Module 1: What exactly is money?

This topic helps you to:

- Understand bartering and the reasons money replaced it
- Understand the characteristics of money
- Recognise the differences between coins, banknotes, and electronic balances

Introduction

Every day, we interact with money. We spend it, save it and borrow it. But have you ever stopped to think about what gives money its value? And what exactly it is? Why are the coins and notes we use unique? And why do we have different types of money instead of just one?

In this module, you'll learn what makes something count as money, see that it's more than just cash, and discover how people traded before money existed.

So, get ready to explore module 1 and enjoy learning!

Before money: How people traded

Before money was invented, people got what they needed by trading things with each other. For example, a baker might trade bread for milk. This was called "bartering" and involved a lot of back-and-forth discussion.

Bartering was difficult because both people needed to have exactly what the other person wanted.

Both people also had to agree on the value of different items.

This is why people needed money—something that everyone could agree on and that had the same value every time.

Go to the TLM Learn Hub site to complete the activity: Bartering

Defining money: What is it?

Money is anything that people commonly accept as payment for goods and services.

Key characteristics of money

For money to be accepted:

- Everyone must recognise it.
- People and shops must accept it.
- It should be available in various amounts or denominations.
- Keep the same worth (e.g. £1 always equals £1).
- Easy to carry.
- Durable and long-lasting.

Go to the TLM Learn Hub site to complete the activity: The money test challenge

What forms of money do we use?

We use several forms of money in our daily lives.

Physical money

Physical money is currency you can touch and use directly, such as coins and banknotes.

- Coins are handy for small purchases and collections.
- Banknotes let us carry more money without needing a pocket full of coins.

UK Coin denominations are:

The denominations for banknotes are:

Different denominations allow us to buy items at various prices and receive change.

For example: Let's say Sophie buys a packet of crisps for £1.20. She hands the cashier one £1 coin and one 50p coin. The cashier gives her one 20p coin and two 5p coins in change.

Digital/Electronic money

Digital or electronic forms of money exist only electronically, such as in bank accounts or digital wallets.

Electronic transfers allow us to pay for things online or through apps.

Digital wallets store our money digitally for easy access and payment.

Each form of money plays a role in helping us buy things more easily and quickly in today's world.

Go to the TLM Learn Hub site to complete the activity: Identifying notes and coins

Checking money: Making sure it's genuine

Ever wonder how we know our cash isn't fake? It's pretty clever, actually.

In the UK, we all grow up learning what our money looks like. But there's more to it than just appearance.

The people who make our coins and banknotes use some clever tricks to make them hard to copy.

Take coins, for example. They're not just made of one metal, but a mix of different ones. On one side, you'll see the King or Queen's head, and on the other, there's usually some eye-catching design. Some coins even have words around the edge.

Check out a £2 coin – you might spot the phrase "Standing on the shoulders of giants." That's a quote from Isaac Newton, a famous English scientist.

Now, for paper money (which isn't always paper anymore), it gets even fancier. These notes are made from special paper or a type of plastic called polymer. They're packed with hidden features that make them extremely hard to fake.

So next time you're handling money, take a closer look – you're holding a piece of high-tech security in your hands!

The role of electronic balances

Most of our money isn't in our pockets or wallets – it's digital. Banks keep track of it electronically, like a high-tech piggy bank.

For example:

Jake gets his first part-time job and receives a paycheck for £500. Here's what happens:

Jake deposits the £500 into his bank account.

↓

The bank stores an electronic balance showing Jake has £500 in his account.

↓

Jake can now use this money whenever he wants – to buy things online, withdraw cash, or save it

↓

Every time Jake spends money or adds more to his account, the bank instantly updates his electronic balance.

↓

For example, if Jake buys a £50 game, the bank's system will automatically change his balance to £450.

This electronic system keeps track of Jake's money in real-time, allowing him to manage his finances easily without dealing with physical cash for every transaction.

We can check how much money is in our bank account using:

1. Internet banking on a computer
2. A banking app on our phone
3. An automated teller machine (ATM). These machines are often referred to as cash machines.

So, with a few clicks or taps, you can see exactly how much money you have without counting a single coin or note. It's like having your bank account info at your fingertips 24/7.

Congratulations

You've completed module 1!

Ready to test your new knowledge? Go to the TLM Learn Hub site and have a go at the 'knowledge check' activity and end-of-module quiz to help cement what you've learnt.

Module 2: Earning money

Introduction

Have you ever wondered about the different ways we earn money?

In module 2 we'll be looking at the various forms of income and how they contribute to society. Income comes in many forms. There's earnings from a job, gifts, and government payments.

But how do we calculate income? The government uses income tax and National Insurance payments to fund public services. It's important to understand what's deducted from our payslips. In certain circumstances, the government provides benefit payments to those in need. This includes those who cannot find work or have a low income.

Understanding income is important for everyone. It helps us make informed decisions and contributes to society. Let's continue learning about income!

Module 2a. Money basics: Income and earnings

This module helps you to understand:

- Various forms of income and earnings
- Essential workplace laws
- Different types of employment
- Basic information on government benefits
- How pensions and investments can generate income
- Inheritance and what it is

What's income, let's find out!

'Income' is all the money that comes into a person's life over a certain time period.

This isn't just money from a job – it also includes things like allowance from parents or any benefits paid by the government (i.e. money to help individuals facing various life circumstances, such as those experiencing unemployment or living with disabilities).

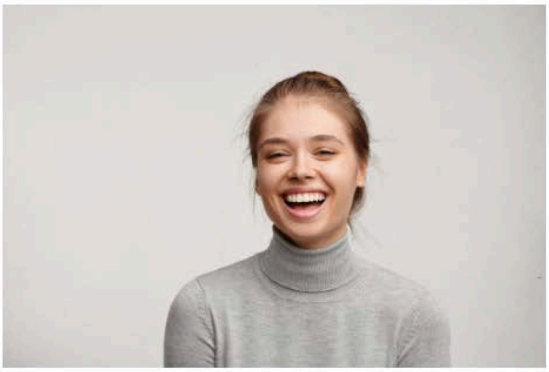
Earnings explained

'Earnings' is the income that you receive for doing a job.

'Wages' are a type of earnings where you get paid by the hour. Usually, you get this money at the end of each week. For example, if you work at a fast-food restaurant, you might get wages based on how many hours you worked that week.

'Salary' is when you get paid a set amount for the whole year, instead of by the hour.

It's a yearly amount paid in regular (often monthly) instalments. For example, £20,000 per year, sometimes written as '£20,000 pa' ('per annum' meaning 'per year').



Lexie

Michael

Lexie babysits for her neighbours and earns a wage of £8 an hour.

Michael is a software developer, earning a salary of £40,000 pa.

Go to the TLM Learn Hub site to complete the activity: Calculate what people earn

How much can you work?

The UK has laws about:

- How many hours people can work
- The age people must be before they can work

Under the age of 13: Can't work, except as actors or models.	**Aged 13:** Can only work part-time/do light work such as a paper round.	**Aged 14-16:** Max. 2 hours on school days.	**Aged 16-17:** Max. 8 hours per day.

Rules for aged 18 and over:

- Must not be told to work more than a 48-hour work week (though they can choose to do more).
- Must be given a minimum of 28 days paid leave every year.
- Have a right to one day off weekly

Understanding National minimum and living wages

In the UK, there are rules about how much money workers should get paid:

- Employers have to pay their workers at least a minimum wage.
- The national minimum and living wages were created to make sure workers get paid fairly.
- Employers in the UK who are 16 to 22 years old must be paid at least the national minimum wage.
- School-aged children under 16 are not entitled to the national minimum wage.
- The minimum/living wage varies depending on how old the employee is.
- The national living wage applies to all UK employees aged 23 and over.

Knowledge Quest

Visit the gov.uk website to find out the latest rates.

Different ways people work

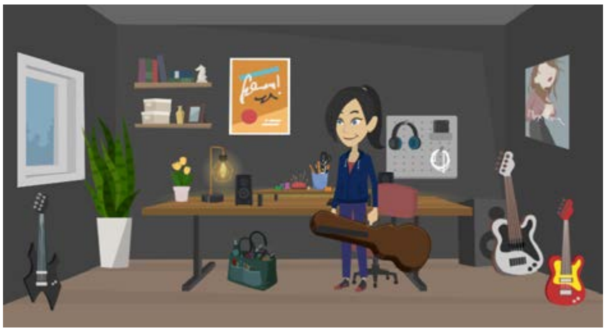
We've talked about how people make money from their jobs. Now, let's look at the different ways people work.

There are two main types:

Employees	**Self-employed**
These are people who work for others (their 'employer').	These are people who work for themselves.

Take Frank, for example. He works for a financial firm in London and has no control over his work hours and pay.

But, Rosie, who is a guitar repairer, decides her hours of work and what she can afford to pay herself.



So, it's important to consider the pros and cons of being an employee or being self-employed.

It all depends on what works best for you.

Full-time work

Full-time work means working for most of the week, all year round, except for holidays. For many jobs, like in offices or shops, this usually looks like:

- Working from 9am to 5pm
- Getting an hour off for lunch
- Doing this for 5 days a week (sometimes 6)

These hours can vary depending on the job. Some places might start earlier or finish later.

Self-employed

Self-employed people are their own bosses. They:

- Don't get a regular wage or salary from an employer
- Find their own work or projects
- Collect their earnings for their services from their customers

Example: Dave the plumber

Dave has been a plumber for 15 years, so many of his customers are repeat clients who call him whenever they need plumbing work done. He also gets new jobs when satisfied customers recommend him to their friends and family.

Dave charges £200 per day for general plumbing work inside homes and £250 per day for more complex jobs like boiler installations.

If he were to work for five days a week on general plumbing tasks in various homes, he would earn £1000. However, he needs to use some of this money to buy materials and replace tools.

If his materials and tool replacements for the week cost £150, his actual income would be £850.

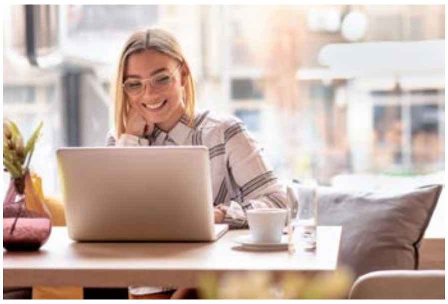
Part-time employment

Part-time work means doing a job for less time than full-time workers. Part-timers might:

- Work a few hours each day
- Come in for only some days of the week
- Work for several months of the year, but not all year round

It's important to know:

- Part-time and full-time workers have the same rights by law
- When you get a job, your contract should say if you're part-time or full-time
- If you're self-employed, you can decide to work part-time if you want



Sophie is a self-employed graphic designer and works 3 days a week.

Shift work

Some employers are open longer than a normal workday. For example:

- Supermarkets might be open late
- Hotels and restaurants often serve customers into the night
- Some places, like hospitals and police stations, never close

To keep these places running, employees do “shifts”. This means:

- The day is split into different time blocks
- Each block is called a “shift”
- Workers cover different shifts to keep the place open all the time

Let’s look at an example:

City Hospital is open all day, every day. They divide their 24-hour day into three 8-hour shifts for their nurses:

Morning shift: 7 am to 3 pm	**Afternoon shift: 3 pm to 11 pm**	**Night shift: 11 pm to 7 am**

This way, there are always nurses available to care for patients, no matter what time it is.

Zero-hours contracts

Zero-hours contracts work like this:

- The employer doesn’t have to provide any minimum hours
- The worker doesn’t have to accept work when it’s offered
- The employee can leave the job whenever they want

The catch is:

- People on these contracts don't know if they'll get any work each week
- They also don't know how many hours they might work

For example, a student might have a zero-hours contract at a shop. Some weeks they might work 20 hours, other weeks they might not work at all. This type of work can be flexible, but it can also be unpredictable.

Go to the TLM Learn Hub site to complete the activity: Exploring jobs and hours

Education Maintenance Allowance (EMA) Explained

EMA is money some students can get to help with their studies. Here's how it works:

- It's for students over 16 who are studying full-time
- You can get between £10 and £30 each week
- It's available in Northern Ireland, Scotland, and Wales

England doesn't have EMA. Instead, schools and colleges can give out bursaries (which are like grants) to students who need financial help.

Understanding Jobseeker’s Allowance (JSA)

When people are not working, they may receive financial support from the government. This support is called benefits.

While Universal Credit is available to some people whether they’re working or not, the main benefit for the unemployed is called Jobseeker’s Allowance (JSA). The amount of money a person gets from JSA depends on how old they are.

