

Minted!

Your guide to
managing your
money

PRICELESS

Young Money Advisors
Young NCB



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Personal Finance Education Group

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Money is part of all our lives.

Whether we're rich or poor; a saver or a spender; a tight wad or a sharer, it's always on our minds.

But if you learn to control money, it won't take control of you.

That sounded like a good idea to us so, in 2008, we all signed up to be My Money Young Advisors.

My Money is a great project aimed at getting finance education into every primary and secondary school.

It was run by the Personal Finance Education Group charity (pfeg) with EdComs, National Children's Bureau (NCB) and the PSHE Association. They wanted to make sure that young people's views were right at the heart of the project, so we did our bit and spent three great years as My Money Young Advisors.

As well as advising My Money on teaching materials, encouraging our friends and classmates to improve their financial skills, and pushing for finance education in our schools, we've also learned all about money management – from saving through to investing and sensible spending. We've gained loads of great skills along the way, learning about film-making, talking to the media, giving money advice and running a successful campaign.

The most important thing we've learned, though, is that learning to manage money confidently is the best way to make sure we have a great future.

NCB is helping us to bring what we've learned into the public eye – so that what we've learned can help other young people now the My Money project is over. They have taught us campaigning skills, so we can continue to press for quality Personal Finance Education to be part of the curriculum in all maintained and academy schools.

NCB is also helping us make sure we don't keep all our money know-how to ourselves. They've done a survey to find out what, when it comes to money, you most want to know about; and worked with us to develop this guide.

Use it to find out everything you've always wanted to know about money and follow the links for more information. If there are any words you don't understand, check them in our word bank on page 15 of the guide.

You can also read some of our stories about managing money.

Join us in getting more clued up about money management. That way, we'll always be in control.

My Money Young Advisors: Aisha, Amelia, Bilaal, Blessing, Clarice, Jhon, Kadeem, Keara, Ruta, Teri-Ann, Tina, Zac.

Stashing the **CASH** – saving for the future

When you've got a bit of money it can be very easy to spend it all – but smart people put a bit away so they can do all the things they really want to do later on.

In our survey, saving for the future was the one thing most young people wanted to learn about.

So how do you save your money when everything is so expensive?

To get the money to save in the first place you need to manage your money well: keep a budget, ask yourself if you really need everything you buy and don't forget to shop around.

You could also try getting a part-time job or doing chores at home for pocket money so that you have more money to save on a regular basis. Look for a savings account that pays high interest.

Shopping around for high interest accounts is a really good way to make your money grow; and remember, you don't have to stay with the same account for ever – don't be afraid to transfer your money if you find an account that pays even higher interest.

College, courses and **COSTS** – paying for college and university

If you're planning to go on to further study when you finish at school, making sure you've got a handle on all the costs involved, and how to meet them, is a must.

Worries about taking out a loan to fund their study are making some students think twice before they go to college – and with tuition fees on the rise, it pays to think seriously about all the options.

Three-quarters of the young people who responded to our survey wanted to know all about student loans, to help them make their decision.

WHAT IS A STUDENT LOAN?*

When you go on to higher education, student loans are available to help you with both tuition fees and living costs. You have to pay your student loan back when you leave college once you're earning over £15,000.

There are two types of loans you can go for if you're studying full time:

- a Tuition Fee Loan to cover your fees
- a Maintenance Loan to help with your living costs*.

Tuition Fee Loans cover the tuition fees you're charged each year. The money is paid directly to your university or college.

Maintenance Loans help full-time students pay their rent and bills. How much you can borrow will depend on how much money your parents or carers earn (this is called means testing); where you live; when you start your course; and what year you're in.

* All figures are correct at the time of writing. Check again at the time you are considering taking out a student loan, by going to www.direct.gov.uk/en/EducationAndLearning.



WHAT TO **SAVE**

When I babysit or get money from my parents or friends, I put half or three-quarters in my bank account and the rest I use when I go shopping. Instead of going to one shop and buying everything there, I shop around the high street to see if I can find anything better or cheaper.

When I talk to my friends and we end up talking about money, I always give the tips I was given as a My Money young advisor.'

Ruta

You can apply online for both the Tuition Fee Loan and the Maintenance Loan.

To find out how and when to apply, and to get the full low-down on student loans, visit www.direct.gov.uk/en/EducationAndLearning.

WHO ELSE CAN HELP WITH MY STUDY COSTS?

It's natural to be worried about borrowing loads of money to pay for your education. Saving up for your college fees is the best option and will save you lots of worry later on.

