Epilogue

In Closing: A Few Words on Becoming a Successful Money Manager

Sometimes you see people with letters after their names like Ph.D., MD, MBA, or JD. These and many others like them signify a very high level of achievement. It takes many years of hard work to gain the right to put letters like these after your name.

In that spirit, we want to propose a new title: **Successful Money Manager,** or **SMM.** Successful Money Managers are those people who really "get it" about money. They're the ones who always have enough money to live their lives the way they want. And they don't go bankrupt or have bad credit because they know how to get there the right way.

Anybody can become an SMM. It doesn't have anything to do with being rich. It just takes study, practice, and discipline. And the good part is that the better you are at it, the more fun life gets to be!

There are really just a few things you need to know in order to be a Successful Money Manager. It's not rocket science. You just need to know how to do these seven things:

1. Create and follow a financial plan that involves setting goals and saving money.
2. Create and use a budget to control your spending and save extra for things you want.
3. Invest some of your money so that it can make even more money for you.
4. Use credit wisely, and know the importance of being creditworthy.
5. Know how to use the various services that credit unions and banks offer.
6. Always use various forms of insurance to protect what you have.
7. Choose a career that helps you reach your goals and support your lifestyle.

Guess what? If you completed this book and successfully mastered all of those exercises and activities, you passed the NEFE High School Financial Planning Program. That's Step 1 to becoming an SMM.

Step 2 involves going out and practicing what you've learned and *making it a part of your life from this moment forward.*

And—whether you like it or not—you will soon be enrolled in a new and much more important course. Actually it's a required course. You might call it *"Successful Money Management for the Rest of Your Life."* Some people call it real life.

How well you do in this course depends on how well you have learned and applied the lessons in this book. And the final test for this course will take the rest of your life to complete.

SMMs don't ever stop learning. So continue your learning by:

- Working with whatever money you have to practice the skills this book teaches.
- Keeping this book handy and referring to it over and over again to solidify what you know.
- Reading other books, articles, and Web sites (including the HSFPP Web site at **hsfpp.nefe.org**) to grow in your knowledge about money.

All of this will strengthen your qualifications to earn the honored status of being a savvy **Successful Money Manager.**

Glossary

Annual Fee: An amount that credit card companies can charge for the use of a credit card. (Unit 4)

Annual Percentage Rate (APR): APR is the total amount of what it costs you to use credit in a given year. It is expressed as a percentage of the amount borrowed. (Unit 4)

Automated Teller Machine (ATM): An electronic machine that bank customers and credit union members can use to withdraw cash and make other financial transactions. (Unit 5)

Bank: A for-profit company that is owned by its stockholders and provides savings and checking accounts and other financial services to its customers. (Unit 5)

Bankruptcy: A legal process to get out of debt when you can no longer make all your required payments. (Unit 4)

Bond: A formal agreement where you (the bond holder) will lend money to a borrower who can then can use that money for a set period of time. In exchange, you, as the lender, will get paid a specific amount of interest. (Unit 3)

Budget: A spending plan for managing money during a given period of time. (Unit 2)

Capital Gain: The difference between the purchase price and the selling price when an investor buys a stock and sells it later at a higher price. (Unit 3)

Capital Loss: This is the difference when an investor ends up selling a stock at a lower price than the purchase price. (Unit 3)

Career: An occupation that is your chosen field and that provides you with income, an activity, challenges, opportunities for advancement, and satisfaction. (Unit 7)

Cash Flow: Movement of the money you receive and the money you spend. (Units 1 and 2)

Chapter 7: A form of bankruptcy that allows you to erase most of your debt. (see Bankruptcy) (Unit 4)

Chapter 13: A form of bankruptcy that allows you to repay many of your debts over a period of time, usually no more than five years. (see Bankruptcy) (Unit 4)

Checking Account: A bank or credit union account that allows withdrawals by writing a check. (Unit 5)

Compounding or Compound Interest: Earning interest on interest. (Unit 3)