To get the ‘new style’ JSA, a person must be:

- Available for and actively looking for a job
- Between 18 years old and state pension age
- Working less than 16 hours a week on average

They must also have worked as an employee before and paid Class 1 National Insurance contributions (NICs) within the last two or three years.

Claiming JSA

To claim JSA, a person needs to go to a place called the Jobcentre for an interview.

There, they discuss how they plan to find work. To keep getting the benefit, they have to go back regularly to show they’re still looking for jobs.

Before ‘new style’ JSA, there were two other types:

- Contribution-based JSA was paid to claimants who had made a sufficient amount of NICs to qualify.
- Income-based JSA was for those who had not made enough NICs.

People can’t apply for these older types of JSA anymore, but those who were already getting them can continue receiving payments as long as they’re still eligible.

When you can’t claim JSA

You normally can’t claim JSA if:

- you’re self-employed
- under 18
- you can’t work full-time, for example, due to a disability (you might be able to get other benefits instead).

For example, if you're only working 10 hours a week because you’re a student, you won’t be able to claim JSA. This is because you’re not actively trying to find a full-time job.

What’s income support?

Income Support: An old benefit system

Income Support was a benefit that the government used to offer. It’s been replaced by a newer system called Universal Credit. In the past, people could get Income Support if they:

- were 18 or older
- could be available for full-time work
- didn’t have enough money to live on

People could work up to 16 hours a week and still get Income Support.

However, if they had saved up a certain amount of savings , the government expected them to use that first before getting any help.

The amount of Income Support people got depended on their situation. For example, whether they were:

People getting Income Support could also get financial help with their rent and council tax. Some people who were already getting Income Support are still receiving it. Others have been moved to the new Universal Credit system.

Employment and Support Allowance (ESA)

Employment and Support Allowance (ESA): Help for Those Who Can't Work

ESA is money the government gives to some people who can't work because they're ill or have a disability. To get the 'new style' ESA, a person needs to have:

- worked as an employee or been self-employed
- paid enough National Insurance, usually in the last two or three years.

After getting ESA for 13 weeks, the government checks to see if the person can do any kind of work at all.

If someone's illness or disability makes it very hard for them to work, they get more money and don't have to try to go back to work.

People receiving ESA are offered personal support. This includes:

- a personal adviser
- various services such as:
    - training
    - general support
    - help finding suitable employment (if they are able to work)

It's important to know that:

- You can't get ESA and JSA at the same time
- You can't get ESA if you're old enough to get a state pension
- You might be able to get Universal Credit along with ESA, or instead of it ESA is usually paid more often than Universal Credit

Universal Credit: What's that?

Universal Credit: A New Way to Help People with Money

Universal Credit is a type of benefit for people who don't have much money or don't have a job. It's meant to help with everyday living costs.

This new system has replaced several older types of help, including:

- Income Support
- Housing Benefit
- Child Tax Credit
- Working Tax Credit
- Some older forms of Jobseeker's Allowance and Employment and Support Allowance

However, some people might still get these older types of help if they were already receiving them or if they have special circumstances. You can apply for Universal Credit if:

- you're 18 or older
- you don't have enough money for your day-to-day living costs
- you and your partner together have less than £16,000 in savings
- you're under state pension age

This new system aims to make getting help simpler by combining different types of support into one payment.

Universal Credit: How it works

Universal Credit is usually given as one payment each month to help with living expenses. Even if a couple applies together, they still get just one payment to share between them.

The amount of Universal Credit is made up of two parts:

1. A standard allowance that everyone gets
2. Extra money for people in certain situations

You might get more money if you:

- take care of one or more children
- work and have to pay for childcare
- need help paying for housing costs
- have a disability or health problem
- look after someone who is disabled or have a child with a disability

This system is designed to adjust the amount of help based on each person's or family's specific needs.

Knowledge Quest

Check how much you might get if you needed to claim Universal Credit.

Universal Credit vs. JSA: What's different?

Can you get both Universal Credit and JSA?

Yes, it's possible to get both Job Seeker's Allowance (JSA) and Universal Credit, but there's a catch. If you do, the government will subtract the amount of JSA you get from your Universal Credit payment. This means you won't end up with more **money** overall if you claim both.

How are Universal Credit and JSA different?

Work history:

- Universal Credit: You can claim this whether you've worked before or not.
- JSA: You need to have worked before to claim this. If you've never had a job, Universal Credit might be your option.

When working:

- JSA: This stops when you start working full-time or if you're not trying to find full-time work.
- Universal Credit: The amount you get goes down bit by bit as you work more hours. This can make it easier to manage your money as you start working.

Payment schedule:

- Universal Credit: Paid monthly.
- JSA: Paid weekly. You need to show each week what you're doing to find work.

These differences mean that Universal Credit can be more flexible for some people, especially those just starting to work or with changing work hours.

Child Benefit

Child Benefit: Money for families

Child Benefit is money the government gives to parents or guardians to help with the cost of raising children.

You can get this money if:

- Your child is under 16 years old, or
- Your child is under 20 and still in full-time education or doing an approved training course

How much money you get depends on how many children you have in your family. However, there's a rule for families where one parent earns a lot of money:

- If a parent earns £50,000 or more in a year, the amount of Child Benefit starts to go down
- For every £100 earned over £50,000, the benefit reduces by 1%

This means that families with higher incomes might get less Child Benefit, or in some cases, none at all.

Knowledge Quest

Visit the gov.uk website to find out the current Child Benefit rates.

Go to the TLM Learn Hub site to complete the activity: Who gets benefits?

Basic state pension

The basic state pension is money the government pays you when you reach state pension age. Here's how it works:

- It is based on the number of 'qualifying years' gained through paying National Insurance Contributions (NICs).
- If you retire after 6 April 2016, you will receive a flat-rate pension per week.
- To get the full amount, you need to have paid NICs for 35 years.
- If you've paid NICs for less than 10 years, you won't get any state pension.
- Carers (people who can't work because they're caring for others) still get NIC credits.

This pension is part of the government's plan to help you have money when you're older. It's good to know about it now, even though retirement seems far away.

Saving for the Future: Auto-Enrolment and NEST

The government provides a state pension, but it's often not enough on its own. That's where workplace pensions come in! Back in 2009, only half of UK employees were members of their employer's pension scheme. The government saw this as a problem, so since 2012, it's become the law for employers to offer pension schemes to their employees.

Here's how it works:

- If you earn over a certain amount, you're automatically enrolled into the scheme (although the employee can choose to opt out)
- Both the employer and employee both contribute to the scheme during the employee's life
- It's like a piggy bank that grows while you work

Employers who didn't have a scheme before could either set one up or enrol their employees into the government's National Employment Savings Trust (NEST).

Investment income

When a person has a large sum of money (usually thousands of pounds) that they want to set aside for a long time, they can earn income through savings or investments.

These options are explored in more detail later in the course. Because investors put away money for a long time, they have a wide range of choices:

- **They can buy shares in a company:**
    - This means they own a small part of the business
    - If the company makes a profit, part of that profit is paid to them
    - This income is called dividends

- **They can invest in property:**
    - They can buy a house or flat and rent it out
    - This income is called rent

- **They can put it in a bank or building society account:**
    - With a large amount of money, they will earn much more than someone who only saves a small amount
    - This income is called interest
    - Interest is paid on money in any type of savings account
    - Generally, the more money saved and the longer it's left, the more interest is earned

These types of investment income can be an important source of money, especially for those who are retired and no longer have a wage or salary.

Gifts

Additional income can come in the form of gifts, which fall into two categories:

- **Regular gifts:**
    - This includes pocket money from parents, guardians, or other family members
    - Often given on a weekly or monthly basis
    - Provides a consistent, predictable source of income

- **Occasional gifts:**
    - These are irregular and tied to specific events
    - Examples include money received for birthdays or during religious celebrations
    - While not as predictable, these can sometimes involve larger sums

Inheritance: Getting Money from Family

Inheritance is a potential type of income that a person might receive after someone else passes away. This typically involves money or property left to them by a relative or friend.

Key points about inheritance:

- It's not a regular or predictable form of income
- The amount can vary greatly, from small sums to significant wealth
- It often comes with legal and emotional considerations

This topic will be explored in more depth later in the course.

2b. How to calculate your income

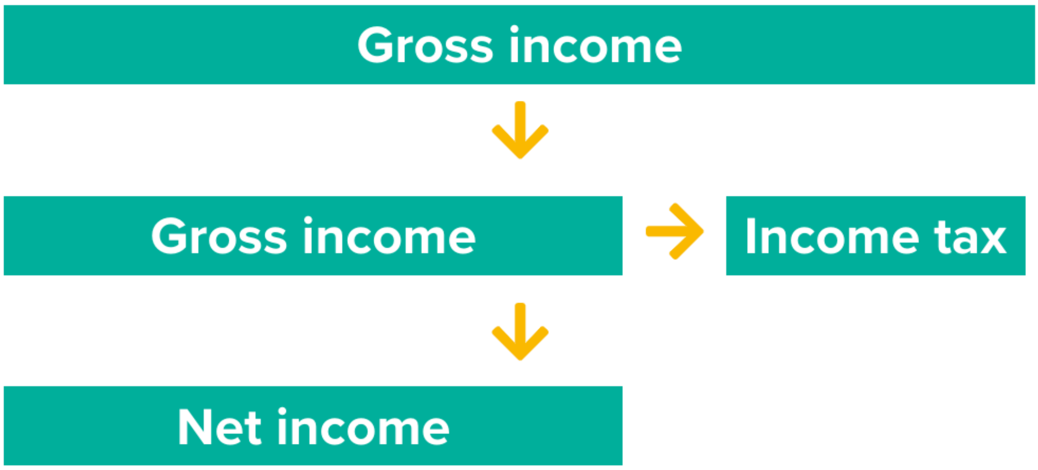
This module helps you to understand:

- Income tax and personal allowance
- National insurance
- Payslips and how to decode them

Understanding income tax

Income tax is a part of life for everyone who earns money. Here's what you need to know:

- It is worked out as a percentage of the money that we earn
- The more you earn, the more tax you typically pay



Why do we pay income tax?

- It funds important services we all use
- Examples include:
  - Schools and universities
  - Hospitals and healthcare
  - Roads and public transport
  - Police and fire services

Think of it as everyone chipping in to pay for things that benefit society as a whole.

Personal allowance: The untaxed portion of your income

People don't have to pay tax on all of their earnings. There's an amount of money each person can earn before paying tax, called the 'personal allowance'. Key points about the personal allowance:

- It's the tax-free portion of a person's income
- It typically changes each year
- Usually, it increases slightly
- If a person earns less in a year than the personal allowance, they pay no income tax.

The government might decide to 'freeze' the personal allowance depending on the circumstances in a country, such as due to the Covid-19 pandemic.

Steve earns £20,000

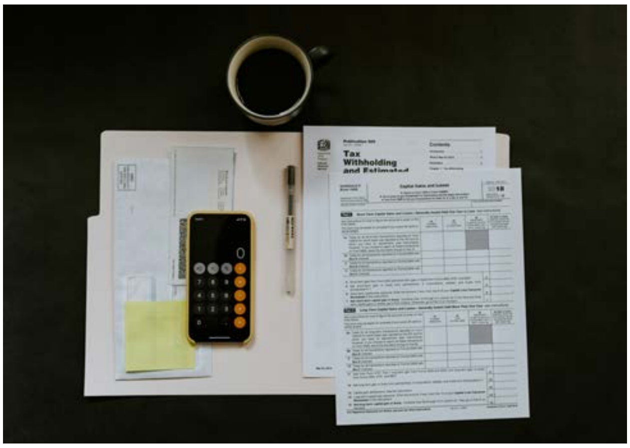
The personal allowance is £13,000

Steve pays income tax on £7,000 (£20,000 - £13,000)

Knowledge Quest

Visit the gov.uk website to find out the latest allowance and income tax bands and rates.

Breaking down income tax rates



People don’t pay tax on their first chunk of income (personal allowance). After that:

- 20% is taxed on earnings up to a certain point (basic rate)
- 40% is taxed on income above that (higher rate)
- 45% is taxed on very high incomes (additional rate)

The more someone earns, the higher percentage of tax they pay overall.

Go to the TLM Learn Hub site to complete the activity: Who pays income tax?

National Insurance (NI)

All employees must pay National Insurance (NI). This is a tax that the government collects to fund (for example) Universal Credit and basic state pension. How NI works:

- There’s a minimum weekly earnings level.
- People earning below this don’t pay NI.
- Those earning above it pay a percentage of their income as NI.

The exact rates and thresholds can change, so it's good to stay updated on the current figures.