Instead of taking out a loan, why not see if you can get help from your family or carers, or apply for a student grant?

Grants can help you with living and study costs and you don't have to pay them back. Full-time students can apply for a Maintenance Grant or Special Support Grant. Part-time students can apply for a Fee Grant and a Course Grant. Find out what's available, and whether you qualify, at www.direct.gov.uk/en/EducationAndLearning. Whether you get a grant will depend on what your parents or carers earn (means testing), and where and what you're studying.

Another thing you can do, to cut down the cost of studying, is to apply to a college or university close to home. You'll save lots of money on travel costs and, if you live at home while you're studying, you might not have to pay as much in rent or bills – or even pay none at all!

A great place to find out more about the cost of going to college and get help with some of your questions and worries is www.brightsideuniaid.org/students.

CAN I WORK WHILST I'M STUDYING?

Getting a part-time job while you're still at school or college will help you save up for further education, and will give you some spending money.

It's important to make sure you pay national insurance when you're working – and you may also have to pay tax (see the Work section on page 5).

Visit www.hmrc.gov.uk to find out all you need to know about tax and National Insurance.

If you do take on a part-time job while you're at college or university, be careful not to take on too many hours. Being too tired or too busy working to study, will stop you making the most of your time at college and getting the qualifications you've gone there for.

BUDGETING AT UNIVERSITY AND SAVING MONEY

Everyone says university is one of the biggest financial tests. But for me it wasn't too much of a challenge thanks to the skills and knowledge I have gained as a My Money young advisor.

It's the first day of term and everyone can't wait for the loan to come in for some serious shopping. However, I decided to take a different approach as I knew if I spent it all at once I wouldn't have any money to live on in the last week of term. So I decided to transfer all of my money into a separate account and give myself a weekly allowance of the money, so I knew exactly how much money I had to spend.

This ensures that, during the whole of university, I won't run out of money and I won't require an overdraft.

Another money-saving step I took during uni was to go shopping as a group, instead of an individual, meaning we could buy family packs and save a lot of money!

Amelia



Work and WONGA – managing money in a job

Not everyone goes on to higher education. If you're going out to work, there are lots of things you need to understand about managing money when you're in a job – and how your employer might go about paying your wages.

Of the young people we asked, 67 per cent wanted to understand the information on payslips; while 65 per cent wanted to know more about the minimum wage they could earn. Well over 60 per cent wanted to know about tax and National Insurance.

THE NATIONAL MINIMUM WAGE (NMW)

To make sure that people are paid fairly, the government has set a National Minimum Wage (NMW). It's calculated according to your age.

- If you're 16 to 17, the minimum wage is £3.64 per hour.
- It's £4.92 per hour if you're 18 to 20.
- People aged 21 and over get £5.93 as the minimum rate per hour.
- If you're an apprentice under 19, or you're over 19 and in the first year of your apprenticeship, the minimum rate per hour is £2.50.

If you're still of compulsory school age (up to 16), you are not entitled to the NMW.

To find out more about the NMW, you can go to www.direct.gov.uk/en/Employment/Employees/TheNationalMinimumWage.

UNDERSTANDING PAYSLEIPS

Whether you work full or part time, you'll get a payslip every time you get paid for doing your job. Payslips can be a bit confusing at first but, once you get the hang of them, they help you track the amount you earn before tax and National Insurance are deducted (your GROSS salary); and the amount of money you have left once these items have been taken off (your NET salary).

When you get a payslip you'll see:

- the gross salary you've earned, including any bonuses
- how much income tax has been taken off
- any National Insurance (NI) contributions that have been taken off
- any student loan repayments, if you've been at college before working
- your take-home pay, or the net salary you've actually received.

As well as being taxed on your pay, you're also taxed on any extras such as a company car and the petrol you use for it, a low-interest loan from your employer, and medical insurance.

You may also have to pay tax on tips you're given as part of your job.

You can find out all about the taxes you have to pay, National Insurance, and the way payslips work at www.taxmatters.hmrc.gov.uk.

