

DO YOU KNOW WHAT THESE WORDS MEAN?

	Yes	No
Personal finance		
Income		
Expenditure		
Cash		
Cheque		
Debit card		
Credit card		
Direct debit		
Standing order		
Savings		
Credit		
Loan		
Interest		
Pension		
Mortgage		
Income tax		
Store card		
Current account		
ISA		
Budget		
Overdraft		
APR		
Insurance		
Premium		
Policy		

NERVOUS

Happy

ANGRY

**MONEY MATTERS
MAKE ME FEEL...**

Sad

CONFIDENT

**GOOD
ABOUT
MYSELF**

**NOT SO
GOOD ABOUT
MYSELF**

HOW I USE MONEY DAY-TO-DAY:

 Not very

 Sort of

 Very

HOW I MANAGE MY MONEY WITH A BUDGET:

 Not very

 Sort of

 Very

HOW I CAN PLAN AND SAVE FOR THE FUTURE:

 Not very

 Sort of

 Very

REFLECTION SHEET

- Only think about the learning outcomes that apply to you
- Tick whether you think you did it well, or if you could improve
- Write down an idea for how you could improve

Learning outcome	I did this well	I could improve this	I could improve by...
Identify what I do and don't know about personal finance			
Share how confident I am about managing money			
Talk about money issues			
Think of what I could learn to help me manage my money now			
Think of what I could learn to help me manage my money in the future			

A young person will need a bank account to earn interest on savings and to obtain the use of a cheque book, cash or debit card and direct debit or standing order.

Most banks offer a range of accounts for customers, including young people. These can include basic accounts that offer a cash card, which can be used to withdraw cash and at a limited number of shops, or some accounts offer the choice of a cash card or debit card (sometimes requiring parental permission). Some accounts for older children offer mobile banking. Young person's accounts do not offer overdrafts, as these are a form of credit agreement which by law can only be taken out by persons aged 18 and over.

Student accounts can offer a range of services to help those studying at university or college (if over 18). The most important is an overdraft facility, often interest free, up to a limit.

Adult accounts include basic accounts that can be free of everyday bank charges but may not offer an overdraft or chequebook facility, and 'added value' accounts that for a monthly fee may provide a range of services including breakdown cover, insurance or loyalty reward schemes.

Direct debits and standing orders are both ways to make regular payments to a third party. A standing order is an instruction from you to your bank to pay a fixed amount at a set interval. Standing orders are suitable for payments that are the same each time, such as a mortgage or rent. They can be made to any third party including individuals. Direct debits are your instruction to your bank to honour requests from a third party to draw a variable amount from your bank account at agreed intervals. They are suitable for payments that vary, such as utility bills. Only 'vetted' organisations can draw a direct debit, not an individual.

PayPal, the payment service used on eBay and elsewhere on the web, can be used by young people under 18 if using a PayPal button to pay using their debit card (cash cards cannot be used in this way). But to open a PayPal account and pay directly from funds placed in it, a person must be 18 or over.

A prepaid card is a payment card that has been 'pre-loaded' with a set amount. The user can use the card up to this limit where the equivalent debit or credit cards are accepted. They are a form of gift card and do not provide credit. Users will need to complete an identity check to use this form of payment, and some cards can be re-loaded, sometimes for a small fee. You can use a prepaid card if under 18 but the card may be restricted in where it can be used.

WHO CAN HELP?

There is a range of price comparison and review websites that can provide helpful information on a product, shop (online or high street) or service provider. Many websites also provide direct customer reviews and feedback on products.

Young people can use these to reduce the risk when buying, especially online. The safest approach is to research widely and read reviews and comments from a range of sources where possible.