Knowledge Quest

Visit the gov.uk website to find out the current Class 1 weekly National Insurance threshold.

Pay as you earn (PAYE)

When employees receive their wages, the tax and NI contributions are deducted from their pay before they get it.

The employer takes a portion for income tax and for NI from the employee's gross income. → Income tax and NI

↓

This leaves the employee with their net income (the amount they keep).

Decoding Your Payslip

Every employer is required to provide each employee a written payslip with details of the pay earned and amounts deducted. A payslip needs to show:

- the gross amount of earnings
- why money was deducted and how much
- the net amount of earnings
- method of payment (e.g., bank transfer, cheque)

FJ Hart Limited			
Payment period		**Payment method**	
01/07/20XX to 31/07/20XX		Credit transfer	
Tax code	**Employee no**	Employee name	NI number
1257L	31	Mia Roberts	PN134026C
PAYMENTS		**DEDUCTIONS**	
Description	Amount	**Description**	**Amount**
Basic salary T	1800.00	PAYE tax	150.5
		NI	75.25
Gross pay	1800.00	Total deductions	225.75
Net pay	**1574.25**		
Taxable pay to date		Tax paid to date	451.5
	5400	NI paid to date	225.75
T = taxable			

Let's break it down:

Tax code
1257L

A tax code on a payslip is a combination of letters and numbers used by employers to determine how much an employee can earn before they must start paying income tax.

If an employee is paid monthly (12 times a year), the tax code tells the employer to give the employee 1/12th of their personal allowance each month.

Employee no
31

Mia Roberts is employee no. 31 at FJ Hart Limited.

This number is used by FJ Hart Limited to identify Mia on their payroll system.

A payroll system is a software or process used to calculate pay.

Employee name
Mia Roberts

Mia's name is shown here.

NI number
PN134026C

- A National Insurance number is made up of 2 letters followed by 6 numbers and one letter.
- Everyone is issued a National Insurance number when they turn 16 years old. They keep this for the rest of their lives.
- It records all of the tax payments and NI contributions people make.

Description	Amount
Basic salary T	1800.00

This tells Mia how much she has been paid this month.

If Mia's basic monthly salary is £1,800, it means that she earns £21,600 a year (£1,800 x 12).

Gross pay	1800.00

The gross pay shows Mia the gross (total) earnings this month.

This is the amount of earnings before FJ Hart deducts Income Tax and National Insurance.

Net pay	1574.25

The net pay shows Mia's earnings after FJ Hart has made deductions for Income Tax and National Insurance.

£1,800 - £225.75 = £1574.25

This is the amount of money that will go into her account on 01 July 20XX.

Description	Amount
PAYE tax	150.5

Mia is a 'pay-as-you-earn employee' (PAYE) which means that Mia's income tax is paid on her behalf directly from her month's salary.

This month, payroll calculated her tax as £150.50.

Total deductions	225.75

The total deductions is Income tax and National Insurance combined.

£150.5 + £75.25 = £225.75

Taxable pay to date
5400

The 'Taxable pay to date' shows Mia's total taxable pay for the tax year so far. The tax year starts in April. This is the pay for July, so Mia has received three months' salary in this tax year: for April, May and June.

NI	75.25

The NI figure shows the National Insurance payment made on Mia's behalf this month.

Payroll calculated this to be £75.25.

Tax paid to date	451.5
NI paid to date	225.75

This shows what PAYE Tax and National Insurance has been paid since the start of the tax year in April.

This payslip is for July, which means that:

PAYE Tax is £150.5 x 3 months (April, May and June) = £451.50

and

National Insurance is £75.25 x 3 months = £225.75.

2c. The Basics of Selling: What You Need to Know

This module helps you to understand:

- How selling can help with saving money
- Where to sell unwanted items for money
- How to sell items sensibly

Reasons to sell

When we exchange an item for money, that's selling.

It's a straightforward way for us to boost our finances, especially when we're dealing with things we no longer need or want.

There are several reasons why we might choose to sell:

Outgrowing Items:

Sam has outgrown his football boots.

Upgrading Our Possessions:

Ali got a new ipad, so doesn't need her old one anymore.

Unwanted Gifts:

Clare got a dress for her birthday that she doesn't like.

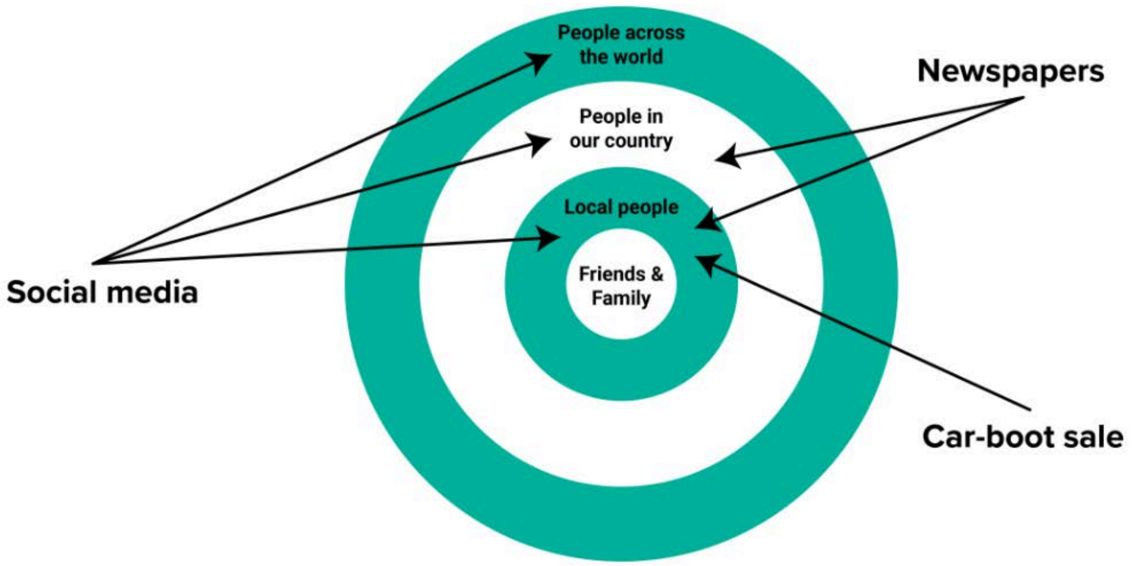
Saving up

When we sell things we don't need anymore, we can increase our income. While we might not make lots of money, we can add what we do make to our savings.

What we do with this money depends on our attitude to spending (which we'll explore later in this unit). Some of us might choose to save it, while others might decide to treat ourselves with the extra cash we've earned.

Where can we sell items?

We can sell items in many places to different groups.
Here are some examples:



Online auctions

These days, many people, especially adults, turn to the internet to sell their items.

Websites like eBay offer online auctions where we can showcase our items to people all over the country and even around the world.

In an auction, people compete to buy an item by offering different amounts of money. This is called bidding.

"I'll pay £10 for it"

"I'll pay £20!"

How do online auctions work?

The value of a second-hand item is worth what buyers are prepared to offer for it. Before listing your item on an online auction site, you can search for similar products. This can give you a good idea of the current market price.

Go to the TLM Learn Hub site to complete the activity: How does an online auction work?

Other ways to sell your items

Car Boot Sales and Garage Sales

At car boot sales or garage sales, people can easily sell their unwanted items directly from their cars or garages whenever they want.

Online Marketplaces

Now, picture those same sales, but on your phone or computer. That's what online marketplaces like Vinted are all about.

- Sellers can post their items for free (no need to haul everything to a parking lot!)
- Buyers can suggest prices they think are fair
- You can shop or sell 24/7 without leaving your room

These platforms are changing how we buy and sell used stuff, making it easier than ever to find bargains or turn your old items into cash.

Making cash and recycling electronics

Cash converters
For immediate funds, cash converters will purchase items from you such as jewellery or gaming consoles. Do note that the prices offered tend to be quite low.

Mobile phone recycling
Certain companies specialise in buying used laptops and mobile phones, refurbishing them when necessary, and then reselling them as pre-owned devices to new customers.

The hidden costs of selling

Whichever way you choose to sell an item, remember you may have to pay costs.

Advertising in a newspaper sometimes costs money.	**There is an entrance fee to sell items at a car boot sale.**	**Online auction websites deduct fees from the price a buyer pays.**

Cash converters and gold buyers typically underpay for items they purchase. This price gap is a cost, as you could potentially make more money by selling the item another way.

Go to the TLM Learn Hub site to complete the activity: The costs of selling

Congratulations

You’ve completed module 2!

Ready to test your new knowledge? Go to the TLM Learn Hub site and have a go at the ‘knowledge check’ activity and end-of-module quiz to help cement what you’ve learnt.

Module 3: Spending and budgeting

Introduction

Have you ever wondered how to decide what to spend money on?

In this module, we'll explore attitudes to spending and the importance of prioritising purchases.

Essential vs. non-essential spending is a key concept in managing finances. It's important to know the difference to make informed decisions about what to buy. Short-term budgeting is a simple way to keep track of daily expenses. Using bank statements can help ensure everything is on track.

But what happens when things change? Adapting budgets to changes in financial situations is crucial to staying on track. Long-term budgeting can help us achieve our financial goals. It's about making informed decisions and prioritising our purchases.

So, let's prioritise our purchases and manage our finances with confidence. With the right tools and knowledge, we can achieve our financial goals.

3a. Exploring the nature of spending

This module will help you to:

- Understand the difference between must-have expenses (needs) and nice-to-have purchases (wants)
- Recognise various attitudes people have about spending money
- Think about prioritising different types of spending

How do we decide to spend money?

Spending means using your money to pay for things.

How we spend our money depends on what is important to us.

Present for friends?	Phone App?	Bills?	New bag?

Needs before wants

Example:

“Have you ever felt like you're spending too much money on things you don't need?

Let me tell you about my friend Tom. Tom needs to eat every day, pay his rent, and bills. These are his basic needs, and he must prioritise them before spending on wants.

If Tom has money left over, he can spend it on his wants. For example, he likes to go out with his friends once a week. But, if Tom spends too much on his wants and doesn't prioritise his basic needs, he may struggle to pay his bills and buy food. It's important to find a balance.

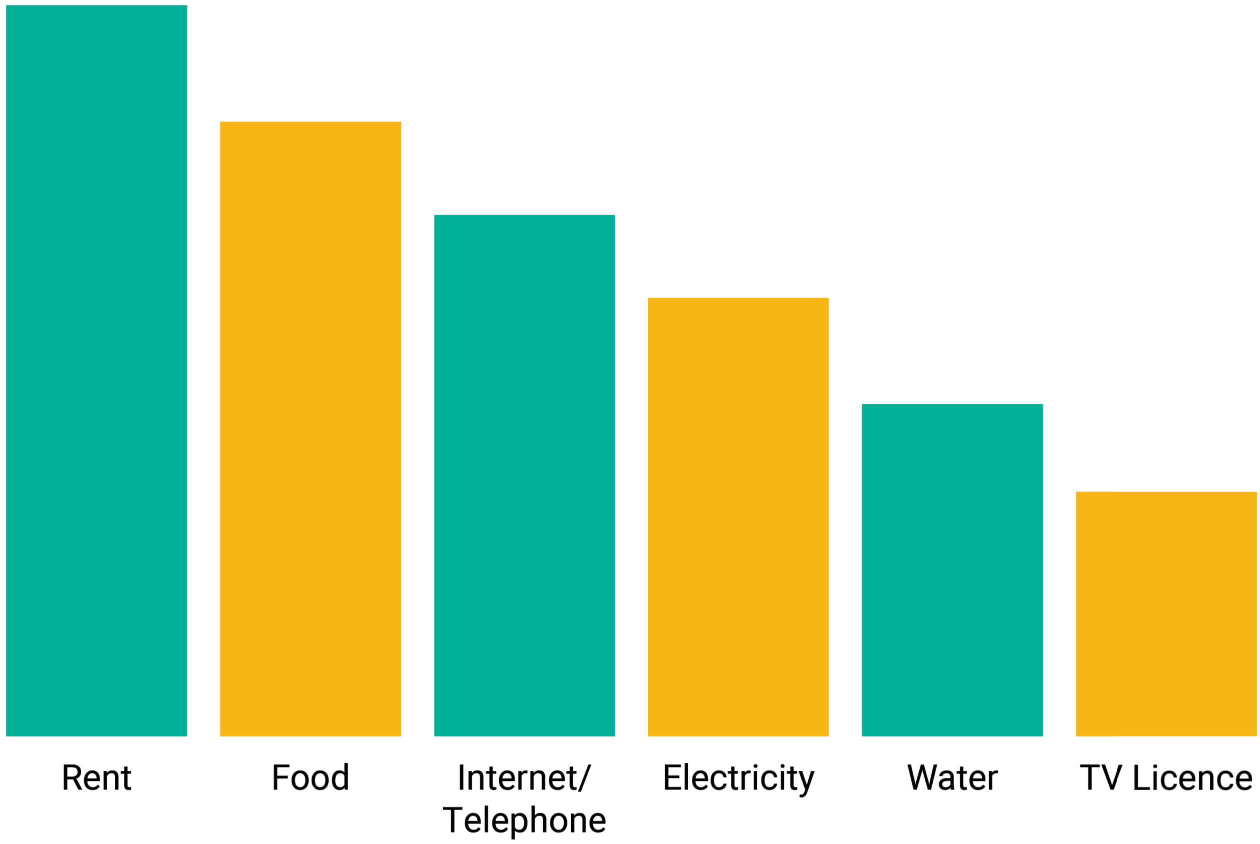
So, let's take a cue from Tom and prioritise our basic needs before wants. It's essential to ensure financial stability and avoid financial stress.”

