

# Save Money: Key Terms

**Budget** — a spending plan based on your income and expenses

**Discretionary income** — the money left over after your monthly expenses have been met

**Emergency fund** — money set aside to pay for unexpected expenses

**Expense** — money you spend on something

**Fixed expense** — an expense that's predictable and consistent from month to month

**Income** — money you receive, especially on a regular basis, for work or through investments

**Interest** — the cost of borrowing money

**Opportunity cost** — what you give up (or the trade-off) when making a choice

**Personal spending plan (PSP)** — a document used to determine the cash flow of an individual or family

**Take home pay** — the money you keep after taxes and deductions are taken out of your pay