Cash



Cut out and share

Cash card



Cut out and share

Debit card



Cut out and share

Credit card



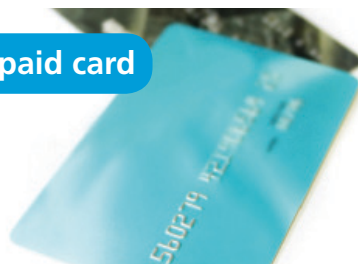
Cut out and share

Store card



Cut out and share

Prepaid card



Cut out and share

Gift card



Cut out and share

Cheque



Cut out and share

Direct debit



Cut out and share

Standing order



Cut out and share

Corner shop



✂ Cut out and share

Supermarket



✂ Cut out and share

Department store



✂ Cut out and share

Market



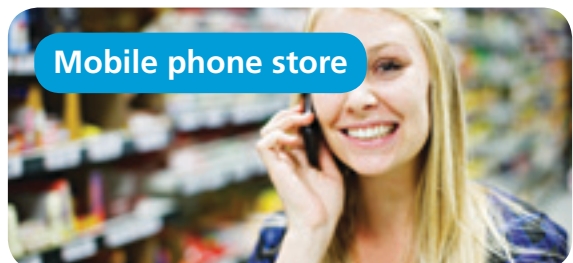
✂ Cut out and share

Internet shopping



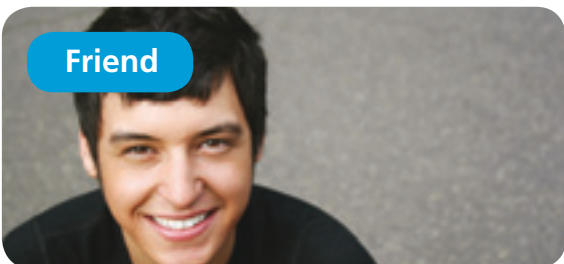
✂ Cut out and share

Mobile phone store



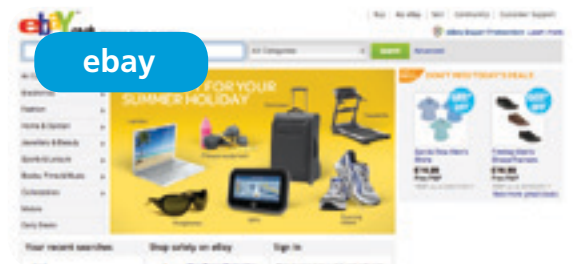
✂ Cut out and share

Friend



✂ Cut out and share

ebay



✂ Cut out and share

ACCOUNT APPLICATION FORM

ANYBANK

Complete in block capitals using blank ink

Your details

Surname:	<input type="text"/>	Mr / Mrs / Miss	<input type="text"/>
First name:	<input type="text"/>	Male / Female	<input type="text"/>
Home address including postcode: <input type="text"/>			
<input type="text"/>			
Owner / Rented / Living with parents: <input type="text"/>			
Home phone number: <input type="text"/>			
Mobile phone number: <input type="text"/>			
Email address: <input type="text"/>			
Date of birth: <input type="text"/>		Country of birth: <input type="text"/>	
Married / Single: <input type="text"/>			

Employment (leave blank if not applicable)

Occupation:	<input type="text"/>
Employer's name:	<input type="text"/>
Employer's address including postcode:	<input type="text"/>
Gross salary per month:	<input type="text"/>
Length of time in this employment:	<input type="text"/>

Present bank (leave blank if not applicable)

Bank name:	<input type="text"/>				
Bank Address:	<input type="text"/>				
Type of account:	<input type="text"/>	Current:	<input type="text"/>	Savings/deposit:	<input type="text"/>

New account details

Type of account:	<input type="text"/>	Current:	<input type="text"/>	Savings/deposit:	<input type="text"/>
Specimen signature:	<input type="text"/>				

Declaration: I certify the accuracy of all information given above.

Signature:	<input type="text"/>	Print name:	<input type="text"/>	Date:	<input type="text"/>
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Flat screen TV



✂ Cut out and share

Party food



✂ Cut out and share

Coat



✂ Cut out and share

School bag



✂ Cut out and share

Mobile phone



✂ Cut out and share

Watch



✂ Cut out and share

MP3 player



✂ Cut out and share

Scooter



✂ Cut out and share

Independent shop



✂ Cut out and share

Supermarket



✂ Cut out and share

Department store



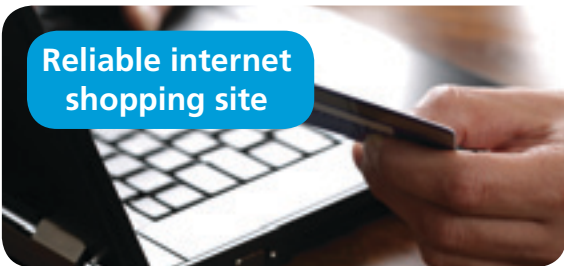
✂ Cut out and share

Market



✂ Cut out and share

Reliable internet
shopping site



✂ Cut out and share

Unreliable internet
shopping site



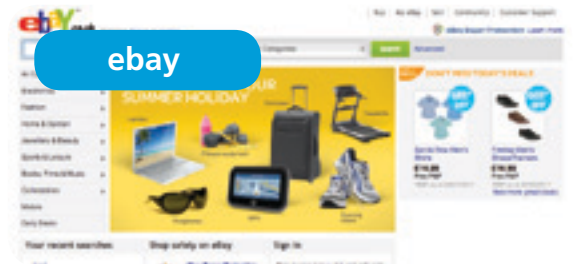
✂ Cut out and share

Friend



✂ Cut out and share

ebay



✂ Cut out and share

Price

✂ Cut out and share

Quality

✂ Cut out and share

**Customer
service**

✂ Cut out and share

Choice

✂ Cut out and share

**Brand and
status**

✂ Cut out and share

Guarantee

✂ Cut out and share

**After-sales
service**

✂ Cut out and share

**Refunds and
exchanges**

✂ Cut out and share

REFLECTION SHEET

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Learning outcome	I did this well	I could improve this	I could improve by...
Explain the difference between a 'need' and a 'want'			
Identify a product to meet my needs			
Identify helpful and unhelpful influences on me when buying something			
List some criteria for a product and find the best one for me			
Think of other ways to use my money			
Think of how I could use my money to help achieve something in the future			

REFLECTION SHEET

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- Write down an idea for how you could improve

Learning outcome	I did this well	I could improve this	I could improve by...
List UK notes and coins			
List some other ways to pay for things			
Identify different ways I can pay for things at the moment			
Identify which forms of payment need a bank account			
Describe the difference between a standing order and a direct debit			

REFLECTION SHEET

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- Tick whether you think you did it well, or if you could improve
- Write down an idea for how you could improve

Learning outcome	I did this well	I could improve this	I could improve by...
Explain the difference between a current and savings account			
Identify some key differences between accounts offered by a bank			
Describe what information and ID I need to open an account			
Identify limits on withdrawing, spending or overdrafts			
Compare accounts to find the best deal for me			

REFLECTION SHEET

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- Write down an idea for how you could improve

Learning outcome	I did this well	I could improve this	I could improve by...
Identify a range of places where I can buy common things			
Explain some risks and benefits when buying from different places			
Select the best place to buy different things			
Describe how I might find out the best place to buy something			
Use some criteria to choose the best place to buy something			

REFLECTION SHEET

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- Write down an idea for how you could improve

Learning outcome	I did this well	I could improve this	I could improve by...
Justify how I would use a sum of money			
Explain how a gift of some money could help me save towards something			
Link a gift of money to a financial goal for the future			

CHARLIE



Cut out and share

I've got a big night out tonight. Luckily, I can spend £40 of my savings.

I earn £30 each Saturday. I put £15 into a savings account at my local bank. It means watching my spending during the week, but it's worth it.