Flywheel & Driftwood	
W A McGonagle	
Pay Period	W9
Pay Date	1-Jun-07
Pay Type	Weekly
Payment Method	Bank Transfer
Works Number	1234R
Department	Works
Tax Code	1 522L
NI Number	2 EW 43 65 43 A
NI Table Letter	A
Year to Date	
Taxable Gross Pay	2864.00
Income Tax	386.10
Employee NIC	249.04
Employer NIC	289.79
Net Pay	
	258.58

Description	Payments		Amount
	Hours	Rate	
Rate 1	37.00	10.00	370.00
Total Hourly Pay			370.00
Basic pay			50.00
Total Payments			420.00
Deductions			
Income Tax			65.22
National Insurance			35.20
Pension Contributions			10.00
Student Loan Repayment			11.00
Non-Taxable Deductions			40.00
Total Deductions			161.42

KEY TO STATEMENT

- 1 This tax code shows that the employee can earn £6,475 in the year before the pay tax. This is called a tax free allowance.
- 2 The National Insurance number is a unique identifier which allows the deductions to be credited against the employee's name.
- 3 This is a record of how much Mr McGonagle has earned and how much has been deducted in the current tax year.
- 4 This tax year runs from April to April.
- 5 Net pay is the amount that the employee will receive in their pay packet.
- 6 Deductions are the amounts taken out of wages before the employee receives them.
- 7 Gross Pay (the amount he earned before tax was deducted).
- 8 Mr McGonagle is paid weekly. His wage is based on the number of hours worked plus basic pay.



What is National Insurance?

National Insurance is a contribution you make from your wages if you're over 16 and earn more than £110 per week. It's collected by the government to make sure there's money put aside for you to get paid if you're off sick; if you have time off work to have a baby; and to have access to a state pension when you retire.

You start paying NI when your earnings reach a certain level, and you stop paying when you reach state retirement age (currently 65 for men and 60 for women but this will gradually increase to 66 for both men and women by 2020).

If you're under 16, live in the UK and your parents or carers receive Child Benefit for you, you're registered for NI automatically.

You get your own, unique National Insurance number (NINO) which is sent to you, just before you turn 16, so that the government can keep an accurate record of how much National Insurance you've paid.

It is always two letters, followed by six digits and one optional letter, for example AB123456C.

If you don't have a NINO, you must apply for one as soon as you start work or claim benefits.

If you're working, give your NINO to your employer. They will put it on your payslip and keep a record of it so that they can take your National Insurance payment straight off your salary and pay it to the government on your behalf.

What taxes are there?

All adults in the UK have to pay a range of taxes – it's the law.

Tax is very important because it is used to pay for essential public services that we need in everyday life, namely:

- the National Health Service
- education
- social protection – for example, sickness benefits, pensions, family benefits and tax credits
- transport
- defence
- industry, agriculture, employment and training
- housing and environment
- public order and safety.

There are lots of different taxes that contribute to the UK's budget. They include:

Income tax: a personal tax on your personal income. That income usually includes wages, pensions and interest on savings.

Corporation tax: a tax paid by certain companies, known as limited companies, on their profits.

Excise duties: there are various ones, including car tax and tax on goods such as alcohol and tobacco.

Value Added Tax (VAT): you pay VAT when you buy goods, like adult clothing, TVs and phones, in the European Union (EU), including the UK. It's normally included in the price of the goods or service you buy. There is no VAT on some goods, like food and children's clothing, which the government has classed as essentials. The current rate of VAT is 20 per cent.

Council tax: this tax helps pay for local services like policing and rubbish collection. It's a tax on the value or size of the home you live in, whether owned or rented.

TAX

£?! ☹

DUTY

VAT!

How is my tax and National Insurance worked out?

Tax

When you work, your employer takes income tax off your wages, using a tax code given to you by Her Majesty's Revenue and Customs (HMRC). HMRC is the government department that is in charge of all tax-related matters.

Your tax code is a special reference that shows the amount of money you can earn before you have to pay tax. This amount is called your personal allowance. HMRC will also tell you how it has been worked out.

For the tax year 2010–11 (usually written as 2010/11), the basic personal allowance was £6,475. So you could earn almost six-and-a-half thousand pounds without paying tax.

Once you earn more than your personal allowance, the rate of tax you pay on the rest of your salary depends on how much money you earn overall.

If you earn up to £37,400 a year, 20 per cent is deducted from your wages. This is called basic rate tax.

- When you earn over £37,400 a year, tax is taken off your pay at the higher rate of 40 per cent.
- If you're lucky enough to earn over £150,000 a year, 50 per cent comes off your salary. This is called Additional Rate Tax.

National Insurance

There are six different rates of NI. You can find out more about them by visiting www.taxmatters.hmrc.gov.uk.

If you earn between £110 and £844 per week, the rate is 11 per cent of your gross pay (the amount you earn before tax is taken off).

Here are some examples.