Coverage Limit: The maximum amount an insurance company will pay if you file a claim. (Unit 6)

Credit: An amount of money, or something of value, that is loaned on trust and with the expectation that it will be repaid at a later date. (Unit 4)

Credit History: A record of how you have repaid your credit obligations. (see Credit Report) (Unit 4)

Credit Limit: This is the maximum amount of credit a lender will extend to a customer. (Unit 4)

Credit Report: A detailed record of your personal credit and financial transactions. (see Credit History) (Unit 4)

Credit Score: A rating used by credit reporting companies to help lenders decide whether and/or how much credit can be extended to a borrower. (Unit 4)

Credit Union: A financial institution owned by its members that provides savings and checking accounts and other services to its membership at low fees. (Unit 5)

Debit Card: A card that is used to deduct a purchase amount directly from your checking account instead of drawing on a line of credit; also called “check card.” (Unit 5)

Debt: The entire amount of money you owe to lenders. (Unit 4)

Deductible: The amount of a loss you must pay out of your own pocket before the insurance company will step in and pay the rest. (Unit 6)

Delayed Gratification: The willingness to give up something you want now in order to get something better in the future. (Unit 1)

Diversification: Reducing investment risk by putting money in several different types of investments. (Unit 3)

Dividend: The portion of the profits paid to the shareholders of a company. (Unit 3)

Dollar Cost Averaging: The practice of investing a fixed amount into the same investment at regular intervals, regardless of what the stock market is doing. (Unit 3)

Earned Interest: The payment you receive for allowing a financial institution or corporation to use your money. (Unit 3)

Electronic Funds Transfer (EFT): A way to give permission to pay bills and have paychecks deposited directly into your account via electronic terminal, automated teller machine, computer, or telephone. (Unit 5)

Endorse: To sign the back of a check to make it payable to the specified payee. (Unit 5)

Entrepreneur: A person who starts his or her own business based on the belief that he or she can make a better product or provide a better service than what existing companies provide. (Unit 7)

Expense: An amount of money spent to buy something or do something. (Unit 2)

Federal Income Tax: A payroll deduction collected by employers by law and sent to the federal government to support governmental programs. (Unit 2)

Finance Charge: Usually seen on credit card statements to represent the actual dollar cost of using credit to maintain a balance. (Unit 4)

Financial Planning: The process of setting spending priorities, defining goals and developing a plan to achieve them, and then putting the plan into action. (Unit 1)

Fixed Expenses: Expenses that cost the same amount every time. (Unit 2)

Freeware: Also known as free software; can be used to obtain your personal information from your computer. (Unit 5)

Goal: A statement of something a person wants or needs to do. (Unit 1)

Grace Period: On a credit card, the length of time you have before you start accumulating interest on an unpaid balance. (Unit 4)

Gross Income: The total amount of income from wages before any payroll deductions. (Unit 2)

Identity Theft: When someone uses your name, Social Security number, credit card number, and other personal information without your permission. (Unit 5)

Income: Any money you receive. (Unit 2)

Inflation: A rise in the cost of goods and services. (Unit 3)

Insurance: A way to guarantee your financial protection against various risks. (Unit 6)

Insurance Policy: A written contract detailing how much you will pay for insurance coverage and what an insurance company will cover and pay in the event of a loss. (Unit 6)

Insurance Premium: The amount you pay for an insurance policy. (Unit 6)

Interest: 1. Payment for the use of money (Principal x interest rate x time). (Unit 3) 2. A charge for a loan, usually calculated as a percentage of the principal. (Unit 4)

Intermediate-Term Goal: A goal that is set for three months to a year. (Unit 1)

Investing: Putting money to use in a venture that offers the possibility of growing in value as interest, income, or increased value. (Unit 3)

Job: An occupation that provides you with the basics—cash and something to do to earn it. (Unit 7)

Late Fee: A penalty on all types of credit for making a payment after its due date. (Unit 4)