I can use the money to buy something important now and then. It also means I've got some money even if I can't work some weeks.

Cut off information you don't want to include

SAM



Cut out and share

I've got a big night out tonight. I've only got £5, which isn't enough. I'm not sure what I'll do.

I earn £30 each Saturday. I spend most of it going out, or on clothes and other things. I like to have fun.

I never seem to have any money. I'm not sure where it all goes, either.

Cut off information you don't want to include

SHARON



Cut out and share

I want to buy my first car. I've saved £1,500. It took me two years.

I started saving when I was one. I only had to save about £15 a week.

I knew that earning money would let me buy stuff and have fun. But I also had something I wanted to do in the future, so I worked out what I'd need to save. If you save it before you can spend it, you don't notice it's not there.

Cut off information you don't want to include

JENNY



Cut out and share

I want to buy my first car. I need £1,500. I don't have any savings so I'll need to borrow it somehow.

I got a job at 16. I just lived for 'now' and didn't think ahead.

Looking back I should have thought of the future. I could do with some of that money now. Borrowing money means the car will cost me more in the end.

Cut off information you don't want to include

DAN

Cut out and share

I've just lost my job. I've found another one, but I can't start for a month.

I've got some 'rainy day' savings. I can live on these until my new wages start coming in.

I put a little away every week until I had enough to live off for three months.

I'll start saving again once my new job starts, so my 'rainy day' savings get topped up again.

Cut off information you don't want to include

KAYLA

Cut out and share

I've just lost my job. I've found another one, but I can't start for a month.

I'm going to have to ask for a bigger overdraft so I've got money to live on until my new wages start coming in.

I'm a spender, not a saver. I like to go out and buy new things.

I ought to start saving. But I'll have to pay that overdraft off first.

Cut off information you don't want to include

<p>Date _____</p> <p>A/C _____</p> <p>Cash _____</p> <p>Cheques Etc _____</p> <p style="text-align: right;">000001</p>	<p>Date _____</p> <p>bank giro credit</p> <p>Paid in by _____</p> <div style="background-color: #2e8b57; color: white; padding: 5px; text-align: center; font-weight: bold;">ANYBANK</div> <p>Branch _____</p> <p>K. M. COLLINS</p> <div style="display: flex; justify-content: space-between;"> <div> <p>Fee Box Cheques</p> <p>Branch Sort Code. 88-88-88</p> <p>Account No. 12345678</p> <p>Transaction Code 00</p> </div> <div style="text-align: right;"> <p>Total Cash *</p> <p>Cheques, etc +</p> <p>£</p> </div> </div> <p style="text-align: right;">Notes £50 _____</p> <p style="text-align: right;">£20 _____</p> <p style="text-align: right;">£10 _____</p> <p style="text-align: right;">£5 _____</p> <p style="text-align: right;">Coins £2 or £1 _____</p> <p style="text-align: right;">Other Coins _____</p> <p style="text-align: right;">000001 88-88-88 12345678 </p>
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You are a child and
you want to open an
account with £1

Cut out and share

You are 16 and would
like instant access to
your savings

Cut out and share

You would like to
automatically put £25
a month into a savings
account, from your
current account

Cut out and share

You would like to save
using online banking

Cut out and share

You have £2,000 to
save. You can leave
your money for
one year.

Cut out and share

You want a fixed
interest rate.

Cut out and share

You want to open an ISA. You want a guaranteed return from a fixed interest rate. You can leave your money for two years.

Cut out and share

You want to open an ISA but you need to be able to access your money if you need it.

Cut out and share

You would like to open an investment ISA.

Cut out and share

You want the ISA with the best interest rate.

Cut out and share

Month 6

You place £50 in an envelope. Your total savings are:

Month 5

You place £50 in an envelope. Your total savings are:

Month 4

You place £50 in an envelope. Your total savings are:

Month 3

You place £50 in an envelope.
Your total savings are:

Month 2

You place £50 in an envelope.
Your total savings are:

Month 1

You place £50 in
an envelope.
Your total
savings are:

Month 6

You earned £1.02 interest last month. You pay in another £50. Your total savings are:

Month 5

You earned £0.82 interest last month. You pay in another £50. Your total savings are:

Month 4

You earned £0.61 interest last month. You pay in another £50.

Your total savings are:

Month 3

You earned £0.41 interest last month. You pay in another £50.

Your total savings are:

Month 2

You earned £0.20 interest last month. You
pay in another £50. Your total savings are:

Month 1

You place £50 in a savings
account that earns 5%
interest each year.

Your total
savings are:

Month 6

You earned £0.61 interest last month. You pay in another £50. Your total savings are:

Month 5

You earned £0.41 interest last month. You pay in another £50. Your total savings are:

Month 4

You earned £0.61 interest last month. You withdraw £100.

Your total savings are:

Month 3

You earned £0.41 interest last month. You pay in another £50.

Your total savings are:

Month 2

You earned £0.20 interest last month. You
pay in another £50. Your total savings are:

Month 1

You place £50 in a savings
account that earns 5%
interest each year.

Your total
savings are:

Banks, building societies, credit unions and even supermarkets offer a wide range of savings accounts.

Some 'regular savings' accounts are designed to accept regular payments and can pay higher interest at the end of the period if you don't withdraw.

Instant access accounts let you get your money when you needed. They may offer a lower interest rate or you might incur a penalty. Other accounts may require a notice period before you withdraw, such as 30 days.

Savings bonds usually tie up your money for a fixed period, but offer a guaranteed return.

Investment-based savings use your money to buy stocks and shares. You might get a better return, but most accounts don't guarantee a return and you could end up with less than you put in.