- On an income of £200 per week, you'd pay £9.90 National Insurance.
- On an income of £900 per week, NI would be £81.30.
- When you earn more than £110 per week, your employer has to pay a contribution of 12.8 per cent on top of your National Insurance contributions.

Bank that **BREAD**

Bank accounts can help you manage your everyday money. You can have a bank account from when you're a newborn, as long as your parents open it for you. You can't open one yourself until you're 16 and then you can choose different types of bank account depending on what you need – and lots of you want to know about bank interest and how statements work.

WHICH BANK ACCOUNT TO CHOOSE?

The banks are the best places to go to get all the details about the type of bank account you might have and how to open it. Take an adult with you to make sure you ask all the right questions and have some photo ID with you. If you're older you can also apply online.

There are different types of bank accounts to suit your personal situation.

Basic bank account

Basic bank accounts help you manage your day-to-day money. They don't usually allow you to go overdrawn by more than £10, if at all, but may offer a debit card. They may also offer a savings account, linked to your basic account, to help you budget. They will give you

a cash card; and will let you set up direct debits or standing orders to pay bills, do business at the bank counter, check your balance and withdraw cash at Post Office® branches, and check your balance and withdraw cash from a cash machine.

Current account

Current accounts are also for managing your day-to-day money, but have more features than a basic bank account. They give you a cash or debit card; let you set up direct debits and standing orders to pay bills; and allow you to check your balance and withdraw cash from a cash machine.

You may also be offered: an overdraft; interest on your money; other services, like sending money abroad or cashing foreign cheques (there will often be a charge for these services); telephone or internet banking; extra features such as insurance (for travel, life, mobile phone), special offers or extra services (accounts with these features usually have a monthly fee); and cash withdrawals and balance checks at Post Office® branches.

There are special accounts for students and the banks will often offer you free gifts like iTunes cards or even an MP3 player to open one.

Savings (or deposit) account

Savings (or deposit) accounts are for putting away money that you'd like to save, say for a computer, a holiday, further education or emergencies. It often pays a higher rate of interest than current accounts, so your money 'grows'. You'll get access to your money through a passbook that you have to take with you to withdraw money – or you'll get a card so you can withdraw it from a cash machine.

Savings accounts can also be: cash Individual Savings Accounts (ISAs); or term accounts (which are for a certain period of time).

Some savings accounts are 'instant' – you can have the money immediately. Some banks and building societies will – on accounts paying a higher rate of interest – ask you to give them 7, 30, 60 or 90 days' notice if you want to withdraw your money without being charged; or ask you to withdraw cash by internet only or post only.

Sharia-compliant account

A Sharia account is a current or savings account that is structured and run in line with Islamic law.

You can learn more about them by going to your nearest Sharia bank.

Your parents or carers will help you open a bank account to manage your everyday cash; and a savings account to make sure you can put some away for the future.

HAVING THE CONFIDENCE TO CHALLENGE THE BANK ON WHAT ACCOUNT IS BEST FOR ME!

Through my time with My Money I have learnt it's best to shop around for the best deals with a lot of things, like your bank accounts. Instead of just taking the first thing they offer, ask them what other bank accounts they offer; and go to the different banks telling them what the other banks have offered you, as they might offer you a better deal.'

Teri-Ann

UNDERSTANDING BANK STATEMENTS

Bank statements help you to keep track of what's been going on in your bank account. They record what money you've paid in, or had paid in by other people; and what money you've paid out, and who you've paid it to. These payments in and out of your account are called transactions.

Bank statements also tell you the date when money has gone out or been paid in, so that you know exactly when it has moved.

When you have money in your account it is called being in credit; and when you are overdrawn the account is in debit.

If your bank has to charge you for any of its services (usually when you go overdrawn, you don't usually have to pay for services when your account is in credit), it will tell you on your statement. It will also show you any interest you have had to pay, or that has been added to your money in a savings account. These are either posted to you or available online.

What is bank interest?

When your bank account is in credit it's unlikely you'll ever have to pay interest on it but the bank could actually pay you interest on the money you have in your account. It's worth investigating this when you open a bank account.

When you overspend on your account, it is called being overdrawn or having an overdraft. An overdraft on your current account can be a way of borrowing but it isn't a very sensible way of doing it. You have to manage your money carefully or you will have the overdraft withdrawn or be asked to pay extra charges.

If you ask your bank or building society for an overdraft, they will set the amount of money you can borrow (called your overdraft limit). Spending within your limit is called an 'arranged' or 'authorised' overdraft.

