GLOSSARY OF BANKING TERMS:

Automatic teller card (ATM):

- This is a plastic card that can be inserted into machines to give you cash. The money is immediately electronically subtracted from your account.

Balance:

- This is how much money you have in your account.

Bank or credit union statement:

- This is a monthly document from the bank showing deposits, withdrawals and other such activity for the preceding month. Be sure to check the statement with your own records, such as your checkbook.

Certificate of Deposit (CD):

- This is a commitment of a certain amount of money for a certain amount of time, during which the bank guarantees a certain rate of interest. For example: buy a $500 CD with a three-month term at 6.25% compounded once only. After three months the bank gives you $531.25. You will earn higher interest rates with CDs than if you just leave your money in a savings account, but you lose some liquidity, as there is a penalty for early withdrawal of your money.

Checking account:

- Rather than deal in cash, most people leave their needed monthly money in a checking account. You may withdraw money at any time by writing a check. If you write a check for more money than you have in your account, you will do what is called *bouncing a check* and you will incur large penalties from both the bank or credit union and the business to whom you wrote the check.

- Unlike a checking account, you need to withdraw money personally from a savings account. A good place for excess money, but you won't earn much interest.