Savings interest is taxable for over-18s and those who pay tax, but Individual Savings Accounts (ISAs) offer a way to save up to a fixed amount each year, tax-free. An ISA acts like a 'wrapper' around a savings account or product, so ISAs come in as many varieties as savings accounts: fixed-interest, variable interest, and investment-based.

WHO CAN HELP?

Young people can get savings advice from a range of providers. Remember that these providers will be keen to sell their services so young people should 'shop around'.

More information about the basics of savings is at:

www.debtcred.org.uk/materials.html (click on module 5) and at:

www.moneymadeclear.org.uk/products/savings/savings.html

REFLECTION SHEET

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- Tick whether you think you did it well, or if you could improve
- Write down an idea for how you could improve

Learning outcome	I did this well	I could improve this	I could improve by...
Describe why it's best to keep money in a bank account			
Describe some short and long-term benefits to saving			
Describe some pros and cons to saving			
Explains why it's good to plan for the future			
Link savings to my needs at different stages of my life			
Use a plan to link savings to my life goals			

REFLECTION SHEET

- Only think about the learning outcomes that apply to you
- Tick whether you think you did it well, or if you could improve
- Write down an idea for how you could improve

Learning outcome	I did this well	I could improve this	I could improve by...
Identify the main features of a savings account			
Explain how I can open an account and pay in money			
Describe the difference between a savings account and an investment account			
Identify a good savings account to open			
Identify a good savings account to open for long-term security			
Identify a good savings account to open if I'm prepared to take a risk			

REFLECTION SHEET

- Only think about the learning outcomes that apply to you
- Tick whether you think you did it well, or if you could improve
- Write down an idea for how you could improve

Learning outcome	I did this well	I could improve this	I could improve by...
Identify that interest can help my savings to grow			
List some factors that affect the interest rate on my savings			
Explain how interest can help my savings keep up with inflation			
Research interest rates			
Use an interest calculator on the web			

Name:

Week starting on:

Money IN (income)	Money OUT (expenditure)
Part-time job:	Travel:
Pocket money:	Going out:
Gifts:	Phone:
Other:	Music/DVDs:
	Clothes:
	Food:
	Savings:
	Other:
TOTAL MONEY IN:	TOTAL MONEY OUT:



Huw

About me:

- I'm Huw. I'm 17.
- I got 6 GCSEs at school and I'm now at college studying electrical installation.
- I want to start an apprenticeship after this.

What comes in?

- I work part-time at a local shop: 3 hours on Wednesday and Thursday nights, and 8 hours on Saturday. I get £3.50 an hour.
- I also get £20 education maintenance allowance (EMA) a week.

How I spend it:

- Bus to college (1.5 miles) £2 per day
- Lunch at college £2 per day
- Mobile phone calls £6 per week
- Going out £25
- Clothes £10

Can you help me?

- I'm not keeping up with my course. I could lose my EMA.
- I need to buy a new phone, which will cost me £75.

WHAT WOULD YOU DO? HELP HUW MANAGE HIS BUDGET!

Money in

Money out



Lorraine

About me:

- I'm Lorraine. I'm 17.
- I'm studying at school for A levels.
- I want to go to university.

What comes in?

- I work part-time at a local hairdresser: 8 hours on Saturday. I get £3.50 an hour.
- My parents also give me £20 a week, to save for when I'm a student.

How I spend it:

- Mobile phone calls £8 per week.
- Going out £15.

Can you help me?

- I want to go on holiday with friends. It will cost £200. I've got six months to save up.

WHAT WOULD YOU DO? HELP LORRAINE MANAGE HER BUDGET!

Money in

Money out



Raheem

About me:

- I'm Raheem. I'm 19.
- I work as a trainee bank clerk and rent a room from a friend's family.

What comes in?

- I get £250 a week.
- £45 of that is taken off for tax and national insurance.

How I spend it:

- Room and breakfast £300 per month
- Going out £150
- Food £100
- Clothes £150

Can you help me?

- I need to save up for a car. I need about £2,000.
- Running the car will cost me:
 - £200 a month for insurance
 - £50 for fuel
 - £50 towards road tax, service and MOT

WHAT WOULD YOU DO? HELP RAHEEM MANAGE HIS BUDGET!

Money in

Money out



Glynys

About me:

- I'm Glynys. I'm 16.
- I didn't get any GCSEs at school so I'm trying again at college.

What comes in?

- I get £20 education maintenance allowance (EMA) a week.
- I work at a local takeaway 4 nights a week, for 3 hours a night. I get £3.00 an hour.

How I spend it:

- I give my mum £10 per week to help with food
- Mobile phone calls £4 per week
- Clothes £5 per week
- Going out £10 per week

Can you help me?

- I want to redecorate my bedroom. Mum hasn't got any money for this. I want to do at least one thing a month:
 - Paint £10
 - Curtains £20
 - Bedclothes: £20
 - Rug £15

WHAT WOULD YOU DO? HELP GLYNYS MANAGE HER BUDGET!

Money in

Money out

Part-time with NIC only

Company: AnyBusiness Ltd			Payment: 279		
			Payment period: 01-02/2011 – 28/02/2011		
Employee: Sam Smith Emp. No. National Insurance: AB 12 34 56 C		NI code A	Tax code 647L	Week / Month 11	Pay date 23/02/11
Description Rate Amount	Description Amount		Year to date totals		
Salary 1.00 541.67	NIC employee 7.22		Total pay 5,009.71 Taxable pay 5009.71 Tax paid NIC 57.76		
	Employer contributions		This period		
Sam Smith 12 AnyStreet AnyTown Wales	NIC employee 7.22		Taxable pay 541.67 Gross for NI 541.67 Total pay 541.67 Net pay adj 541.67 Net pay 534.45		

