# Glossary

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## Description:

Money terminology can make an already difficult decision feel more complicated. We explain common terms in plain English so you can ask questions and…

## Details:

Money terminology can make an already difficult decision feel more complicated. We explain common terms in plain English so you can ask questions and understand the support available to you.

## MyBudget Pty Ltd Financial Glossary

We put this glossary together to help you understand the terms that matter most to your financial life. No jargon. No judgment. Just clear, honest explanations so you can feel more confident about your money.

### A

AFCA (Australian Financial Complaints Authority)

AFCA is the free, independent service that handles complaints against Australian financial service providers. If you are unhappy with how we have handled a complaint, you can escalate directly to AFCA on 1800 931 678. See Accreditations.

AFSL (Australian Financial Services Licence)

An AFSL authorises an organisation to provide financial services in Australia. ASIC issues it. We hold an AFSL for general financial advice.

ACL (Australian Credit Licence)

An ACL authorises an organisation to provide credit-related services in Australia. ASIC issues it. We hold an ACL for debt management and credit advice.

ASIC (Australian Securities and Investments Commission)

ASIC is the Australian regulator that issues AFSLs and ACLs and oversees compliance across the financial services industry. The body that keeps financial service providers accountable.

Automatic payment

An automatic payment is arranged in advance for a scheduled date. We can administer agreed payments from available funds within your budget; payment automation does not guarantee that shortfalls or late fees cannot occur.

### B

Bankruptcy

Bankruptcy is a formal insolvency process with consequences for assets, debts and employment. It normally lasts three years and one day after acceptance of the statement of affairs, but may be extended. Credit reporting lasts until the later of five years from bankruptcy or two years after it ends; the NPII record is permanent. See MyBudget vs bankruptcy.

Balance transfer

A balance transfer means moving debt from one credit card to another, usually to take advantage of a promotional interest rate. It is often marketed as a form of consolidation. It can help in the short term, but it usually does not fix the underlying pattern that created the debt in the first place. Megan and Creagh's story shows exactly what we mean by that. Read their case.

BNPL (Buy Now Pay Later)

Buy Now Pay Later services let you purchase something now and pay for it in instalments over several weeks. They are not always free. Late fees, credit score impacts, and the cumulative weight of multiple BNPL commitments can add up faster than you would expect.

Budget

A budget maps income, expenses, savings and debt commitments over a chosen period. We use a personalised 12-month view to help identify upcoming commitments and possible shortfalls.

## C

Compound interest

Compound interest is interest earned on both your original balance and the interest already added to it. When you are saving, compounding works in your favour. When you are in debt, it works against you. Small differences in timing make very large differences over the long run. See the Savings Calculator to watch this play out in real numbers.

Consolidation loan

A consolidation loan combines multiple existing debts into a single monthly repayment. It can lower your total interest if the new rate is genuinely better and if the spending pattern that created the debt has changed. Without that second part, it often just delays the problem. See MyBudget vs debt consolidation.

Credit file

Your credit file is the record that credit reporting agencies keep of your borrowing history, repayment behaviour, any defaults, and your credit applications. Lenders check it before approving you for a loan. Knowing what's on yours puts you in a stronger position.

Creditor

A creditor is anyone you owe money to. A bank, a credit card company, a utility provider, or a rent-to-own provider. We negotiate with creditors on your behalf, so you do not have to face those conversations alone.

## D

Debt agreement (Part IX)

A Part IX debt agreement (IX is the Roman numeral for nine) is a legally binding formal arrangement with your creditors to repay part of your debts over time. It is not full bankruptcy, but it does carry real credit file consequences. Worth understanding exactly what you are agreeing to before you sign anything.

Direct debit

A direct debit is a payment drawn under your authority on an agreed schedule. We can help manage agreed payments from available funds within your budget.

## E

Emergency fund

An emergency fund is money set aside specifically for unexpected costs. A car repair. A medical bill. A burst pipe. It is usually the first savings goal your Money Coach helps you build, because a buffer can help you manage unexpected costs with less pressure.

Establishment fee

Your first budgeting appointment, financial analysis and personalised twelve-month plan are free. If you join, we show the tailored establishment fee and weekly administration fee in your budget before you decide. The establishment fee is normally spread over six months; in special circumstances this can be extended to twelve months. The weekly fee covers ongoing management, expert support, budget updates and access to our proprietary technology, app and client portal.