If you haven't agreed an overdraft facility with your bank and have drawn more money out than you have in your account, you will have to pay extra charges.



A bank or building society can reduce your overdraft limit or demand you pay back your overdraft in full at any time, especially if they're concerned that you won't be able to repay the debt.

Like other money you borrow, you will usually have to pay interest on your overdraft. Your bank or building society will tell you how much this will be.

Interest is calculated according to a special rate (for example, the Bank of England base rate), but your bank or building society should always be able to tell you the interest rate you are paying. Sometimes they'll give you something called a variable rate – which depends on the current rate of inflation. If they have given you a variable rate, they must tell you before they put your interest rate up or down – either by writing to you or by publishing a notice in at least three daily newspapers.

BANK ACCOUNTS AND INTEREST RATES

Which bank would have high interest rates if I opened a bank account? I decided to go with the bank that offered the best deal (high interest) but when I asked them about it they said your parent should already be with them. As this wasn't the case, I couldn't open an account with them. So I had to open it with a different bank. I went to my mum for advice and I compared it to other bank deals. I didn't originally want to open a bank account with them, but they still offered quite a lot.'

Kadeem

WONGA!

BREAD!

MOOLAH!

RHINO!

DOSH!



Day-to-day DOSH - managing money in everyday life

Money used to be simple: you got money; you used it to pay for things and got something in return. Now managing your money is a bit more complicated and there are lots of ways you can pay for things without handing over actual cash. That doesn't mean that you've got things for free and it's really important to understand how different ways of paying and borrowing work. That's why over half the people who responded to our survey wanted to know more.

CREDIT AND DEBIT CARDS

Cards are one of the most popular ways of paying for things in the UK. They let you do it almost anywhere in the world, easily and conveniently.

Debit cards

You usually get a debit card with your current bank or building society account. You have to be at least 16 or 18 to get one, depending on your bank or building society.

When you get your debit card you're given a PIN (Personal Identification Number) which you'll need to put in whenever you use your card in a cash machine or shop.

When you use your card, the money you spend is taken directly from your account. As long as you have enough money in your account, you can use your debit card to buy things in person, over the phone, by mail order and on the internet.

You can also use it to:

- take money out of your account using a cash machine
- get up to £50 cashback at the checkout in shops and other places.

There are four types of debit card: Maestro, Visa Electron, Solo and Visa Debit. They are mostly the same, but there are some differences. The main difference is that with a Solo or Electron debit card, the bank will check your bank balance each time you use it. If there's not enough money in your account, you won't be able to pay or withdraw cash with the debit card without getting the bank's agreement first. If you have a Maestro or Visa Debit card, your balance won't necessarily be checked and the payment may still go through. Maestro and Visa Debit are more widely accepted in shops.

Credit cards

A credit card lets you pay for things with credit, up to an agreed limit. You have to pay back what you borrow, and there will be different interest rates and conditions for each card. Most credit cards let you borrow money to pay for things without paying interest – so long as the bill is paid in full every month by the payment date.



You must be at least 18 to apply for a credit card, and some companies' minimum age is 21. The card company will always check you out before they give you a card to make sure you are eligible for credit and haven't misused credit in the past.

Companies do this because it's easy to get out of control with a credit card. The money you spend on your card is only lent to you and has to be paid back. It's easy to forget this when you're buying things and run up big bills that you can't pay back. Only use a credit card when you know you have the money to settle the bill when it comes in.

Prepaid cards

Some companies like Visa and MasterCard issue prepaid cards which can be used anywhere where Visa or MasterCard cards are accepted.

They can sometimes also be used in cash machines.

You can top up prepaid cards and then, when you use them, what you've spent is taken off the balance on the card. It means that you can only spend up to the amount available on the card and you cannot get into debt.

Prepaid cards can be useful if you don't have a debit or credit card but want to pay for things with a card, or are buying from somewhere that only accepts cards such as online.

Something to be aware of when choosing a prepaid card is that most charge you fees and these fees can often be quite considerable. Different types of fees include:

- transaction fees
- fees to top up your card
- cash withdrawal fees
- monthly management fees
- fees for non-use of the card.

So make sure you check the terms and conditions of your card to ensure that there are no surprises.

PAYING RENT AND BILLS

When you leave school you may well leave the house you live in now to go to college, or to live in shared flats or houses with friends.

Part of living independently is paying your rent and bills. You can use your wages from your job and also apply for benefits if you're unemployed, a student or on a low wage.

If you put a bit of time and effort into managing your money, covering your bills and rent is much easier than you think.

