

## **Developing the Budget Chapter 1 Definitions**

**CFPB - (Consumer Financial Protection Board)** A federal agency that regulated consumer protection regarding financial products and services.

**Defaulting** - Failing to fulfill a legal obligation such as loan.

**Debt-to-income ratio (back-end ratio)** - Debt divided by gross income.

**Emergency Fund** – A fund to tap into in the event of job loss/decrease in income.

**Erratic pay schedules** - Pay schedules that are not necessarily fixed and can vary by small or large increments between pay schedules.

**Fixed cost** - An amount that stays remains each period.

**Medicare Tax** - A national insurance program that provides health insurance for Americans 65 and older as well as people with disabilities and other medical conditions. The government withholds 1.45% from each paycheck.

**Miscellaneous** - A fund used monthly to pay for unpredictable expenses.

**Network** - A connected group of people in a business community.

**Pretax** - Money taken from a paycheck before IRS withholding.

**Rainy Day Fund** - Savings for long term expenses.

**Savings Account** - Larger expenses short term items.

**Social Security Tax** - A federal program to provide retirement income disability income, Medicare and Medicaid, and death and survivorship benefits. The government withholds 6.2% from each paycheck unless the untaxable limit is reached each year.

**Supplemental account** - An additional bank account used a fund to stipend the expenses.

**Variable expenses** - Expenses that have inconsistent frequency payment dates and amounts.