Liquid: An asset that can be converted into cash quickly and with minimum impact to the price received. (Unit 3)

Loan Term: The length of time you have to pay off a loan. (Unit 4)

Long-Term Goal: A goal that will take more than a year to achieve. (Unit 1)

Medicare Tax: A payroll deduction collected by employers by law and sent to the federal government to provide medical insurance to the elderly and to some disabled Americans. (Unit 2)

Mutual Fund: An investment security that is actually a diversified portfolio of equities, bonds, or other securities. Investors purchase shares and can sell them at any time. (Unit 3)

Needs: Things we must have to survive; for example, food, clothing, water, shelter. (Unit 1)

Net Income: Also called "take-home pay"; it's the amount of income left after payroll deductions. (Unit 2)

Opportunity Cost: The value of what is given up when you choose one option over another. (Units 1 and 3)

Origination Fee: A charge for setting up a loan that is typically associated with home loans. (Unit 4)

Over-the-Limit Fee: A fee on credit cards for making charges above your credit limit. (Unit 4)

Pay Yourself First (P.Y.F.): Taking a certain amount of all money you receive and saving it to be used for spending on longer-term goals. (see Savings) (Unit 2)

Periodic or Occasional Expenses: Expenses that aren't paid every month and can be either fixed or variable. (see Fixed Expenses, Variable Expenses) (Unit 2)

Personal Identification Number (PIN): The unique passcode number you use to get access to your savings and/or checking account. (Unit 5)

Phishing: An identity theft tool that appears in the form of an E-mail or pop-up message; usually looks like it's from a legitimate financial institution and prompts you to provide your personal information in order to fix a "problem" with your account. (Unit 5)

Principal: The amount of money someone is willing to loan you. Also the amount that is still owed on a loan. (Unit 4)

Rate of Return: The percentage of gain or loss on an investment over a period of time. (Unit 3)

Risk: The probability that injury, damage, or loss will occur. (Unit 6)

Risk Management: The process of dealing with the chance of a potential personal or financial loss. (Unit 6)

Rule of 72: A mathematical method that can be used to show how long it will take to double your money in an investment simply by dividing 72 by the rate of interest. (Unit 3)

Satellite Decisions: Smaller decisions that can result from a major decision. (Unit 1)

Savings: An amount of money that is set aside to be used for a future purpose. (Unit 3)

Savings Account: An account you have at a financial institution that helps you accumulate and save money and earn a small amount of interest at the same time. (Units 3 and 5)

Share Account: The credit union term for a savings account. (Unit 5)

Share Draft Account: The credit union term for a checking account. (Unit 5)

Short-Term Goal: A goal to be achieved within the next three months. (Unit 1)

Social Security Tax: A payroll deduction collected by employers by law and sent to the federal government to provide a small income and other services to the elderly, disabled Americans, and orphaned minors. (Unit 2)

Spending Plan: Another term for budget. (see Budget) (Unit 2)

Spyware: A bad side effect of free downloads that may be used to send you pop-up ads, redirect your computer to unwanted Web sites, monitor your Internet surfing, or record your keystrokes in an effort to steal your identity. (Unit 5)

State Income Tax: A payroll deduction collected by employers by law and sent to the state government to support state services. (Unit 2)

Stock: An investment that makes the investor a part owner of a company. (Unit 3)

Stock Market: The place where stocks are bought and sold. (Unit 3)

Time Value of Money: The idea that money today is worth more than the same amount of money in the future due to its potential earning capacity. (Unit 3)

Universal Default: A clause included in many credit card company agreements that allows a credit card company to increase your interest rate if you make just one late payment. (Unit 4)

Values: The beliefs, qualities, or standards that you consider important or desirable. (Unit 1)

Variable Expenses: Expenses that are not fixed. (Unit 2)

Wants: Things that make life more interesting and fun but that people can live without if they have to. (Unit 1)

Yield: The profit from an investment. (Unit 3)

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