Full-time with PAYE and pension

Company: AnyBusiness Ltd				Payment: 279	
				Payment period: 01-02/2011 – 28/02/2011	
Employee: Sam Smith Emp. No.		NI code	Tax code	Week / Month	Pay date
National Insurance: AB 12 34 56 C		A	647L	11	23/02/11
Description Rate	Description Amount		Year to date totals		
Amount					
Salary 1.00	PAYE tax 299.20	Total pay 16,000.00			
2000.00	NIC employee 169.84	Taxable pay 16,000.00			
	Pension 48.00	Tax paid 2,394.60			
		NIC 1358.72			
	Employer contributions		This period		
Sam Smith	NIC employee 7.22	Taxable pay 2000.00			
12 AnyStreet		Gross for NI 2000.00			
AnyTown		Total pay 2000.00			
Wales		Net pay adj 2000.00			
		Net pay 1482.96			

A budget is a plan for how someone will spend their money, based on how much they have coming in. Using a budget will help someone understand how much they can spend each day, week, month or year. A balanced budget will help to avoid debt, plan for the future and identify financial priorities.

Young people can help balance a budget and make ends meet by identifying areas where they spend too much, or more than they can afford. A good budget will organise spending into enough detail for this to be possible. Some young people may need help to understand negative numbers.

Solutions could include finding a better deal, doing things differently (e.g. making lunch, or walking instead of using public transport), and if necessary, doing without.

Remember that some young people may spend money on items such as alcohol, cigarettes or drugs, that they do not wish to discuss – even though this spending could have a real effect on their ability to manage their income.

It's important to include saving within a budget, even if it's only a little. This is the only way to meet future financial needs or goals without entering into debt.

Web links to use in these activities include:

Understanding payslips: www.direct.gov.uk/en/Employment/index.htm

Understanding tax codes: www.hmrc.gov.uk/incometax/tax-codes.htm

Income tax allowances: www.hmrc.gov.uk/rates/it.htm

WHO CAN HELP?

Young people can get budgeting advice and help with money worries from:

Citizens Advice Bureau

www.citizensadvice.org.uk and www.adviceguide.org.uk

Consumer Credit Counselling Service

www.cccs.co.uk and 0800 138 111

The Site

www.thesite.org/homelawandmoney

REFLECTION SHEET

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- Write down an idea for how you could improve

Learning outcome	I did this well	I could improve this	I could improve by...
Identify how money enters and leaves my life			
State some essential and non-essential purchases			
Explain why my budget needs to balance			
Describe how my budget could change if my circumstances change			
Identify how my spending decisions and habits affect my long-term financial goals			

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- Write down an idea for how you could improve

Learning outcome	I did this well	I could improve this	I could improve by...
Find items on a budget sheet and put them in order of priority			
Describe how a budget can help me control my spending			
Link a budget to a longer-term financial goal			

REFLECTION SHEET

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- Write down an idea for how you could improve

Learning outcome	I did this well	I could improve this	I could improve by...
Find the amount of take-home pay on a payslip and identify deductions from my gross pay			
Link my take-home pay to how much I can spend and when the money is available to me			
Describe the deductions on a payslip, including pension contributions			
Use a payslip to calculate yearly gross and take-home pay			
Identify a tax code and link this to a tax-free allowance			

1. I can lend money

Cut out and share

1. I need to
borrow money

Cut out and share

2. I am now
owed money

Cut out and share

2. I now **owe** money

Cut out and share

3. This is the **credit**
I have given

Cut out and share

3. This is my **debt**

Cut out and share

4. I charge **interest**

Cut out and share

4. I must pay **interest**

Cut out and share

5. My **interest rate**
means I will receive **more**
money back than I lent

Cut out and share

5. My **interest rate**
means I must pay back
more money than I
borrowed

Cut out and share

Overdraft

Your bank allows you to spend money that you don't have in your account.

APR 19%

✂ Cut out and share

Bank loan

Your bank lends you a fixed amount for a set period.

APR 10%

✂ Cut out and share

Payday loan

A small loan that you pay back when you are next paid.

APR 2500%

✂ Cut out and share

Doorstep lender (licenced)

A loan provided as cash and repaid weekly on your doorstep.

APR 425%

✂ Cut out and share

Unlicensed lender (loan shark) A loan provided as cash and repaid weekly on your doorstep, but not from a regulated company.

APR 800% – 8000%

✂ Cut out and share

Credit card

A payment card allowing a person to pay back what they owe a little at a time.

APR 18%

✂ Cut out and share

Store card

A payment card for a single store, allowing a person to pay back what they owe a little at a time.

APR 25%

✂ Cut out and share

Hire purchase

You pay for something a little each month or week and only owe it once you have paid it off in full.

APR 12%

✂ Cut out and share

Catalogue payments

You buy from a catalogue and pay for it in weekly instalments.

APR 0% (if repaid within 12 months) – 29% (over 2 – 3 years)

✂ Cut out and share

Family or friend

You borrow from someone you know and pay it back in full, or bit by bit.

APR 0% – ?

✂ Cut out and share

On a £1,000 loan**Length of loan**

	1 year	3 years	5 years	10 years	15 years	20 years
5%	£1,027	£1,077	£1,129	£1,266	£1,413	£1,569
10%	£1,053	£1,154	£1,262	£1,557	£1,887	£2,248
15%	£1,078	£1,231	£1,398	£1,867	£2,404	£2,995
20%	£1,102	£1,308	£1,536	£2,191	£2,947	£3,773
25%	£1,126	£1,385	£1,675	£2,523	£3,502	£4,557
30%	£1,149	£1,461	£1,815	£2,860	£4,058	£5,333

SURVIVING UNTIL PAYDAY**James**

I forgot that I needed to pay a utility bill this month. I've paid it, but now I don't have enough to last until I'm paid.

I need £200 for groceries and £100 for a trip I promised my kids.

Cut out and share

Doorstep lender

I can lend you £300.