Essential vs non-essential spending

Essential spending covers things you absolutely need to pay for.

If you live in a house or flat, whether you’re renting or buying, there are lots of must-have expenses you’ll need to cover regularly. Skipping these important bills can lead to serious problems.

Sarah's essential spending for her rented flat includes:



'Non-essential' spending is for things you want but don't really need.

For example, you might want to go to the cinema, but it's more important to pay your electricity bill first.

Remember: **needs come before wants** when managing your money!

Go to the TLM Learn Hub site to complete the activity in the topic 'Essential vs non-essential spending'

Spending attitudes

People's approaches to spending money vary widely.

Some people like to spend a little and save a lot

Some spend almost immediately after receiving payment.

Whatever your approach to spending, you must consider your essential expenses before purchasing the things you want. This is a vital skill in managing your finances.

Go to the TLM Learn Hub site to complete the activity: Spending attitudes

Setting priorities

'Prioritising' involves ranking tasks or items based on their significance.

In managing our finances, it's crucial to focus on essential purchases before considering purchases that we ‘want rather than ‘need’.

3b. Understanding budgeting and value

This module will help you to:

- Learn what budgeting is and how to do it
- See how checking your bank statements can keep you on track with your budget
- Understand why you might need to change your budget sometimes
- Understand what 'value for money' really means when you're spending

Understanding budgeting

Managing our money requires budgeting. A budget is a way to track our earnings and spending over a set timeframe.

It's about planning ahead to:

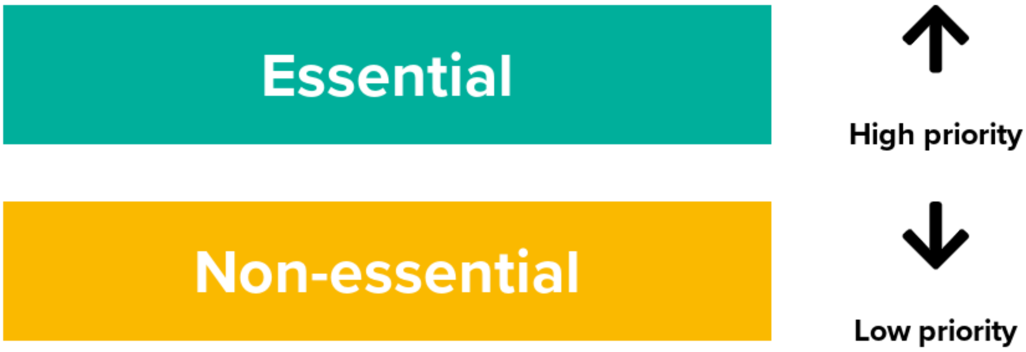
- avoid running short on cash; and
- ensure we can afford the things we want.

Income and expenses

To begin budgeting, you need to understand two main points:

- How much income you get over a specific time.
- Your expenses during that same period.

Budgeting also involves setting priorities. Your essential expenses should come first. After that, you can determine how much is available for optional purchases.

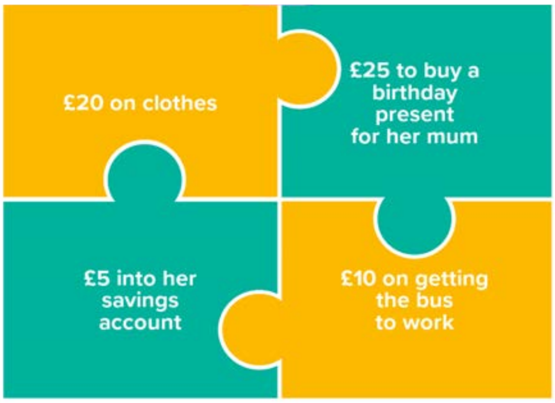


Budgeting for the short-term

A short-term budget helps you manage your finances over a brief period, like a week or a month.

For example:

Beth’s monthly income is £60 from babysitting. She budgets for the following expenditure:



Beth's expenses total £60. Her only essential cost is the £10 bus fare. This transport expense is vital, as it enables her to earn her monthly £60.

By budgeting the remaining £50 for her desired items, Beth effectively manages her monthly budget.

Go to the TLM Learn Hub site to complete the activity: Budgeting for the short term

Bank Statements

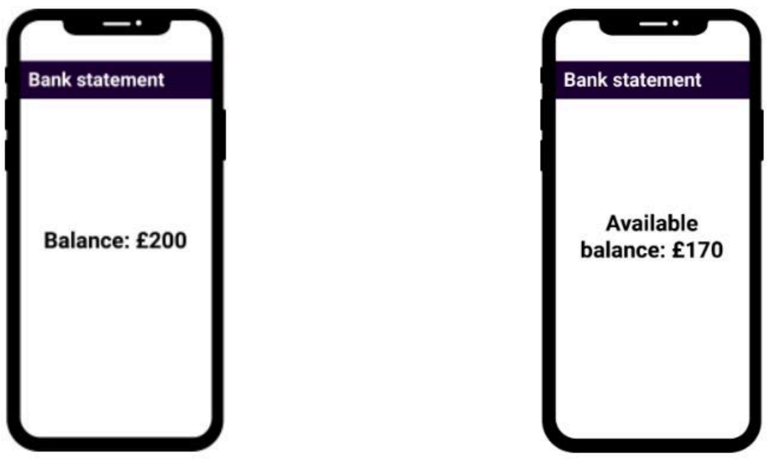
Beth's budget is straightforward as she lives at home and doesn't have any standing orders or direct debit payments. We'll explore these payment methods and bank accounts later.

Those with regular outgoings need to check their bank statements, often accessible on mobile apps, to keep their finances in check.

Digital bank statements typically display two balance types:

The ***current balance*** shows what's in the account ***right now.***

The ***available balance*** indicates what you can use ***after pending transactions.***



To accurately assess what we have left, we must include upcoming payments.

Example:

“Let's take Sarah's story as an example. She checked her online statement and saw that her balance was £40. She withdrew the £40 to go out with her friends for dinner. A few days later, Sarah found out that a direct debit was about to be taken for £40. Her available balance was actually zero when she withdrew the £40.

It's important to check your account balance before making any withdrawals. This will help you avoid any unexpected fees or charges.”

Go to the TLM Learn Hub site to complete the activity: Balance vs available balance

What to do when circumstances change

Creating a budget for our income and expenditure allows us to adapt when unexpected situations arise.

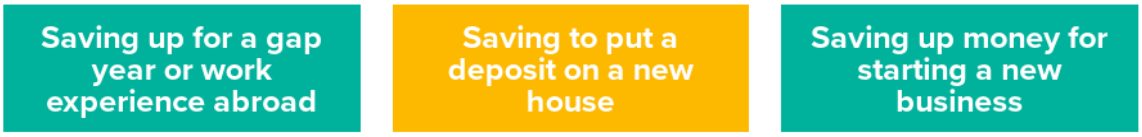
Remember Beth's case? She had budgeted £10 per month for her bus fares to work. Suddenly, her bus fare increases to £15 a month.

By looking at her budget, Beth realises she needs to find an additional £5. She adjusts her plan by reducing her clothing allowance from £20 to £15.

This adjustment enables Beth to accommodate her increased transport costs without disrupting her overall budget.

Budgeting for the medium and long-term

We need to create medium and long-term budgets when we have financial goals, such as:



The concept is similar to short-term budgeting, but it covers a longer time frame spanning several months or even years. Medium-term budgets typically range from a few months to about two years. On the other hand, long-term budgeting involves planning over an extended period, often many years.

Go to the TLM Learn Hub site to complete the activity: Mia's budget

Getting the best value

A key consideration for most purchases is getting ‘good value for money’. This doesn't necessarily mean choosing the lowest-priced option. In fact, choosing the cheapest item might result in a 'false economy'.

Example: Emily decides to buy a pair of trainers from BARGAIN BOUTIQUE. However, the shoes wear out quickly and become uncomfortable after a few weeks. Emily doesn't want to replace them with the same model due to their poor quality, so she purchases a pricier pair instead. This represents a false economy because Emily thought she was saving money by buying the cheaper trainers, but she ended up spending more in the long run!

Another example of a false economy could be a 'two for the price of one' offer on perishable goods if you can't use them all before they spoil.

Example:

Let me tell you a story about Robina and her peanut butter.

Robina saw a half-price sale on large jars of peanut butter and bought two jars for £4. But six months later, she's only halfway through the first jar, and the second jar is approaching its best-before date.

Robina later discovered she could have bought a smaller jar that suits her needs better for £2.50 from the local corner shop.

According to research, the average household wastes over £800 a year on unused items. It's important to understand our needs and make informed purchases to avoid unnecessary expenses.

What does 'value for money' mean?

Suitability: Does it meet your requirements? Is it fit for the purpose you have in mind?

How long it lasts: Is it disposable, or should it be durable?

Convenience: How easily available is it?

What it looks like: Does it have a better appearance or colour compared to less expensive alternatives?

Quantity: What amount are you receiving for your money?

Quality: How well-made is it? Or in the case of food, how delicious is it?

Flexibility: Can it do the job of multiple products?

Price: Is there a cost benefit to buying in bulk? Do you actually need the larger amount?

How it makes you feel: Occasionally, you might want to indulge yourself!

Comparing prices and shopping around

Exploring various shops is crucial for finding the best value for your money. This approach also allows you to compare the cost of identical items across different retailers, whether it's a particular model of kettle or a specific style of trainers.

Shop A	Shop B
T.shirt £40	T.shirt £40
	plus 50% off today!

Example: You're keen to buy the latest video game that's just been released. Your local game shop has it for £49.99.

You've heard the big supermarket on the outskirts of town might have it cheaper at £44.99, but it'll cost you £3.50 for the bus ride there and back.

Checking online, you find the game for £42.99, but there's a £3.99 delivery charge.

Let's break it down:

- Supermarket trip: £44.99 + £3.50 transport = £48.49
- Online purchase: £42.99 + £3.99 delivery = £46.98
- Local shop: £49.99

By doing a bit of research, you've discovered that ordering online is your best bet, saving you £3.01 compared to buying locally, and £1.51 versus trekking to the supermarket.

Loyalty cards

Many shops provide loyalty schemes with plastic cards that award you points for your purchases. These points can be used for discounts on your shopping or exchanged for free gifts.

This system is useful if you frequently visit a specific shop. However, it might discourage you from comparing prices elsewhere.

The benefits of loyalty cards

“ Are you a regular shopper who loves a good deal? Let's talk about loyalty programmes.

Did you know that 81% of customers are more likely to continue shopping at a store with a loyalty programme? It's because loyalty programs offer rewards and savings to customers.

Let's take Scott, for example. He does his weekly family shopping at his local supermarket and uses a loyalty card to earn points. For every £1 he spends, he earns 1 point. These points add up, and the supermarket sends Scott vouchers based on the points he has collected. Scott can save £1 on his shopping for every £100 he spends there. It's a simple way to save money on your weekly shopping.”

Identifying hidden costs

When shopping online or over the phone, the advertised price isn't always what you'll end up paying in total.

Before finalising your purchase, it's important to check for any additional costs.Take a close look at the final price – is the item still as good a deal as you first thought?

Example:

Tom spots a pair of trendy trainers on the website of online shop FastFashion for £29.99. Excited about the deal, he adds them to his basket.

At the checkout, he notices an additional £4.50 charge for 'standard delivery'. This bumps the total price up to £34.49.