You'll need to budget your money carefully. Set aside a few minutes every week to look at your money situation.

Make a list of the money you have coming in from jobs, your student loan, as an allowance or from any benefits you receive.

Then list everything you spend money on regularly – your bills, your rent, and any other regular payments you make such as buying a weekly travel card or paying for sports lessons. Calculate how much you're likely to spend on food, then take that and your regular payments off your income. Then you'll be able to see what you have left for non-essentials, like going out, clothes or other things you want to buy.

Lots of people worry that they won't have enough money to cover everything – but if you budget properly you'll always know where you stand. If you wonder where your money's going it might be wise to keep a spending diary for a week, or a month, to see what you spend your money on and how much it costs. Don't forget to put 'occasional items' in your budget, like birthdays, and things that you pay for once a year, like car tax and insurance.

You can find out all about budgeting and get some handy budgeting tools at www.whataboutmoney.info.

Paying your phone bill

Mobile phones are part of life.

There are thousands of mobile phone companies and all of them have different offers and features.

The best way to manage mobile bills is to get a pay as you go phone.

You put some credit on your phone (you can buy vouchers to do this in shops, or pay online or by phone if you've got a debit card) and top it up each time you run out.

You can also have a contract with the network you use.

To set one up, go into a mobile phone shop and fill in some forms. You'll have to agree on how long you'll stay with the network (usually at least a year) and accept their prices, terms and conditions (this is called the tariff).

You'll get a bill every month to cover network fees, your calls and texts, and VAT. You can pay online, but most companies ask you to set up a direct debit with your bank so they can take payment automatically.

When you get a new phone, do your homework and ask for details of contracts and tariffs from different networks. You can also do this by going to their websites. Always read the small print to find out the extras and hidden charges. Your family should be able to help – or you can ask in the shop.

Shop around for the best deals.

No matter how you pay, manage your bills carefully. Set aside a monthly budget for your phone and make sure you stay within your limits. Don't be tempted to download lots of ring tones or games onto your phone – they can be expensive and, once the company has your details, they'll offer you things all the time and your spending could get out of control.

See our Paying Rent and Bills section to find out how to set a realistic budget for your phone bill.



MOBILE PHONES, COMPARE PRICES AND PACKAGES

Go to every shop and see what the mobile companies are offering. I've learnt to look for the cheapest and best prices and compare them to other companies and brands to see what they offer. If you go to the company you want to buy a phone from and tell them what other brands are offering, they will try to offer the best price or package that suits you.

Bilaal

DIFFERENT WAYS OF BORROWING MONEY

Over half the young people who filled in our survey wanted more information on the different ways you can borrow money.

People borrow money in lots of different ways. The most common are through, for example:

- personal loans
- overdrafts
- credit cards
- store cards
- hire purchase (paying by instalments in shops)
- loans from family or friends
- loans from a credit union for young people and students.

However you choose to borrow money, you'll need to do your research. Each option has different conditions attached to it and it's essential to ask about the terminology if you don't understand it. You can find out more about borrowing at www.whataboutmoney.info or you can ask at your bank or building society.

What's right for you?

To help you decide what suits your needs the best, you need to understand how different ways of borrowing money work. Young people and students may have different needs to older people. When deciding how to borrow money you need to think of answers to the following.

- How much do you need to borrow? For example, a personal loan may be better for more expensive things like cars.
- How long do you want to borrow for? If it is only for a short period, an overdraft may suit your needs.
- How do you want to pay it back – lump sum or monthly payments?
- How much flexibility do you need? Can you make regular similar payments or do you prefer to pay back more in some months than others?
- Is what you are borrowing money for absolutely essential?

The important thing to remember about borrowing is that, however you borrow money, you have to pay it back. Unless you borrow it from family or friends, you won't get away without paying interest on the loan. Borrowing shouldn't be taken lightly. It's great getting the money, but it's not so great paying it back. The best way to find the money you need for something is to save it up in the first place.

MAKING THE RIGHT DECISION TO BUY SOMETHING

We all like buying things when we have a bit of money – but how do we know when buying that new computer game or pair of jeans is the right thing to do?

And when we're buying more expensive stuff – like a new bike or a smartphone – how do we make sensible choices and avoid being ripped off?

When you're thinking of buying something ask yourself: Is this just something I want, because it's nice, or is it something I really need?

