



Living in the Wider World—Next Steps



Living in the wider world

Balancing Income and Expenditure

Record and balance finances:

- Keep accurate records
- Avoid debt
- Spread expenditure evenly
- Increase savings

Ways of recording finance:

- Create a budget or balance sheet
- Online budget or on paper
- Check statements

Reducing Expenditure

- Plan carefully to reduce expenditure
- Make lists before going shopping and buying own brand
- Transport—Travel off-peak, use the bus or walk
- Go through statement and remove un-needed expenditure

Problem with overspending (Expenditure > Income)

If you spend more than you earn then you must act.

Not paying bills can have serious consequences and lead to:

- Debt
- Non-Payment of rent/mortgage
- Cutting off of utilities (Gas, Electric, Water)
- Poor Credit Score—this can lead to banks not lending to you in the future
- Increased interested charges
- Court - if you do not pay your council tax, the council will take you to court over it
- Prison
- Eviction—bank can foreclose on a house with a mortgage and force you to move out or the landlord an evict you if you are renting

Ways of receiving money

Cash	Some jobs pay cash when they work part-time or paid daily
Cheque	A promise to pay—takes 3-5 days to clear
PayPal	Internet payment company - works like a bank transfer
Bank Transfer	Most full time and part time work and benefits are paid this way straight into their bank account. E.g BACS.

Electronic Payment Methods

Standing Order	Regular payment of the same amount to a person or a business. E.g Rent/Mortgage, Gym Membership
Direct Debit	A regular payment of various amounts to a person or business. E.g Utilities
BACS	Standard bank transfer. Payments are made within 3 working days
Faster Payment Service	Transfer money within 2 hours if both banks are part of the Faster Payment Service
CHAPS	Guarantee same day payment before 2pm. Expensive.

Types of Expenditure

Needs (Essential) vs Wants (Non-Essentials)

Main personal expenditure—food, rent/mortgage, **council tax**, gas bill, electric bill, water bill, food, water bill, clothes

Wants—Internet, Mobile Phone, Car,

Mandatory expenditure—things you have to pay by law

Sources of income

- Wages
- Benefits
- Pension
- Dividends on shares
- Interest on savings

Key words and Definition

Tax	Money deducted from your wages by the government
NI	National Insurance is a compulsory payment which is removed before you receive your wage
Interest	% paid on top of the money that you borrow
Debt	When a person owes money to others
Pay Day Loan	Loans that are taken out and have to be paid back over a short period with

Card Payments

Debit Card	Your money, directly from your bank account
Credit Cards	Borrowing from the bank. Pay off the full amount at the end of the month to avoid paying interest
Store Card	Like a credit card but linked to a particular store E.g Argos, Very