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Accredited Certificate in Financial Coach

## financial goal setting

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Accredited Certificate in Financial Coach Glossary

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### ### Accredited Financial Coach (AFC)

An Accredited Financial Coach is a professional who has completed the Accredited Financial Coach program and has demonstrated competency in financial coaching. Financial coaches help clients create and implement strategies for managing their finances effectively.

### ### Active Income

Active income is the money earned from working a job or running a business. It requires time and effort to generate income.

### ### Assets

Assets are resources owned by an individual or business that have economic value. Examples of assets include real estate, investments, and personal property.

### ### Balance Sheet

A balance sheet is a financial statement that shows a company's assets, liabilities, and equity at a specific point in time.

### ### Budget

A budget is a plan for how to allocate and manage money over a specific period. It typically includes income and expenses.

### ### Certified Financial Planner (CFP)

A Certified Financial Planner is a professional who has completed the Certified Financial Planner program and has demonstrated competency in financial planning. Financial planners help clients create and implement long-term financial plans.

### ### Compound Interest

Compound interest is interest earned on both the principal and the interest already earned.

### ### Credit

Credit is a borrowing of money with the promise to repay it, usually with interest. Credit can be used to

purchase goods and services or to obtain cash.

### ### Credit Score

A credit score is a number that represents a person's creditworthiness. It is based on information in a person's credit report.

### ### Debt

Debt is money owed to another person or organization. It can be in the form of loans, credit card balances, or other types of borrowing.

### ### Debt-to-Income Ratio

The debt-to-income ratio is a measure of a person's debt relative to their income. It is used to determine a person's ability to repay debt.

### ### Emergency Fund

An emergency fund is a savings account that is used to cover unexpected expenses, such as medical bills or car repairs.

### ### Financial Goal

A financial goal is a specific, measurable, and time-bound objective related to personal finance. Examples of financial goals include saving for a down payment on a house or paying off debt.

### ### Financial Plan

A financial plan is a comprehensive document that outlines a person's financial goals, resources, and strategies for achieving those goals.

### ### Fixed Expenses

Fixed expenses are expenses that do not change from month to month. Examples of fixed expenses include rent or mortgage payments and car payments.

### ### Goal Setting

Goal setting is the process of identifying and establishing specific, measurable, and time-bound objectives.

### ### Income

Income is money earned from working a job, running a business, or investing.

### ### Liabilities

Liabilities are financial obligations or debts that an individual or business owes to another person or

organization.

### ### Long-Term Financial Goals

Long-term financial goals are financial objectives that take more than one year to achieve.

### ### Money Management

Money management is the process of planning, controlling, and organizing money to achieve financial goals.

### ### Net Worth

Net worth is the difference between a person's assets and liabilities.

### ### Passive Income

Passive income is money earned from sources that do not require active participation or effort. Examples of passive income include rental income and investment income.

### ### Retirement Planning

Retirement planning is the process of creating a plan for how to finance retirement.

### ### Return on Investment (ROI)

Return on investment is a measure of the profit or loss generated by an investment, expressed as a percentage of the investment cost.

### ### Risk Tolerance

Risk tolerance is a person's willingness and ability to take financial risks.

### ### Savings

Savings is the portion of income that is set aside for future use.

### ### Short-Term Financial Goals

Short-term financial goals are financial objectives that can be achieved in one year or less.

### ### Sinking Fund

A sinking fund is a savings account that is used to save for a specific expense, such as a car repair or home renovation.

### ### Stock Market

The stock market is a marketplace where stocks, or shares of ownership in a company, are bought and sold.

### ### Time Value of Money

The time value of money is the concept that money today is worth more than the same amount of money in the future due to its potential earning capacity.

### ### Wealth Management

Wealth management is the process of managing an individual's or family's financial assets and investments to achieve financial goals.

Active income is the money earned from working a job or running a business. It requires time and effort to generate income. Contrast this with passive income, which is money earned from sources that do not require active participation or effort. Examples of passive income include rental income and investment income.

Assets are resources owned by an individual or business that have economic value. Examples of assets include real estate, investments, and personal property. On the other hand, liabilities are financial obligations or debts that an individual or business owes to another person or organization.

A balance sheet is a financial statement that shows a company's assets, liabilities, and equity at a specific point in time. It provides a snapshot of a company's financial position at a given moment.

A budget is a plan for how to allocate and manage money over a specific period. It typically includes income and expenses. A well-crafted budget can help individuals and businesses achieve their financial goals by providing a roadmap for how to allocate resources.

A certified financial planner (CFP) is a professional who has completed the Certified Financial Planner program and has demonstrated competency in financial planning. Financial planners help clients create and implement long-term financial plans.

Compound interest is interest earned on both the principal and the interest already earned. It can significantly increase the amount of money earned from an investment over time.

Credit is a borrowing of money with the promise to repay it, usually with interest. Credit can be used to purchase goods and services or to obtain cash. However, it is essential to use credit wisely, as mismanagement can lead to debt and financial difficulties.

A credit score is a number that represents a person's creditworthiness. It is based on information in a person's credit report and is used by lenders to determine whether to approve a loan and at what interest rate.

Debt is money owed to another person or organization. It can be in the form of loans, credit card balances, or other types of borrowing. While some debt, such as a mortgage, can be beneficial, too much debt can lead to financial difficulties.

The debt-to-income ratio is a measure of a person's debt relative to their income. It is used to determine a

person's ability to repay debt. A high debt-to-income ratio can make it difficult to obtain credit or a loan.

An emergency fund is a savings account that is used to cover unexpected expenses, such as medical bills or car repairs. It is an essential part of a financial plan, as it provides a safety net in case of unexpected expenses.

A financial goal is a specific, measurable, and time-bound objective related to personal finance. Examples of financial goals include saving for a down payment on a house or paying off debt. Financial goals provide direction and motivation for managing money.

A financial plan is a comprehensive document that outlines a person's financial goals, resources, and strategies for achieving those goals. It provides a roadmap for managing money and achieving financial success.

Fixed expenses are expenses that do not change from month to month. Examples of fixed expenses include rent or mortgage payments and car payments. Fixed expenses should be budgeted for in advance to ensure that they can be paid on time.

Goal setting is the process of identifying and establishing specific, measurable, and time-bound objectives. Goal setting is an essential part of personal finance, as it provides direction and motivation for managing money.

Income is money earned from working a job, running a business, or investing. It is essential to manage income wisely to achieve financial goals.

Liabilities are financial obligations or debts that an individual or business owes to another person or