Disappointed, Tom realises the trainers aren't as much of a bargain as he initially thought. He hadn't factored in the delivery cost when considering his budget.

Many mobile apps have hidden charges for extra features or content.
These in-app purchases might seem small at first, but they can quickly build up.

For example, Hugo wins a shield in a free game. He is given a choice to upgrade his Avatar's skin to the 'Fire Bolt'

When eating out, restaurants often add a 'service charge' to your bill.

For example, you might order two main courses for £19.98, but then find a 10% service charge added on top.

Bill

Paella £24.99

Salad 5.99

Subtotal £30.98

Service charge £3.98

Total £34.96

This charge is meant for the waiting staff, but they don't always receive it.

Restaurants must clearly state if they charge for service. You should see this information before you sit down, like on the door or the menu.

Congratulations

You've completed module 3!

Ready to test your new knowledge? Go to the TLM Learn Hub site and have a go at the 'knowledge check' activity and end-of-module quiz to help cement what you've learnt.

Module 4: Money management

Introduction

Welcome to module 4 on storing and saving money.
Let's dive into the world of personal finance.

We all use money, but where should we store it? Keeping large amounts at home or in a wallet isn't safe, so we store money electronically.

We can open a current account for everyday use or a basic bank account with fewer features for those with less income. But we also need to save money to plan for the future.

Saving helps our money grow by earning interest. So let's dive into module 4 and start learning how we can best manage our money.

4a. Money Storage

This module helps you to:

- understand various options for storing money
- examine the pros and cons of each storage method

What does it mean to store money?

We don't always spend all of our cash right away. The leftover money? We can store it somewhere, and there are a variety of different ways to do that.

Example: Jake’s lawn mowing business

Meet Jake, a hardworking student who mows lawns after school. He makes 50 pounds a week, but only spends about 35 pounds on snacks and movies. That leaves him with 15 pounds in extra cash. Now Jake's wondering "What's the best way to keep my extra money safe?"

Where can we store cash at home?

When it comes to keeping physical currency, i.e cash, our homes often seem like an obvious choice. But where's the safest spot to store cash at home?

Under the mattress?

In a locked drawer?

Beneath floorboards?

Hiding money in these places can be risky, especially if we're talking about more than just pocket change.

For example: Remember Jake…He decided to hide his leftover £15 in a locked drawer, but now he can’t remember where he put the key.

Should we carry cash with us?

Another option might be to keep our money on us all the time:

In our jacket pocket

In our wallet

But when you think about it, we usually only need a bit of cash on hand. These days, with so many places taking contactless cards and digital payments, we don't really need to carry around lots of cash anymore.

Go to the TLM Learn Hub site to complete the activity: Where could we store our money?

How can we be sure our money is safe?

When we keep our money in banks, building societies or credit unions, it's stored electronically. This makes it much harder to lose or steal.

But what if the bank goes out of business? Don't worry – your money is still protected. There's a system called the Financial Services Compensation Scheme (FSCS). It covers people's savings up to a large amount if their bank fails.

Knowledge Quest

Explore the FSCS website to find out how much money is protected.

4b. Bank accounts

This module helps you to:

- understand the concept and functionality of a current account
- understand how to make secure payments from your account
- understand processes for depositing, withdrawing funds, and reviewing statements
- explore various methods for setting up regular and one-time payments.

Opening an account

When you set up an account, you're essentially joining the organisation's client base.

You're entering into a financial relationship with the organisation, becoming one of the people they serve and do business with…a customer.

Savings accounts

A savings account allows your money to grow over time by earning interest. It's a way to make your funds work for you while keeping them secure.

Current accounts

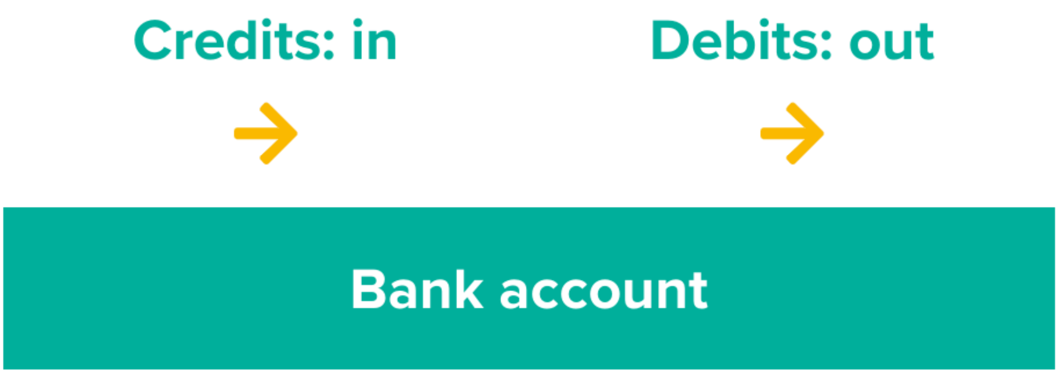
A current account is a place to keep and handle the money we use for daily expenses. The funds are stored digitally.

With this account, you're able to:

- withdraw cash when you need it
- make purchases using your debit card, including contactless payments
- pay in additional money at any time
- arrange automatic payments for regular bills

When money goes into your account, it's called a **credit**.

When money leaves your account, it's referred to as a **debit**.



Young people’s account

Adults 18 and older can open a current account. For teenagers between 15 and 17, a young people's account is available.

With a young people's account, you can:

- Keep your money safe
- Access and withdraw funds from ATMs (cash machines)
- Have your work earnings deposited directly

Many young people’s accounts offer a debit card, which is typically associated with current accounts. Debit cards allow you to make purchases at various establishments like shops and restaurants.

Basic bank account

A basic bank account is for those aged 18 and over. It’s like a current account but with fewer features.

Over a million adults in the UK have no current account. A basic bank account is designed for these people, who may be less confident with managing money.

A basic bank account does not have an overdraft, which is a type of borrowing where you take out more money than is in the account. This means that with a basic bank account, you can't spend more money than you have available.

Sort code and account number explained

Upon opening a bank account, you'll receive:

- a **sort code**, which specifies the bank and branch where your account was created
- an **account number**, a unique eight-digit identifier assigned to you

These two elements are essential components of your new bank account.

Example

Sort code: 10-24-36

Account number: 57639407

Each account number is unique.

Your account number appears on all documents and transactions related to your account.

Debit cards

Debit cards are payment cards made of plastic that allow you to spend money directly from your account. You can use these cards for purchasing goods and services both in physical stores and online.

Chip and PIN

The majority of cards feature 'chip and PIN' technology, a security measure designed to protect your funds.

Your PIN, or personal identification number, is a four-digit code. It's crucial to keep this number private and not share it with anyone.

How does it work?

Put the card in the shop's **card reader** machine.

↓

The machine reads the information on the card's chip, including your account number.

↓

Enter your unique PIN

↓

The card reader tells your bank to pay for the item from your account.

The chip and PIN system ensures that if someone attempts to use your card, they won't be able to complete the transaction without entering the correct PIN.

Contactless cards

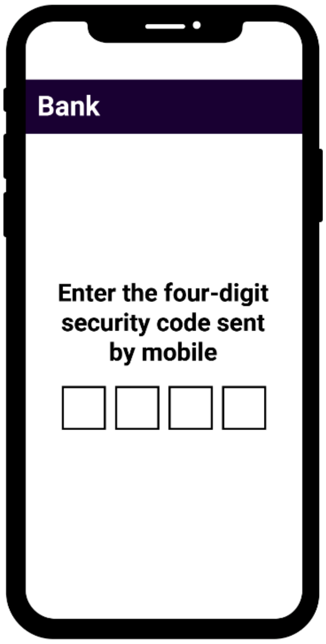
Contactless cards allow a person to make payments by simply tapping the card's contactless symbol on a card reader. This works for purchases up to a certain limit.

The spending limit for contactless payments has been raised several times as people have found this method convenient. It simplifies transactions for smaller purchases, as customers aren't always required to enter their PIN.

Many smartphones can also be configured for contactless mobile payments using apps and 'near field communication' technology. By storing the person's bank details, the phone effectively functions as a contactless card.

What about shopping online?

For online purchases, you'll need to input various numbers from your debit card. This includes a three-digit security code located on the signature strip on the back of the card.

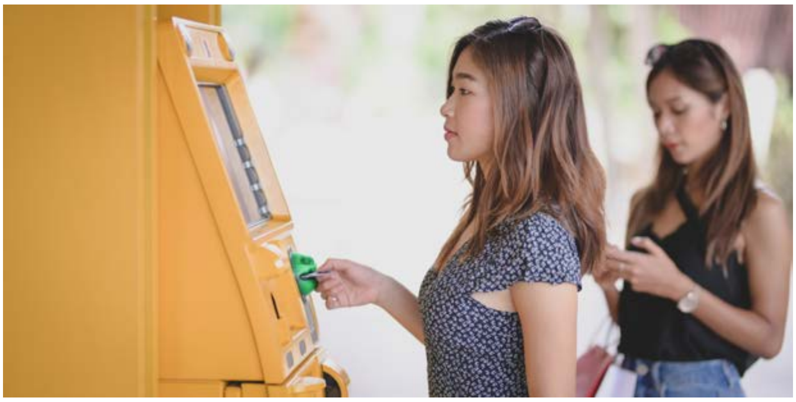


When making online purchases, you might need to provide a memorable word or specific digits from a security code your bank sends you.

This is an element of **strong customer authentication**, designed to verify that the person using the card is indeed the rightful cardholder.

This process requires you to supply several pieces of 'proof' confirming your identity as the cardholder before the online transaction is approved.

Automated-teller-machine (ATM)



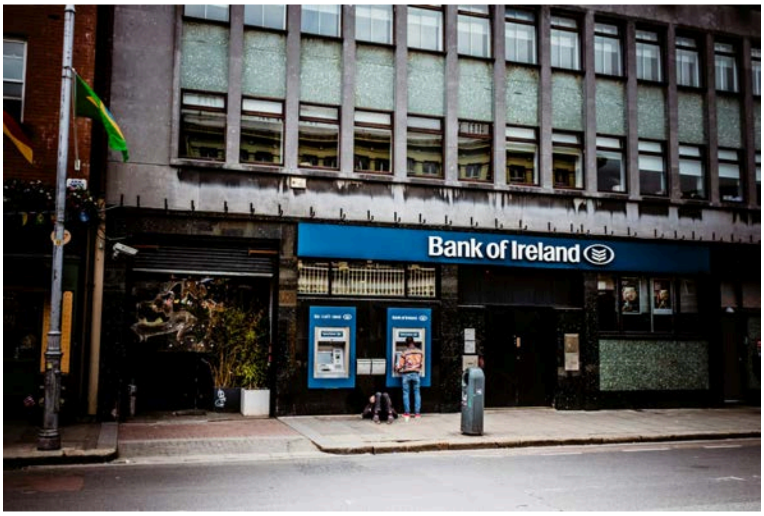
An ATM allows us to access cash from our account as needed. These machines are located in bank branches, outside banks, and within certain shops.

To use an ATM, we insert our debit card and enter our PIN to verify our identity. We then select the amount of money we wish to withdraw.

Some ATMs also offer the option to deposit cheques, which are written instructions for transferring money between accounts.

Go to the TLM Learn Hub site to complete the activity: Using an ATM

In branch banking



If our bank has a local branch, we can visit to speak with a cashier at the counter and use our card to deposit and withdraw money.

Many banks also offer cash deposit machines, allowing us to pay in cash or cheques without interacting with a cashier.

How do we pay someone else

Many of our necessary payments occur on a regular basis. For instance, electricity charges typically arrive monthly. Water services, on the other hand, may bill quarterly or even every 6 months.

Direct debits

A 'direct debit' is an arrangement that authorises a company to withdraw funds from your current account. The amount taken can vary from one payment to the next.

For example:

Amelia arranges a direct debit to cover her WaterWorks Ltd bill on the 20th of each month.

↓

From November to February, WaterWorks Ltd deducts £45 monthly from Amelia's account.

↓

Come March, Amelia installs a water-saving shower head and becomes more conscious of her water usage.

↓

As a result, WaterWorks Ltd adjusts the direct debit amount, withdrawing £35 per month from March to June.

The direct debit guarantee provides protection: if your bank or the payee withdraws too much money by mistake, you can report the issue and receive an immediate refund of the overpayment.