You must pay back £25 a week for 20 weeks.

Cut out and share

Online payday lender

We can lend you £300 for a fortnight. You must pay us back as soon as you are paid.

You must repay £375.

Cut out and share

Bank

We can give you a small overdraft of up to £300 until you are paid.

You must pay a £5 fee and interest of £6 if you use all £300.

Cut out and share

A NEW CAR?**Julia**

My car is old and just cost me £400 to repair. I want a better one! I've seen one for sale that will cost £3,000.

I think I could afford to repay £200 a month. I can't get a loan from my bank.

Cut out and share

Lender 1

We will lend you £3,000 at 51% APR.

You must make 30 monthly payments of £151.

Cut out and share

Lender 2

We will lend you £3,000 at 39% APR.

You must make 48 monthly payments of £124.27.

Cut out and share

Lender 3

We will lend you £3,000 at 29% APR.

You must make 18 monthly payments of £21.

Cut out and share

WE NEED A BREAK!**Sue and Rob**

We need a break! We've had a bad year. We're in arrears on some bills and a loan and it's really got us down.

We've seen a short break that would only cost £300. We think it would be worth it.

Cut out and share

Credit card

You can pay for the holiday using your credit card at 19% APR.

Paying this off over 24 months would cost an extra £15.21 a month.

Your balance is already £2,500 out of a maximum of £3,000.

Cut out and share

TV loan ad

We will give you an unsecured loan of £300 at 47% APR.

You must make 24 monthly payments of £19.51.

Cut out and share

Rob's brother

I will lend you £300 but you must pay me back within three months.

I'm only doing this because I don't know about your other debts.

Cut out and share

**A debt
management
plan**

- What is this?
- Who can help with this?
- How will it affect what you owe?
- How will it affect what you repay?

Cut out and share

**A debt
relief order**

- What is this?
- Who can help with this?
- How will it affect what you owe?
- How will it affect what you repay?

Cut out and share

**An individual
voluntary
agreement (IVA)**

- What is this?
- Who can help with this?
- How will it affect what you owe?
- How will it affect what you repay?

Cut out and share

**A
consolidation
loan**

- What is this?
- Who can help with this?
- How will it affect what you owe?
- How will it affect what you repay?

Cut out and share

Bankruptcy

- What is this?
- Who can help with this?
- How will it affect what you owe?
- How will it affect what you repay?

Cut out and share

Debt describes the money a person owes under a credit agreement, which might be an informal loan from a friend, or a formal source of credit such as an overdraft, credit card balance, loan or mortgage. It's important to make a distinction between debt and a debit (an accounting term to denote a deduction from a bank balance – hence 'debit cards' that can be used to pay for things using your bank balance).

Loans and credit are legal agreements and are only available to over 18s. This also means that in most cases they must be repaid. Contrary to advertising, it is hard to avoid repaying loans or credit unless the lender can be proven to have mis-sold the product.

Debt usually comes with interest to be repaid, so the total to be repaid will be more than the amount borrowed. The Annual Percentage Rate (APR) expresses this interest as the percentage of the loan amount charged per full year. It allows loans of different interest rates and terms to be compared.

Once 18, a person will have their credit worthiness rated by one of three credit reference agencies. This is their credit score. Lenders use this to decide whether or not to offer a loan, and the interest rate they will charge (which may be higher for more risky customers, lower for less risky ones).

Loans can be unsecured or secured, an unsecured loan does not involve the lender gaining rights over the borrower's property as a way to 'secure' the loan by providing something the lender can sell to recoup any losses. Unsecured loans will carry a higher interest rate as a result. Secured loans will take an item (e.g. a property, or vehicle if a car or bike loan) as security. This can offer a lower interest rate but puts the borrower at risk of losing their property if they cannot keep up repayments.

WHO CAN HELP?

Free impartial debt help can be obtained from:

Citizens Advice Bureau

www.citizensadvice.org.uk for local contacts

www.adviceguide.org.uk for online advice about debt

National debtline

www.nationaldebtline.co.uk or freephone 0800 808 4000

Young people should be careful not to solicit help from private companies that may present themselves in a similar way.

Credit scoring is provided for lenders by three credit reference agencies:

www.equifax.co.uk

www.experian.co.uk

www.callcredit.co.uk

You can obtain a copy of your credit rating, but this can cost money either as a one-off payment or a monthly fee.

REFLECTION SHEET

- Only think about the learning outcomes that apply to you
- Tick whether you think you did it well, or if you could improve
- Write down an idea for how you could improve

Learning outcome	I did this well	I could improve this	I could improve by...
Explain the meaning of 'borrowing', 'debt' and 'credit'			
Consider saving up instead of borrowing			
List some different forms of lending and debt			
Identify some pros and cons for different forms of borrowing			
Put forms of debt in order of risk			
Suggest the best way to borrow in different situations			

REFLECTION SHEET

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- Write down an idea for how you could improve

Learning outcome	I did this well	I could improve this	I could improve by...
Describe some important questions to ask when thinking about taking on debt			
Explain the difference between debt I can manage and debt I can't manage			
Compare the cost of different loans to find the best deal			
Identify examples of manageable and unmanageable debt			
Describe how a drop in income would affect your ability to repay a loan			

REFLECTION SHEET

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- Tick whether you think you did it well, or if you could improve
- Write down an idea for how you could improve

Learning outcome	I did this well	I could improve this	I could improve by...
Describe some warning signs that I can't manage my debt			
List some steps to take to resolve a problem with debt, including asking for help			
Identify a local source of help with debt			
Describe how I can understand my situation before I ask for help			
Explains some options when debt becomes unmanageable			

✂ Cut out and share

You buy a large flat-screen TV second-hand from a newspaper ad. You swap payment for the TV in a car park.