When money is a bit tight, it's better to buy the things you need and wait until you've got a bit more cash to buy the things you want:

- you need to get to school or college – so you need to spend money on bus fares
- you need to eat so you'll need money for food
- going to a concert will be great fun but it's something you want to do, not something you need to
- you might really want those cool trainers or that new top but you don't need them to go out and have fun
- that new ring tone will give you a laugh for about five minutes but you really don't need it.

MAKING DECISIONS BASED ON NECESSITY

Buy needs before wants! Heels, or winter coat? I chose the coat as this is a necessity and this was the right choice. I always tell this to others too!

Aisha

I had to decide whether or not to buy a new case for my phone as I bought one recently, or eat as I was hungry.

To buy a new phone case, or to eat? I thought about what I really needed and the smart thing to do was eat. And for advice I asked my friends and they also said 'go eat'.

I spent my money on food, and not on a new phone case, which I actually needed. Yes, it was the right choice as I enjoyed my food very much!

Keara

There's nothing wrong with buying things just because you want them – but if you can't really afford them they're going to give you more stress than happiness, so stop and think for a minute before you hand over your money.

You can save up for the things you want whilst you're spending money on the things you need, you can ask for them for birthday or celebration gifts or you can be really cheeky and ask your parents or carers.



BUY AND SAVE, SHOP AROUND!

Look around for the best value to save money you don't necessarily need to sacrifice the things you want, but you do have to ask yourself how much you want it.

For example, I spend quite a bit of money on clothes, but I don't stop saving my money! I make sure I really want the clothes I buy, by going away, then if I'm still thinking about it a week later, I go and buy it!

When you do have the money to buy things you want, don't forget to shop around. You can get lots of great deals on all sorts of things and they're often cheaper if you buy them online.

Websites like www.moneysavingexpert.com and www.moneymagpie.com give you lots of info on the latest offers and cheap deals.

Going into a shop and telling them you've seen the same thing cheaper somewhere else (as long as you can prove it), can sometimes make sales people give you a discount.

Tina's story



NEW INTERNET, BARGAIN WITH PEOPLE, LOOK FOR THE BEST PRICE AND OFFER FOR YOU

Through the My Money programme I have learnt the skill of haggling for better deals. One example of this was when we went to a leading provider for our TV, phone and broadband. When our current provider found we were going to leave them, they sent us a letter telling us how sad they will be when we leave.

We still left our old provider, but we are now saving over £40 a month. Although they didn't offer us any offers to keep our custom, we now have a much better deal. We searched the internet and used a price comparison site to find the deal that best suited us. At the time of purchase, it was the best option, but we can check again in the future.'

Jhon

So... when you're buying something, decide if you really need it. If you want it, save for it and shop around. Then you'll always make the right decision.

WHAT IS INSURANCE AND DO I NEED IT?

Insurance is a way of protecting yourself and your stuff when something bad happens: like a burglar stealing your computer; you crashing your car or bike; or, when you're older, not being able to earn money because of illness.

You pay money into an insurance policy and if that awful thing does happen, insurance will pay out an agreed amount of money or an amount to cover the damage, depending on what's happened.

You can insure pets, too, to make sure you have the money to pay their vet's bills if they get ill.

Of course, bad things don't happen every day – and they may not happen at all – but you have to decide whether you're willing or able to take that risk.

If it does happen, you may have enough savings to be able to manage but in case you don't, insurance can help. Some insurance, like motor insurance, is compulsory – you have to have it if you own or use a car, van, motorbike or moped.

How insurance works

Insurance fees depend on the information you give the insurance company and the type of risk you're covering. Things like where you live, whether you smoke or what type of activity you want covered, are used to work out the price (premium) of the insurance.

The insurance company agrees to pay out if the thing you're insuring against happens – for example, if your bike gets stolen they may give you money to replace it.

Some companies may not insure the type of risk you want to cover (for example, things like your ancient coin collection) and you might have to shop around for one that specialises in this type of cover.

Many types of insurance will only cover you if you're a certain age, so always check.

When you buy insurance you must provide the right information as it affects the amount of money you get – or whether you get any at all.

You either pay once for the whole year (or sometimes longer), called a single premium, or pay a regular premium at set times, usually monthly.

Most insurance lasts for one year at a time. You can renew your policy when the time comes or shop around for a better deal. Always check that a new policy covers what you need it for and compare what's covered – as well as the price. The cheapest might not always give you the best protection.

People with families often insure themselves – in case they get seriously ill or die – to make sure there's money available for their close ones to pay the bills, or keep their house. These insurance policies usually last longer than just a year.