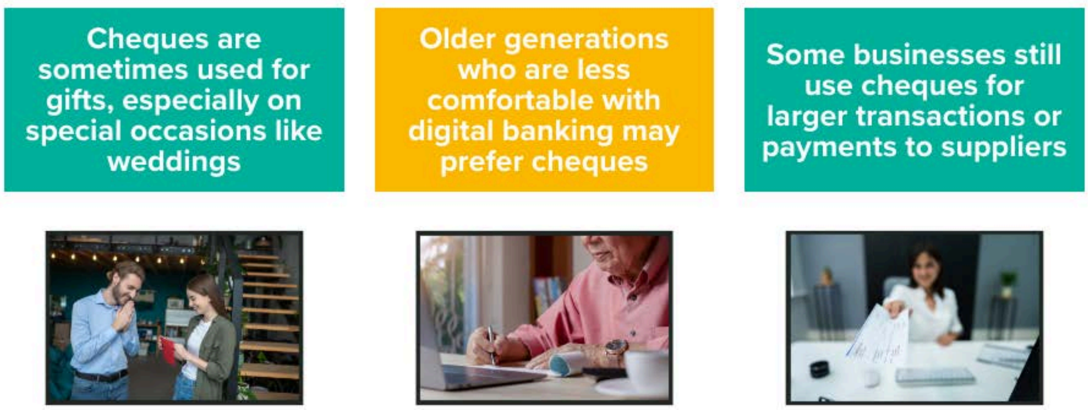
Standing orders

A standing order is similar to a direct debit, but with a fixed monthly payment amount. The account holder maintains control over the sum transferred from their current account. For instance, if you wished to set aside £40 monthly into your savings, you might set up a standing order to do so.

Go to the TLM Learn Hub site to complete the activity: Standing order or direct debit...you decide!

Cheques

People do still write cheques, although their use has significantly declined in recent years due to the rise of electronic payment methods. Cheques are less common for everyday transactions, but they are still used in certain situations, such as:



Writing a cheque

This cheque belongs to James Wilson.

It displays his sort code and account number, along with a unique cheque number (400072). The section to the left of the perforated line is the 'counterfoil' or 'stub', which James keeps for his records. When he submits the cheque to his bank, he'll detach everything to the right of the stub.

To write a cheque for £75 to his plumber, Michael Brown, James needs to complete the blank fields:

1. He writes today's date: '3rd October 2024'.
2. He writes Michael Brown's full name on the 'pay' line.
3. He writes the amount (£75) in both words and figures to make it clear.
4. James adds 'only' after the amount in words and draws a line through the remaining space to prevent alterations.
5. He signs the cheque, matching the signature on his debit card and in the bank's records.
6. Lastly, James fills in the stub for his personal record-keeping.

The completed cheque is now ready for James to give to Michael.

Paying with mobile apps

Various banks now offer payment options that require only the person's phone number or a unique web address. Mobile banking apps have become a popular method of transferring funds. With knowledge of someone's sort code and account number, you can send money to individuals and businesses.

To ensure your security, banks often put restrictions on how much you can send to another person and how often.

These payment methods are quick and secure, provided you keep your personal information safe. **For example, check out** [Monzo].

How do we monitor our money?

A bank statement itemises:

- All debits from your account (withdrawals, bill payments, and purchases).
- All credits to your account (including deposits and income from employment).

Credits: in → **Debits: out** →

Through online banking or a mobile banking application, you can access your statement whenever you wish. If needed, paper statements can also be mailed to you.

At cash machines, you have the option to print a mini-statement displaying your most recent transactions.

Account statements enable us to keep tabs on our financial position. They indicate when our balance is dwindling and verify that transactions are processing as expected.

Examining your statement offers a sense of financial security. If you spot any unrecognised credits or debits on your account, it's essential to inform your bank promptly.

Go to the TLM Learn Hub site to complete the activity:
Sam and Libby's bank statements

4c. Understanding savings

This module helps you to:

- Explore the motivations behind saving money
- Examine the characteristics of various savings account options
- Identify key factors people consider when choosing a savings account

Why is it important to save money?

Money we don't intend to use immediately can be set aside for future use. This is what we call our savings.

However, some people's attitude to spending is to spend all their available money rather than setting any aside.

Saving for today

Many people set aside money in the short term for short holidays or seasonal celebrations like Christmas and other religious festivals.

It's advisable for everyone to have savings for unforeseen circumstances. These funds are commonly referred to as emergency savings or a rainy day fund. They're used to cover unexpected costs, such as a broken boiler or necessary car repairs. Having such a reserve can help people avoid taking on debt when faced with sudden expenses.

Saving for tomorrow

If we don't put money aside now, we might find ourselves unable to do certain things we fancy in future. We may need to save up for a deposit on a flat or house.

Perhaps we'd like to save for a holiday abroad. It's crucial to save (or invest) money to ensure we can live comfortably once we've stopped working.

Earning interest

While people who borrow money have to pay interest, those who save get to earn interest on the money they keep in accounts.

If we manage our money well and have some left over, it's smart to put these savings somewhere that can make more money for us.

Banks, building societies, and credit unions can pay interest on people's savings accounts because they make money from giving out loans. By putting our money into one of these places, we can earn extra through interest.

The interest you earn on your savings is considered a form of income, which means you might need to pay tax on it. However, if the amount of interest you earn stays under a certain limit, you don't have to pay any tax on it.

Where can we keep our savings

Different savings accounts suit different needs.

You might want to put away a big chunk of money for a long time

You might prefer to save a little bit each month from your earnings

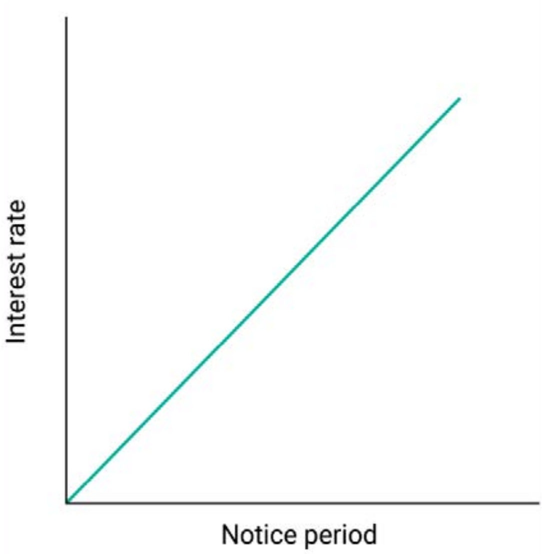
Instant-access account

An instant-access account lets you take out your money whenever you want. You can put in as much as you like, but the interest is usually quite low.

Notice account

With a notice account, you're meant to tell the bank ahead of time before withdrawing your money. If you don't, you might lose some or all of the interest you've earned.

These accounts usually offer better interest rates than easy-access ones. Generally, the longer notice period you agree to, the higher the interest rate.



Cash individual savings account (ISA)

A cash Individual Savings Account (ISA) allows you to save money without paying tax on the interest, up to a yearly limit. Often, you can access this money right away. However, if it's a notice-type ISA, you might face a penalty for quick withdrawals. The big advantage is that all the interest you earn is tax-free.

Knowledge Quest

Explore the ISA website to find out the ISA limit for the current year

Go to the TLM Learn Hub site to complete the activity: Comparing different accounts

How is interest calculated?

When picking a savings account, people often focus on the interest rate. Naturally, a higher rate means more money earned on their savings.

However, accounts can differ in how they pay interest - some do it every month, others once a year. Comparing these directly wouldn't be fair. It'd be like trying to compare apples and oranges.

To make it easier for savers to compare different accounts, providers have to show their interest as an Annual Equivalent Rate (AER). This rate shows what you'd earn if the interest was paid just once a year, making it simpler to see which account offers the best return.

What do people look for in a savings account

The features people value in a savings account vary based on their specific saving goals and needs.

Here is a summary of how some accounts compare.

	Instant access	**Notice**	**Instant cash ISA**
Unlimited deposits	Yes	Yes	No
Tax free	No	No	Yes
Withdraw money at any time. No penalty.	Yes	No	Yes
High interest	No	Yes	Yes

For example, Ben wants an account with a high interest rate, but he would like the option to withdraw money at any time.

He chooses an Instant cash ISA account.

	Instant access	**Notice**	**Instant cash ISA**
Unlimited deposits	Yes	Yes	No
Tax free	No	No	Yes
Withdraw money at any time. No penalty.	Yes	No	Yes
High interest	No	Yes	Yes

Congratulations

You’ve completed module 4!

Ready to test your new knowledge? Go to the TLM Learn Hub site and have a go at the ‘knowledge check’ activity and end-of-module quiz to help cement what you’ve learnt.

Module 5: Borrowing

Introduction

Welcome to module 5, where we're going to talk about borrowing money and how to do it sensibly.

Sometimes we need to buy something that we can't save up for, but borrowing money comes with risks and responsibilities. Let's take a look at the main ways to borrow.

An overdraft is a popular choice, but an authorised overdraft is the sensible option. Credit cards let us buy now and pay later, but they can also mean paying lots of interest on what we borrowed. It's important to use them responsibly.

When should we borrow, and how do we check we can really afford it? The APR figure reveals any 'hidden charges' on a loan, and we need to choose the best lender for us.

Remember, borrowing money comes with risks and responsibilities. Make sure to do your research and choose the best option for you.

5a. The basics of borrowing

This module will help you:

- Work out if you can actually afford to borrow money
- Learn what's important to think about before borrowing
- Understand how to pick the best place to borrow from

Is borrowing money affordable for us?

When you borrow money, you're making a promise by law, so it's really important to check if you can afford it. Getting a credit card might seem like a good idea, but remember - if you don't pay back everything you spend each month, the amount you owe can grow quickly.

For example, Jess buys a new smartphone for £600 using her credit card. She only pays the minimum amount due, so the next month she still owes nearly £600.

Taking out a loan might seem like a quick fix, but it's important to make sure you can handle the monthly payments.

Before you borrow, always work out if the repayments will fit into your budget without causing stress.

Looking at our budget

Sometimes, if we look closely at our money situation, we might find ways to shuffle things around and make room for repayments.

But other times, no matter how much we try, we just can't squeeze in extra costs. If there's simply no spare cash to cover repayments, the smart choice is to hold off on borrowing.

Interest

When figuring out if we can afford to borrow, we need to remember the extra cost of interest. This is money we pay on top of what we borrow.

What is APR?

Annual percentage rate (APR)

Lenders have to show the annual percentage rate (APR) when they advertise loans.

The APR helps you compare how much different loans cost. It includes:

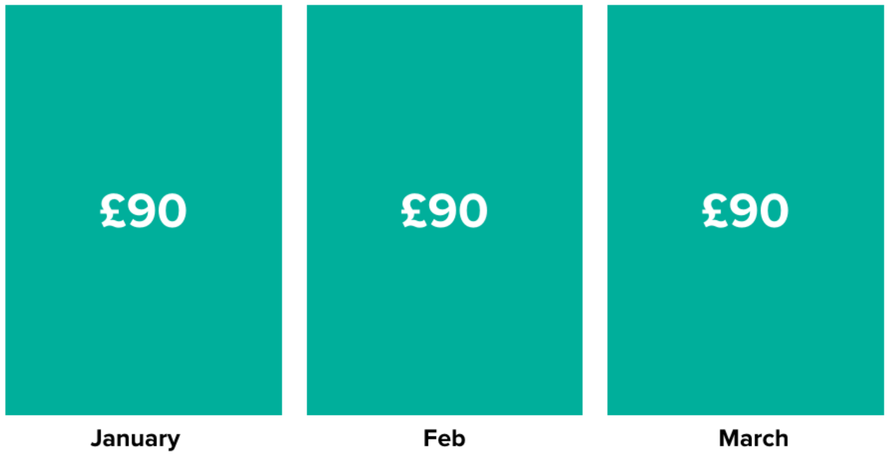
The interest rate

How often you're charged interest

and any extra fees

APRs reveal any 'hidden costs' by making the overall figure bigger.

A personal loan usually has a **fixed APR**, so you pay the same amount each month.



A **variable APR** means the lender can change the interest rate. With a variable APR, the amount you pay might go up or down each month.

Go to the TLM Learn Hub site to complete the activity: Understanding APR

How do we choose the right lender?

To find the best deal, we should look at both interest rates and APRs.

We also need to check if there are any other charges we might have to pay.

For instance, Charlie only knows about the interest rate on his credit card. He takes out £20 from a cash machine, and the credit card company adds a 2.5% fee. This is an extra cost for getting cash with the card.

Cash withdrawal

+

2.5% fee

Reasons we might need to borrow

Sometimes we fancy buying something, but we don’t have enough money. We've got a few options:

- give up on buying it
- put money aside until we've saved enough. Or we could:
- borrow the money to buy it straight away.