You owe someone £250. You're going to meet them tonight in town. You withdraw the cash at a town-centre cashpoint, to give to them later.

A work colleague needs £100 to get them through to pay day. You don't know them well but it might impress people if you lend them the money.

You're going out on the town. You keep your debit card in the chest pocket of your polo top.

A friend says they know of a certain winner in a horse race tomorrow. They're going to the betting shop and can place a bet for you. If you bet big, you'll cash in!

You've only got £20 to last you all week, and you've got bus fares to pay for or you won't get to work. You get a text inviting you out tonight.

You'd really like a jacket from one of the top outdoor brands, but you can't afford it. You see some at a market and they're really cheap – a quarter of the usual price!

You get an email from your bank asking you to send your mobile banking login details for them to update their records.

You've started earning a wage and are paid in cash. You're keeping your money in your bedside drawer as you don't have a bank account.

You need a new car to get to work. Money is tight and you see a cheap one in the free ads. The seller wants to meet you in a car park and will only accept cash.

A friend asks you for a tenner. They did this a while back and you're still waiting to get it back. But they're your best mate and this will let them come out with you.

You enjoy spending money. But you don't know where it goes and there's never any left at the end of the week.

You're heading out to meet up. You've got some cash, your debit card and your mobile. There's a shortcut, down an unlit side street. You can just see a group of people hanging about.

You need cash – fast. You find a cash machine. The card slot looks different, but you can't quite think how.

You're about to pay for some jeans using your debit card and PIN. The person behind you seems to be looking over your shoulder.

Choosing and using
usernames and passwords

Search for:
weak password
strong password

Cut out and share

Identifying a safe online shop

Search for:
safe online shopping
https
secure website

Cut out and share

Shared or public computer

Search for:
using a public computer

Spyware

Search for:
prevent spyware

Computer viruses

Search for:
antivirus software
prevent computer virus

Buying from an
online auction

Search for:
internet auction safety
internet auction fraud

Emails asking for donations
or promising a free gift

Search for:
email fraud
email scams

Emails asking for personal
account details

Search for:
phishing
email scams

Losing your computer
or phone

Search for:
computer theft

Premium phone lines

Search for:
premium line fraud

Identify theft is increasingly common as people bank, buy and sell online.

Hoax emails and texts encourage people to donate to a cause or send money in the hope of winning a prize.

Phishing aims to defraud by luring users to a fake webpage where they divulge personal information.

Online scams at e-commerce and auction sites aim to obtain money without handing over legitimate goods or services.

Spyware, often downloaded from 'dodgy' websites, can capture private information including card details, usernames and passwords for online banks and shops

Viruses can trap users into paying for fake antivirus software to remove problem software.

Young people can also be at risk from using **shared or public computers** and from **theft** of their phone or computer.

Web addresses to use in this topic include:

Get Safe Online:

www.getsafeonline.org

Action Fraud

www.actionfraud.org.uk

WHO CAN HELP?

As above, young people can get advice on online and e-commerce fraud at Get Safe Online and they can report suspected or confirmed fraud at Action Fraud.

REFLECTION SHEET

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- Tick whether you think you did it well, or if you could improve
- Write down an idea for how you could improve

Learning outcome	I did this well	I could improve this	I could improve by...
Explain that some money habits and purchases can be risky			
Describe some steps I can take to minimise risks when I handle and use money			
List some sources of information to help me reduce risks with money			
Explain how some financial products, like investments, can carry risk			

REFLECTION SHEET

- Only think about the learning outcomes that apply to you
- Tick whether you think you did it well, or if you could improve
- Write down an idea for how you could improve

Learning outcome	I did this well	I could improve this	I could improve by...
Describe ways in which I can shop online			
List how I can make sure an online shop or seller can be trusted and how to pay safely			
Describe how to be safe when banking online			
List some ways that 'scammers' might target me			
Identify ways in which I might be at risk of identity theft and how to protect my identity online			

Max

- Age 19
- Drives an older car that he's modified with bodywork and a new engine chip.
- Has a new iPhone.
- Rents a room. He has a plasma TV, Blu-ray player, game console, laptop and home theatre system.
- He's going on holiday to Cyprus this year.

Victoria

- Has just bought her first home and has a mortgage.
- She has just bought some new furniture for her home.
- Drives a 3 year-old car that she uses for long work journeys.
- She wants quick access to doctors and operations if she's ill or injured.
- She's going skiing this year.

Hannah

- Has a joint mortgage with her husband. She is the main 'breadwinner' in the family.
- Has two young children and two pedigree dogs.
- They have a new luxury car. They're going to drive through France and Spain on holiday this year.
- She worries about her boiler breaking down.

Dennis

- I'm 60. I started putting money into a pension when I was 20 – as soon as I could afford to.
- I've always paid money in each month. I've watched my pension grow for 40 years.
- When I retire I should have enough to live a comfortable life.

Cut out and share

Richard

- I'm 60. I didn't start my pension until I was 40. I had too many other things to spend money on when I was younger.
- I've paid in twice as much each month than Dennis, so I've put in as much as he did in total.
- I'm worried about when I retire. My pension won't be worth as much as it ought to be.

