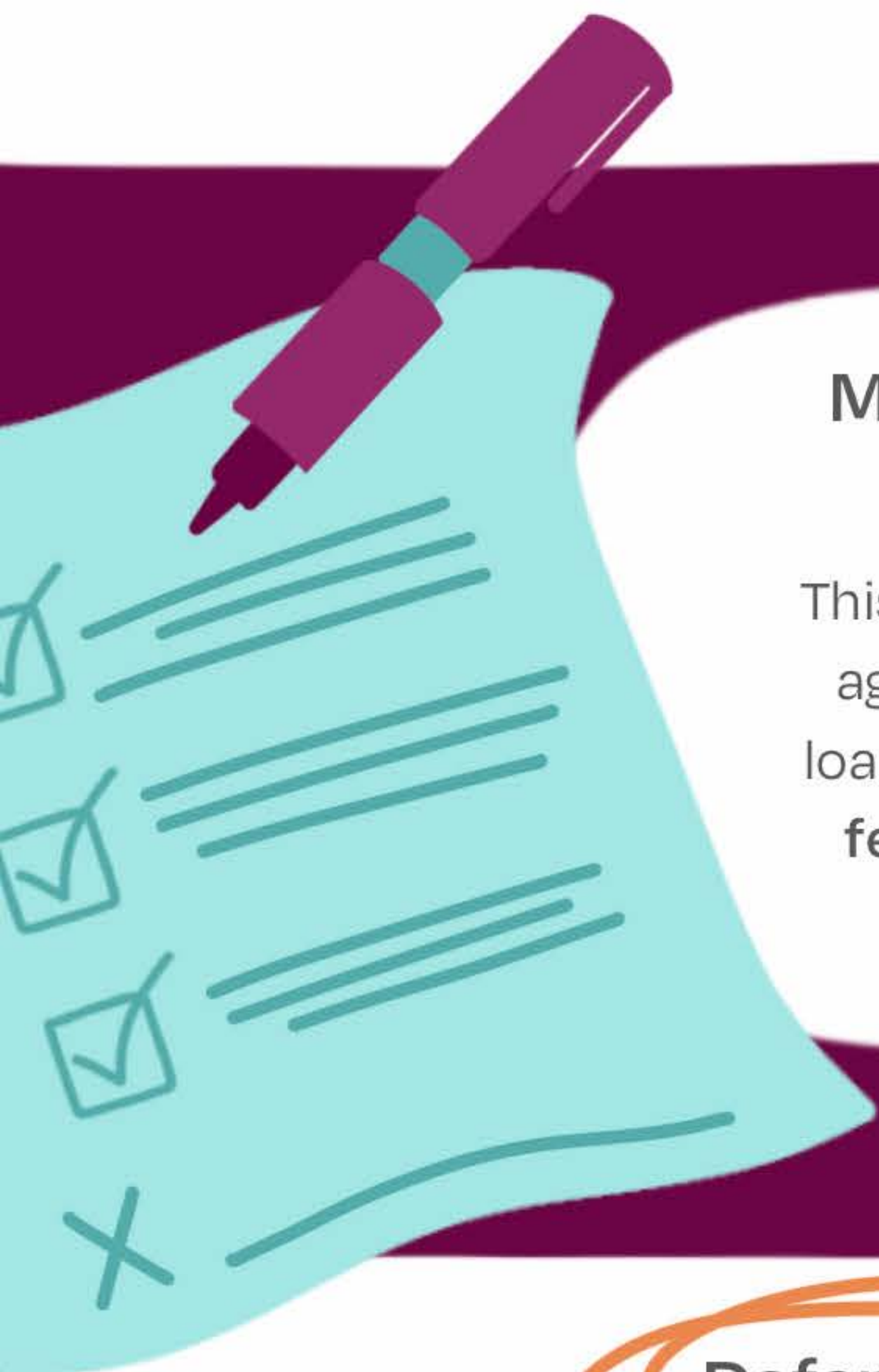


Subsidized Loan

A student loan where the **government pays the interest for you** while you're in school or during other approved times, based on your need.

Unsubsidized Loan

A student loan where you're **responsible for all the interest**, from the time you first get the loan until it's fully paid back.



Master Promissory Note (MPN)

This is an official paper where you agree to pay back your student loans, **along with any interest and fees**, to the company that lent you the money.

Deferment


A break from having to **pay back your student loan**. During this time, you don't have to make payments, and sometimes the government will even pay the interest for you.

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Annual Percentage Rate (APR)

This is the **yearly cost of borrowing money**, shown as a **percentage**. It includes interest and other fees to show you the **true cost of a loan**.




Interest Rate



Extra money you pay when you borrow money. When you pay interest, you're essentially paying for the privilege of **using someone else's money**.

Certificate of Deposit (CD)

This is a savings account that holds your money for a **set period of time**. In return, it usually gives you a **higher interest rate** than a regular savings account.



Default

What happens when you **don't make loan payments for a long time** (usually more than 270 days for student loans), and it can **hurt your credit score**.