People often choose to borrow because saving up for something can take ages. And sometimes, they just can't wait - they need that item right now.

How borrowing money works

Once you turn 18, you can borrow from places that offer 'credit'. When we talk about borrowing, 'credit' just means someone's lending you money.

When you borrow, you'll need to pay back:

The money you originally borrowed

+

Extra money called interest

+

Any other charges the lender might add on

For example: Alex takes out a loan of £500 for a period of one year, with an annual interest rate of 4%.

To calculate the interest: (£500 ÷ 100) × 4 = £20 interest.

The lending institution charges a processing fee of £15.

In total, Alex will repay: £500 + £20 + £15 = £535.

5b. Methods of borrowing

This module helps you to:

- Learn about various methods people use to borrow money
- Consider the different purposes of each borrowing option
- Identify lenders to avoid and understand the reasons why

What are the different ways to borrow money?

We can borrow money in different ways depending on our needs. The type of borrowing that works best may change based on our situation. Consider these examples:

- Do we need a small amount of money to cover expenses until our next income arrives?
- Are we trying to buy something expensive, like a computer or a car?
- Has an unexpected event caused us to need more money than we currently have?

It's important to think about why we need to borrow before choosing how to do it. Different borrowing options suit different situations.

Personal loans explained

Banks and other financial institutions, like building societies and credit unions, provide loans to people who need to borrow money.

Many people use personal loans to purchase specific items, such as vehicles or home furnishings. The loan is paid back over a set period, with the borrower making regular monthly payments. These payments are usually the same amount each month.

Typically, a person borrows a fixed sum, often more than £1,000, and repays it to the lender through consistent monthly instalments. This repayment process usually lasts for a set period, commonly between 1 and 5 years.

For example:

Max takes out a loan of £2,000 for a period of 18 months at an interest rate of 4%. The total amount he needs to repay is £2,000 + (£2,000 × 4%) = £2,080. She repays this in equal monthly instalments of £2,080 ÷ 18 = £115.56 per month.

What's an overdraft?

An overdraft is a service that allows current account users to borrow money when their account balance falls below zero. The account provider, such as a bank or building society, sets a limit on how much can be borrowed through this feature.

The funds for an overdraft come directly from the account provider.

Overdrafts are intended for relatively small amounts and short durations. They are designed as a temporary borrowing solution, not for long-term financial needs. The person is expected to repay the overdraft as quickly as possible, ideally as soon as they have the means to do so.

Interest is charged each day that a borrower uses their overdraft.

Authorised vs Unauthorised overdraft

An authorised overdraft is one you've requested and agreed with your bank or building society. If you use an overdraft without asking for it first, this is considered an unauthorised overdraft.

For example:

Lucy's current account balance is £50. She asks her bank for an overdraft of £200. When she spends £100 on concert tickets to see her favourite band, Lucy has used £50 of her authorised overdraft.

On the other hand, Luke also has a current account balance of £50 and wants to go to the same concert. He buys the tickets, which puts his account £50 into overdraft. However, Luke didn't ask his bank for an overdraft, so he has used £50 of an unauthorised overdraft.

Go to the TLM Learn Hub site to complete the activity: Overdrafts

Credit cards

Credit cards are plastic or digital cards that let you buy things now and pay for them later. They work like debit cards, but instead of using your own money, you're borrowing from the card company up to a set 'credit limit'.

Every month, you get a statement showing everything you bought with the card. You can also check your spending using a banking app on your phone.

If you pay back all the money you spent within a certain time, you don't pay any interest. However, if you only pay back some of what you spent, you'll have to pay interest on top.

If you pay back all the money you spent within a certain time, you don't pay any interest.

If you only pay back some of what you spent, you'll have to pay interest on top.

When you take longer to pay back what you borrowed, you must pay at least a minimum amount each month.This minimum payment covers the interest for that month, plus a bit of what you borrowed.

It's important to know that if you only pay the minimum amount each month, it can take a really long time to pay off everything you've borrowed.

For example:

Paul gets a credit card with an interest rate of 1.8% per month. He spends £150 on the card right after receiving it. He decides to make only the minimum repayment of 3% each month. Here's how it plays out:

In April, Paul owes £150. He pays off the minimum 3% = £4.50.

He still owes £145.50.

In May, interest is added to £145.50 at 1.8% = £2.62. Paul now owes £148.12. He pays off the minimum 3% = £4.44.

He still owes £143.68.

In June, interest is added to £143.68 at 1.8% = £2.59. Paul now owes £146.27. He pays off the minimum 3% = £4.39.

He still owes £141.88.

Over three months, Paul's debt has decreased very slowly. If Paul continues to make only the minimum repayments, he will still owe the credit card company about £70 after three years!

This example illustrates how making only minimum payments can lead to long-term debt, even for relatively small initial purchases.

Payday lenders

A payday loan is similar to a very short-term personal loan, but it's designed to be repaid in a single payment, typically when you receive your next paycheck. It's usually a small loan intended to cover a temporary shortage of funds before your next payday.

However, the Annual Percentage Rate (APR) on these loans can be extremely high - in some cases exceeding **1,000%**. It's not uncommon to see interest rates of over **200%**.

If borrowers miss the repayment deadline, they often end up paying substantial amounts in interest and additional fees.

Store cards

Store cards are like credit cards, but you can only use them in certain shops. Stores offer these cards to encourage you to spend more money in their shops.

The interest rates on store cards are often higher than regular credit cards. This means that even though you might get discounts for using the card in those shops, borrowing money this way can be very expensive if you don't pay off the full amount each month.

It's important to understand that while the discounts might seem appealing, the high interest rates can quickly outweigh any savings if you carry a balance on the card.

Loan sharks

'Loan sharks' are people who lend money illegally. Unlike banks, they don't follow proper rules and can change their terms whenever they want, even if it's different from what they first told the borrower.

Important things to know about loan sharks:

- They don't have legal permission to lend money and often won't tell you the real cost of borrowing.
- They take advantage of people who need money urgently by charging extremely high interest rates.
- They might use scare tactics or threats to make people pay them back.

It's possible to check if a lender is allowed to offer loans legally.

If you or someone you know ever owes money to a loan shark, remember that there are organisations that can help and provide support.

Islamic borrowing

Different cultures have unique approaches to borrowing money. In Islamic finance, for instance, lending works without charging interest, as this practice is not allowed under Sharia law (Islamic law).

Islamic banks still make money, but through alternative methods. This means the structure of borrowing is different from what you might typically see in other banks.

What is Sharia?

Sharia is Islamic religious law based on two main sources:

- The **Qur'an:** the holy book of Islam
- The **Sunnah:** the teachings and practices of the prophet Muhammad

According to Sharia law, money should only be used as a medium of exchange - for buying goods and paying for services. Muslims are not permitted to profit simply by exchanging money with another person.

As a result, charging interest on loans is considered unfair and is referred to as ***riba***, which is prohibited.

Congratulations

You've completed module 5!

Ready to test your new knowledge? Go to the TLM Learn Hub site and have a go at the 'knowledge check' activity and end-of-module quiz to help cement what you've learnt.

Module 6: Insurance and Inheritance

Introduction

Welcome to module 6 where we'll be learning all about insurance and inheritance. Insurance is a payment 'just in case' something bad happens. It's like a safety net that protects us from unexpected expenses.

There are two types of insurance: compulsory and voluntary.

Compulsory insurance is required by law, while voluntary insurance is optional. But why should we buy insurance if we don't have to? Well, the risks of not having insurance can be costly.

Imagine getting sick while on holiday or having your expensive smartphone stolen. Shopping around for insurance can help you find the best deals. You can compare prices and coverage from different providers to get the best value for your money.

It's also important to plan for the future. Making a will and understanding inheritance tax can help ensure that your loved ones are taken care of after you're gone. So, while insurance may not be the most exciting thing to think about,
it's an important safety net that can protect us from unexpected expenses.

We hope you enjoy module 6!

6a. Insurance

This module will help you:

- Understand the concept of insurance
- Differentiate between compulsory and voluntary insurance
- Identify various types of insurance and assurance
- Recognise the potential consequences of being uninsured
- Understand key insurance principles

What is insurance?

Insurance is like a safety net you pay for, just in case something goes wrong. We give money to insurance companies because if something bad actually happens, it could be expensive to handle on our own.

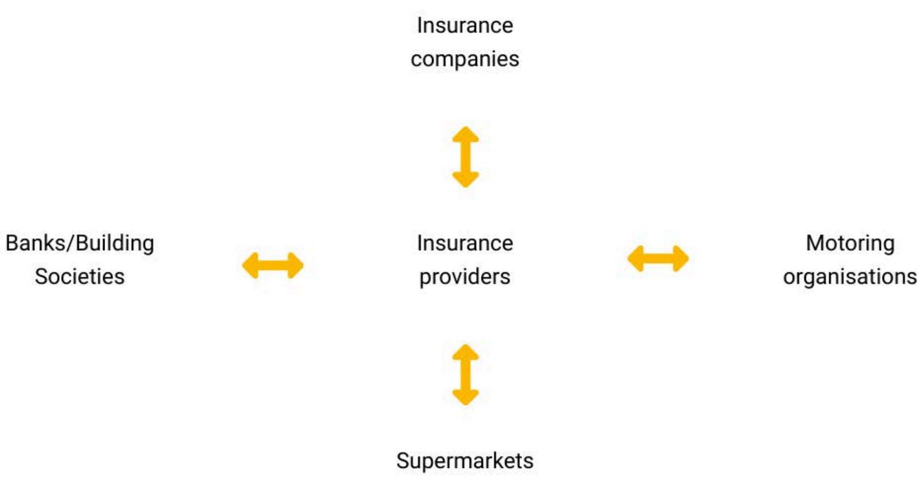
When a person buys insurance, they're making an agreement with a company. The company promises to cover certain possible problems, and the person pays them a fee in return. This fee is called a premium.

For example: Tina buys an insurance policy to protect her home against the risk of accidents. She pays the insurance company a premium of £150 a year. In return, the insurance company agrees to cover the costs if Tina's house is damaged.

Who offers insurance?

There are lots of different companies that sell insurance. They all have to stick to certain guidelines, make sure their employees know what they're doing, and give their customers correct info.

An "insurance broker" can help people find good insurance. The customer pays the broker to search for the right insurance product for them.



How do insurers make money?

Insurance companies handle a wide range of risks and serve millions of customers.

All customers pay premiums, but not everyone experiences a problem.

The insurance company only pays out when covered events actually occur. They keep the premiums from customers who don't make claims.

For example:

Remember Tina? Tina never needed to claim on her home insurance. She paid out £150 in premiums over 20 years.

The insurance company therefore made £3000 (£150 x 20 = £3000)

Compulsory vs voluntary insurance

Compulsory Insurance

This is insurance that is legally required. You must have it by law.

Example: If you own and drive a car, you're legally required to have at least third-party car insurance. This covers damage or injury you might cause to other people or their property while driving.

Voluntary Insurance

This is insurance you choose to buy, but aren't legally obligated to have.

Example: Mobile Phone Insurance: If you have a smartphone, you might decide to get insurance for it. This could cover things like accidental damage, theft, or loss. It's not required by law, but you might want it for peace of mind.

More examples of insurance

Travel Insurance: While not mandatory, travel insurance is strongly advised for holidaymakers. It provides protection against lost belongings during your trip and covers medical expenses if you fall ill while away from home.

Home Insurance: Property owners should seriously consider home insurance, as repair costs can be substantial. This typically includes two main types:

- Buildings insurance protects against damage to the actual building from incidents like flooding or fires.
- Home contents insurance safeguards the items within your home. For an extra fee, you can extend this to protect belongings you carry outside, such as portable computers.

Pet insurance: Pet insurance provides financial protection against certain veterinary expenses. It covers the costs associated with unexpected accidents or major illnesses affecting your pet.

Health insurance: Health insurance offers coverage for private medical care in case you're injured or require surgery. With this insurance, you gain the flexibility to select your preferred date for hospital procedures, rather than being limited to the schedule provided by your local National Health Service (NHS) facility.

Life assurance

'Insurance' and 'assurance' mean slightly different things:

- Insurance is for things that might happen, but might not.
- Assurance is for things that will definitely happen someday. The only sure thing is that everyone dies eventually.

Life assurance gives your family money if you die. If you want to get life assurance for someone else, you need to show that their death would affect you financially.

The person protected by the policy is called the 'life assured'.