It's mostly older, working people who need insurance – and a lot of your stuff will be covered on the household contents insurance your parent or carer pays to protect all your belongings. Sometimes you might want to insure something specific – like your bike if you leave it parked outside, or your laptop. Mobile phone companies offer to insure your phone but always check at home first, in case it's covered by another policy. Learner drivers must be insured on the car they practise in, if it's different to the one provided by the driving school, in case they have an accident in it.

PREMIUM

CASH

BANK

ACCOUNT

OVER DRAFT

SHARIA

BANK

ACCOUNT

Word bank

bank account: a service from a bank which allows you to store your money, pay for things or save for the future.

cashback: the opportunity to withdraw cash while you're paying for something with a debit card.

For example, if you spend £30 in Sainsbury's, and ask for £20 cashback, the checkout person will give you £20. This isn't a free gift, though! Your account will be debited £50 to allow for the shopping bill and your cashback.

credit: the ability to get things before you've paid for them, when you've agreed that payment will be made in the future (usually through a credit card).

Being 'in credit' is when you have money in the bank, or on a pre-paid card.

credit card: a plastic card that allows you to pay for things on credit when you're buying something.

debit: a payment made or owed.

debit card: a plastic card that allows you to transfer money electronically from one account to another when you're buying something. For example, when you buy a book using your debit card, it instantly takes the money from your bank account and puts it into the bookseller's account.

direct debit: an arrangement made by your bank that allows a company or a person to take an agreed sum from your account on agreed dates. For example, people often agree for companies like gas and electricity providers to take the payment for their monthly bill by direct debit.

interest: interest refers to both the charge made by lenders on money you borrow from them, and the amount earned by your savings. Interest can be 'variable' (goes up or down) or 'fixed'.

overdraft: overspending on your bank account. This can be agreed in advance (as a kind of loan), or can be unauthorised, because you've just overspent.

payee: the person or account that money is paid to. For example, if money is put into your account by your employer, you are the payee. If you're paying a bill, the company you're paying is the payee.

premium: an amount of money you pay for insurance. This can be either a single premium – paid once, or a regular premium – paid at certain times.

Sharia bank account: a bank account based on the principles of Islamic law.

standing order: this is when you give your bank instructions to make a regular payment to a person, or an organisation. For example, when you arrange to pay the same amount to your credit card (lender) each month, to pay off your bill, you set up a standing order.

tariff: an overall charge (package) that is made up of different charges – for example, for your mobile phone it can be the agreed price for calls, texts and the network charge. The word tariff is also used for different kinds of price lists – for example, the list of rates for rooms in a hotel is often called the tariff.



Freaked about finance – getting help when you're

worried about **MONEY**

Managing your money well is a great feeling. It gives you the confidence to make decisions, do the things you want to do in life and plan for the future.

Sometimes, though, money can make you feel scared, out of control or worried about what the future will bring. You might get into debt – or worry about your family finances.

Of the young people who did our survey, 68 per cent wanted more information about who to talk to when they're worried about money.

If you need some advice about managing your money, a teacher or your parents or carers may be able to help you. They've managed money themselves and are still managing money now. It's worth a try.

If you don't want to talk to a teacher, close friend or a member of your family, or feel that they don't have the right information to help you, there are lots of people who can help you sort out your worries, or give you specific help when it comes to managing money.

If you're really worried or depressed about money, it's making you really unhappy or you're at risk in any way, why not get in touch with Childline? They will talk to you in confidence, help you deal with what you're going through and put you in touch with the right people.

Call them on 0800 1111 or visit their website at www.childline.org.uk where you'll find lots of information and advice on all sorts of issues.

There are lots of places you can go for specific advice about money that fits your life now.

www.brightsideunaid.org/students is a website for 14–25 year olds, parents and teachers. It gives you advice on managing your money, whether you're studying or still at school, and can also direct you to places where you can get more information.

www.creditaction.org.uk is the website of the national money education charity. There are useful resources here to help you budget your money, and lots of information on all the things you need to know. You can also call them on 0207 380 3390 to ask for some advice.

Your local Citizens Advice Bureau has specially trained staff who can give you advice about money. Go to www.citizensadvice.org.uk to find out where the nearest one is. They also have an online advice service www.adviceguide.org.uk that can help you and your family find the advice you need.

www.mymoneyonline.org/pupils is the area of the My Money website specifically for the people who personal finance education matters to most – young people. In this section you'll find loads of information, ideas and activities to help you get to grips with looking after your money and understanding personal finance.



FINAL NOTICE