## F

Financial hardship

Financial hardship is a period when meeting your regular financial commitments becomes difficult. Job loss, illness, a family emergency, or a relationship breakdown can all bring it on. Support is available as your budget and circumstances change. Most creditors have hardship policies in place, and we navigate those on your behalf so you can focus on getting through.

Fortnight

A fortnight is two weeks. Most Australian pay cycles run fortnightly, and most We plan run on a fortnightly rhythm too. That is intentional. Your plan works with the way your income actually lands, not against it.

## I

Interest

Interest is the cost of borrowing money, expressed as a percentage per year. The lower the rate, the cheaper the debt. Understanding interest is one of the most useful things you can do for your financial future.

Interest rate

Your interest rate is the percentage a lender charges you to borrow money. A small change in rate has an enormous effect over 20 or more years. See the Home Loan Calculator to see exactly how much difference even half a percent can make over the life of a mortgage.

## M

Marginal tax rate

Your marginal tax rate is the rate applied to each additional dollar you earn. Not the same as your average tax rate. This distinction matters if you have a side income or a second job. See the Income Tax Calculator to understand where your income sits.

Medicare levy

The Medicare levy is an additional 2% tax on top of your income tax. It funds the Medicare system and comes out of your pay automatically if you are an employee.

Money Coach

Our Money Coaches help you manage and update your budget and answer your questions. You can contact our team by phone, email or through the app.

Mortgage stress

Mortgage stress describes a situation where more than 30% of your household income goes toward your mortgage repayment. It is not a disaster, but it is a signal worth paying attention to. A few adjustments to your plan can make a real difference to how that feels day to day.

## N

NPII (National Personal Insolvency Index)

The NPII is the public register of bankruptcy and personal insolvency records in Australia. If you file for bankruptcy, your name appears on this register permanently. Which is one reason why understanding all your options first matters so much.

## P

Payday to payday

Living payday to payday means your income lasts until the next pay and no further. No consistent savings habit, no buffer for the unexpected. It is one of the most common reasons people come to us, and one of the patterns we are best placed to help you break. See Living Payday to Payday.

Personal Budget Plan

Your Personal Budget Plan is the customised 12-month plan we build for you. It covers your bills, your debts, your savings goals, and your living expenses. It is yours to keep after your free first appointment, regardless of what you decide to do next.

Personal Insolvency Agreement (Part X)

A Part X Personal Insolvency Agreement (X is the Roman numeral for ten) is a formal insolvency arrangement for higher-value debt situations. It is negotiated under insolvency law and differs from bankruptcy, though it does carry credit file consequences. If this is something you are facing, speaking to someone who understands the full picture is the right first step.

Principal

The principal is the amount you actually borrowed on a loan, before any interest is added. When you make extra repayments on a mortgage, they usually go straight to the principal. That is why even small extra repayments can take years off your loan and save you thousands.

## S

Savings goal

A savings goal is a specific, named amount you are setting aside for a specific purpose. A holiday, a home deposit, a car, an emergency fund. Kylie from our client stories put it well: "Do not just call it 'savings.' Give your goals a name." Named goals are goals you actually reach.

Sole trader

A sole trader is a self-employed person who runs a business in their own name. A hairdresser, a tradie, a freelance designer. If that is you, you manage your own tax obligations, and setting aside a portion of

each payment you receive for tax is one of the most important habits you can build. Confirm the tax amounts with your registered tax agent or accountant. Our team can include the confirmed figures in your budget, subject to available funds.

## T

Take-home pay

Your take-home pay is your gross income minus tax and the Medicare levy. The amount that actually lands in your bank account each pay. Every real budget starts here, not with your salary figure. See the Income Tax Calculator to work out your take-home amount.

Trust account

A trust account is a separate bank account where we hold the funds allocated for your bills and savings before paying them out on your behalf. It is protected by regulatory standards. Your money is held securely and used only for the purposes you have agreed to.

## W

WGEA (Workplace Gender Equality Agency)

The WGEA is the Australian body that measures and reports on gender equality in the workplace, including pay gaps. Our WGEA-reported pay gaps sit inside the balanced range. See Leadership.

## Related pages

- FAQ. Plain-English answers to the questions we get asked most often
- Downloadables. Free templates and guides you can use straight away
- The MyBudget Method. How the terms above translate into a real plan for your money