Chris

- I'm 20. I've just got a new job that pays me £1,200 a month. I take home £988.
- My employer runs a stakeholder pension scheme for us. They say the government will put in the tax I paid on my contributions.
- I need to decide how much of my gross pay I'll put in.
5% = £60 10% = £120 15% = £180

By the age of 60, Dennis and Richard had both invested the same amount in total:



DENNIS



RICHARD

But Dennis's investments have grown by much more than Richard's. This is because he started investing 20 years earlier. His gains have *compounded* over many more years:

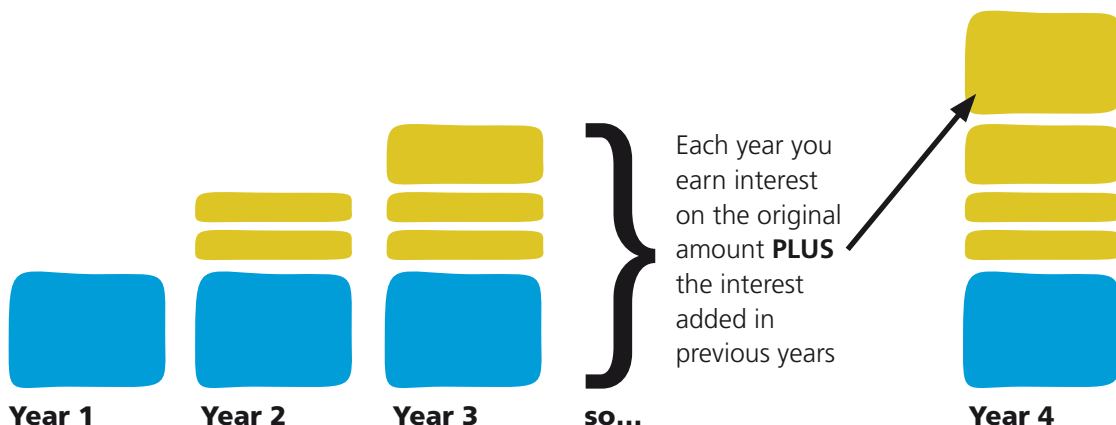


DENNIS



RICHARD

Compounding describes how each year, you earn interest not just on the original amount, but on all the interest you've earned so far. This also applies to gains that you've made on the stock market:



✂ Cut out and share

Rent
£800

Electricity
£75

Gas
£50

Water &
sewage
£20

Contents
insurance
£275

Shared
milk and
biscuits
£5

BT phone
£20

Mobile
phone
£10

Going out
£40

Clothes
£20

Travel to
work
£20

Saving for
holiday
£50

Food
£140

Lunch at
work
£10

Council
tax
£120

Broadband
£15

TV licence
£145

Presents
£10

Online
game
subscription
£30

Car loan
£200

✂ Cut out and share

One of you is sacked for misconduct at work. It will be six weeks before they can claim unemployment benefit.

You break some furniture while being stupid. The landlord charges you for a replacement, which is £250.

Someone breaks in through a back door you left unlocked. They steal your TVs and stereos. The insurance company won't pay out because of the door being open.

Someone wants to upgrade to faster broadband, for online gaming. This will cost £30 a month.

Someone complains about how the rent is shared, because their bedroom is much smaller than the others.

Someone's girl/boyfriend moves in for a month.

You made a mistake in your meter reading. You owe an extra £150.

Your rent will increase to £1,000 a month.

Someone still owes their share of last month's costs.

Insurance

Insurance is a financial product that manages risk. Put simply, the policy owner pays the insurer to take on the risk of paying out should something happen. The premium is the amount paid. This depends on the risk that you or the situation presents, and the level of cover you want. The cover level describes the conditions under which the insurer will or will not pay out. This is detailed in the policy document, which it is important to read and understand. It is legally important to provide the right details when you apply, and personally important to have the right level of cover for your needs.

Pensions

You can claim a **basic state pension** when you retire. You qualify through paying National Insurance Contributions (NICs). You may also qualify for an **additional state pension** unless you have a pension that 'contracts' you out of this (this means the government pays a certain amount each year into this other pension).

You can also choose and take out one or more **personal (private) pensions**. Some employers will offer or recommend these (**group personal pensions**) and may pay a contribution. The provider will claim tax relief on your contributions and add it to your fund. You can choose how your money is invested from a range of choices from your provider, to vary your risks and potential for returns, or let them choose for you.

Stakeholder pensions meet certain minimum standards laid down by the government, to make them easy and affordable. Your employer may offer you one, or you can take one out yourself.

Some employers provide **work pensions**. These might be **offer final salary (defined benefit) schemes**, which provide a pension income based on the number of years you have been a member and your final salary. These are not common now. More common are **defined contribution schemes**, which work like personal pensions.

WHO CAN HELP?

There is a range of insurance and shopping price comparison websites that you can review and explore, including searching for products via Google.

For pension calculations, visit www.moneymadeclear.org.uk/tools/pension_calculator.html and explore the tool using real and fictitious information.

For an example of an insurance website and how the premiums are calculated, see Context three of Let's get functional: www.letsgetfunctional.org/

REFLECTION SHEET

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- Write down an idea for how you could improve

Learning outcome	I did this well	I could improve this	I could improve by...
Explain how insurance can help me pay for loss or damage			
List some items or activities where I must legally have insurance			
List some items or activities where it's responsible for me to have insurance			
Describe some different levels of insurance cover			
Describe where I can find sources of insurance quotes			
Consider why life insurance might be valuable to have			

REFLECTION SHEET

- Only think about the learning outcomes that apply to you
- Tick whether you think you did it well, or if you could improve
- Write down an idea for how you could improve

Learning outcome	I did this well	I could improve this	I could improve by...
Explain that a pension will be my source of income when I retire			
List some sources of pension income, include - from the state, my employer and a private pension?			
Explain why I should include pension planning in my budget			
Explain why I should pay into my pension from an early age			
Describe how I can use a pension calculator to estimate how much income I'll need when I retire, and the monthly payments I must make to achieve this income			

REFLECTION SHEET

- Only think about the learning outcomes that apply to you
- Tick whether you think you did it well, or if you could improve
- Write down an idea for how you could improve

Learning outcome	I did this well	I could improve this	I could improve by...
Identify some price comparison websites for different services and products			
Explain how price comparison websites can help me get a better deal			
Compare prices on a household product using the web			
Compare prices for a financial product like a loan, using the web			