There are two main types of life assurance:

1. **Whole-of-life assurance:** This pays your family the agreed amount no matter when you die, as long as you've kept up with payments.
2. **Term assurance:** This only pays out if you die within a set time period. If you live longer than that, your family doesn't get any money.

What is insurance premium tax (IPT)

All insurance premiums have a tax added on top. Insurance companies charge their customers extra to cover this tax. They then send this extra money to the government.

This is why insurance costs more than just the basic price.

Knowledge Quest

Research the current rates of IPT:
https://www.gov.uk/tax-on-shopping/insurance-premium-tax

What are the risks of not having insurance?

Why do many people buy insurance even when it's not required? They compare the price of insurance to the risk of not having it. Take travel insurance as an example:

If you got hurt in another country without insurance, you might face very high medical bills. People often decide the cost of insurance is worth it to avoid this potential problem.

Go to the TLM Learn Hub site to complete the activity: Risks of not insuring

Protection from risks

We choose to buy insurance to protect our things - like our cars, homes, or valuable items.

But what are we protecting ourselves from? Here are a couple of examples:

Theft: Many things can be stolen - by robbers on the street or thieves breaking into homes. For instance, smartphones are easy targets and expensive to buy again.

If you don't insure your smartphone, you might have to pay a lot to replace it if someone steals it.

Accidental damage: Accidents can happen. Common examples include dropping electronic devices like tablets or experiencing car accidents.

Key principles of insurance

People buying insurance should keep some key things in mind.

Insurance companies set their prices based on how risky they think you are. They figure this out using the details you give them, so make sure these details are correct.

Material fact: An 'important piece of information' is something you should tell the insurance company.

In good faith: 'In good faith' means not deliberately hiding information from the insurer.

For example:

Bob phones up to get car insurance. He recently got a speeding ticket. Bob should declare this important fact. If Bob doesn't declare this fact, it is NOT in good faith.

Indemnity: Indemnity means compensation for a loss or damage. In insurance, it's the principle that you should be restored to the same financial position you were in before a loss occurred - no better and no worse.

For example:

Let's say you have a smartphone worth £500, and you insure it. If your phone gets stolen or damaged beyond repair, the insurance company will give you £500 to replace it. They won't give you £700 so you can buy a better phone, and they won't give you just £300 either.

The key points are:

1. You get compensated for your actual loss.

2. You can't profit from the insurance.
3. You shouldn't end up worse off either.

This principle helps keep insurance fair and prevents people from trying to make money by damaging or losing their insured items on purpose.

How can we find good insurance deals?

When purchasing insurance, it's wise to explore multiple options. Compare the offerings and prices of various insurance providers.

Online comparison tools allow you to view different insurance packages side by side. You input your information and receive a selection of plans to consider.

Go to the TLM Learn Hub site to complete the activity: Risks of not insuring

6b. Inheritance

This module helps you to:

- Define what an ‘inheritance’ is and understand the factors that influence it
- Learn when inheritance tax is payable
- Understand the meaning of ‘intestacy’

What is inheritance?

Inheritance When individuals pass away, their assets and possessions are given to others who 'inherit' them.

- A **will** is a document written by a person (called the 'testator') that gives instructions about what should happen to their belongings after they die. The testator must sign the will in front of two witnesses, who then also sign it.

- **Executors** are the people responsible for carrying out the instructions in the will. They gather all of the deceased person's possessions and money, known as the deceased's 'estate'. For example, in her last will and testament, Betty named her son Peter and his wife Mary as her executors. People often choose two or more executors so that if one dies, there's someone else to carry out the deceased's wishes.

For example:

When David died, his estate was divided amongst his family like so:

David's wife received their house, its contents and his pension.

David's son inherited the family's holiday cottage in Cornwall.

David's daughter got his vintage motorbike and stamp collection.

David's niece was given a small sum of money.

David's grandchildren each inherited a portion of his shares.

Inheritance tax (IHT)

When someone dies, the government might need to be paid a tax called IHT before the will is carried out. This tax only applies if the person's total belongings and money are worth more than a certain amount.

Go to the TLM Learn Hub site to complete the activity: Risks of not insuring

Intestacy

No Will? Here's What Happens

If you die without a will, it's called dying 'intestate'. The government then decides who gets your things.

To avoid this, make a will when you start to own items that matter to you.

For example:

Jack and Emma lived together for 10 years but never married. Jack died without a will.

Under intestacy rules, Emma can't inherit Jack's house or savings.

Instead, Jack's parents get everything, even though Jack and Emma shared their life together.

Congratulations

You've completed module 6!

Ready to test your new knowledge? Go to the TLM Learn Hub site and have a go at the 'knowledge check' activity and end-of-module quiz to help cement what you've learnt.

Module 7: Navigating dangers

This module will help you:

- Understand why some ways of spending money can be risky but also rewarding
- Learn about the dangers of gambling and how to gamble responsibly (if you ever choose to)
- Think about other ways you might take risks with money

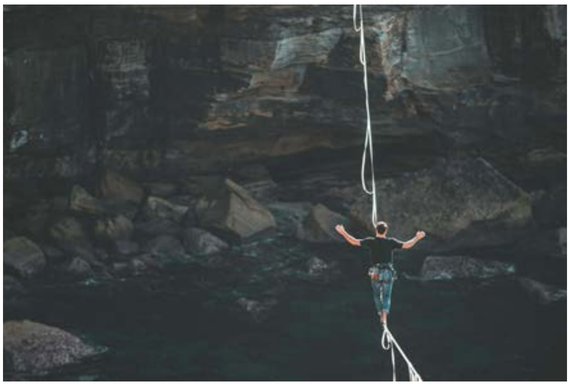
Introduction

Risk is present in all areas of our lives, including our finances.

When taking a risk, people judge how it compares to the potential reward. Gambling can be tempting, but it must be done responsibly and affordably.

Investing is also a risk with money. By investing sensibly, we hope to build on the money we put in, but we must keep aware of the risks and talk to experts where we can. Remember, the higher the risk of a loss, the higher the potential reward may be. But it's important to only use money that we can afford to lose.

Taking risks with money



Sometimes, adults spend money on things they don't really need, and this can be risky. These activities might give you a chance to win big, but you could also lose the money you put in.

Before taking a risk with your money, it's important to think carefully:

- Is the chance of winning worth the risk of losing?
- Are you okay with possibly losing the money you spend?

Gambling: What is it?

Gambling is a type of risky spending that only adults should do. It's not something you need to do, but some people choose to try it.

A common example is the UK National Lottery, where people buy tickets with six numbers on them. Remember, not everyone gambles - it's a personal choice. But it's important to be careful, because gambling can cause problems if people don't do it responsibly.

Gambling can become addictive, which means some people might keep spending more and more money on it, even when they're losing.

UK National Lottery explained

The UK National Lottery is a form of gambling where participants must be at least 18 years old to buy tickets or claim prizes. This age requirement was recently increased from 16 to align with other gambling activities.

The lottery works by matching numbers drawn from a machine. If all your numbers match, you win a substantial cash prize (the jackpot). However, if you only match one number or none at all, you lose the money you spent on the ticket.

Some people participate in gambling after considering the balance between potential risks and rewards. In the case of the National Lottery, the possible reward (a large jackpot) is much greater than the risk (the cost of a ticket), which is why some individuals choose to play regularly.

However, it's important to consider the long-term financial impact. If you were to play the National Lottery every week, you would be risking: 52 weeks x £2 per ticket = £104 per year

It's crucial to note that the odds of winning the jackpot are extremely low. When studying finance, it's valuable to understand how people make decisions about risk and potential rewards, even in activities like the lottery.

Go to the TLM Learn Hub site to complete the activity: What are your odds of winning the lottery?

Safe and responsible gambling

Understanding Safe and Responsible Gambling

Many adults occasionally participate in gambling as a form of entertainment. However, it's crucial to maintain control over spending and only use money that won't impact your financial stability.

While activities like scratch cards or slot machines might seem harmless, they're designed to encourage continued spending.

Potential Financial and Personal Risks of Gambling

Although some people gamble without issues, others may experience problems such as:

- Financial difficulties
- Gambling addiction
- Strained relationships
- Mental health challenges (e.g. anxiety, stress, depression)

These problems can vary between individuals and may change throughout a person's life. From a financial perspective, it's important to understand that gambling should be viewed as entertainment, not as a method to generate income. A key principle is to only gamble with money you can afford to lose entirely.

Legally, individuals under 18 are not permitted to gamble. However, it's worth noting that many young people engage in gambling-like activities through online games, gaming consoles, smartphone apps, or computers. This highlights the importance of understanding financial risks in various digital environments.

For example:

Alex's Lottery Experience

Alex buys a £2 lottery ticket and wins £10.

Alex thinks: "Wow, that was easy! Maybe I can win more..."

Encouraged by this small win, Alex decides to buy five more tickets for £2 each. After all, each ticket could potentially win £10 or even more!

However, none of these tickets win anything.

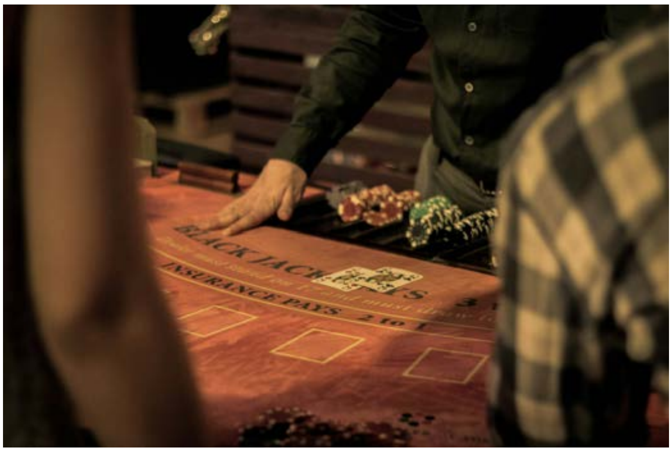
Alex reasons: "I should at least try to win back my original £2..."

Alex then purchases another five tickets, hoping to recover the initial £2 investment. Unfortunately, these also fail to win. Alex has now spent £22 and only won £10, resulting in a net loss of £12.

Knowledge Quest

Research into responsible gambling and learn about the warning signs of problem gambling at BigDeal and BeGambleAware.

When is it okay to take a risk?



Responsible gambling involves only risking money that you can afford to lose if your bet doesn't succeed.

Let's consider two scenarios:

- An individual with an annual income of **£1,000,000** might be able to comfortably risk £1,000 on a horse race without significantly impacting their financial stability.
- On the other hand, someone earning **£1,000** per year would find it financially irresponsible to bet £1,000 on a horse race.
  - For this person, even buying a weekly lottery ticket might not be a wise financial decision. They need to carefully budget and calculate what they can genuinely afford to lose without harming their financial wellbeing.

Practising responsible gambling means setting clear boundaries on both the time and money dedicated to gambling activities.

Understanding shares

Investing in company shares involves a level of financial risk. Here's how it works:

- If the company performs well:
  - Investors might receive dividend payments from the profits
  - The value of their initial investment could increase
- If the company performs poorly:
  - Dividend payments may not occur
  - The initial investment value might decrease, potentially even to zero

To lower the risk, investors often use financial experts to help select companies for investment. These professionals should also clearly explain the associated risks to their clients.

It's important to remember that various forms of investment, not just shares, involve financial risk-taking. There's never a guarantee that you'll make money from your investments.

Premium Bonds: Savings with a Twist

Premium Bonds are a unique way to save money that adds a bit of excitement:

- When you put money into Premium Bonds, you don't earn regular interest like in a normal savings account.
- Instead, your money goes into a big pot, and every month there's a draw for cash prizes.
- The prizes range from small amounts to a whopping £1 million jackpot!

The really good thing about Premium Bonds is that they're super safe:

- The government guarantees that you'll always be able to get back the exact amount you put in.

But here's the catch:

- You might win lots of prizes, or you might win nothing at all.
- The big question is: Will you win more in prizes than you would have earned in interest from a regular savings account?

This is a great example of risk and reward in finance. Your original money is safe (no risk there), but your potential earnings are uncertain. It's different from a normal savings account where you know exactly how much interest you'll earn, even if it's not very much.

Congratulations

You've completed module 7!

Ready to test your new knowledge? Go to the TLM Learn Hub site and have a go at the 'knowledge check' activity and end-of-module quiz to help cement what you've learnt.

Module 8: Keeping your money safe

This module will help you:

- Learn how to keep money safe
- Gain an understanding of fraud and ways to prevent it
- Discover safe online shopping practices

Introduction

Welcome to our module on fraud prevention.

We've already learnt how to keep our money safe, but what about when criminals try to steal it?

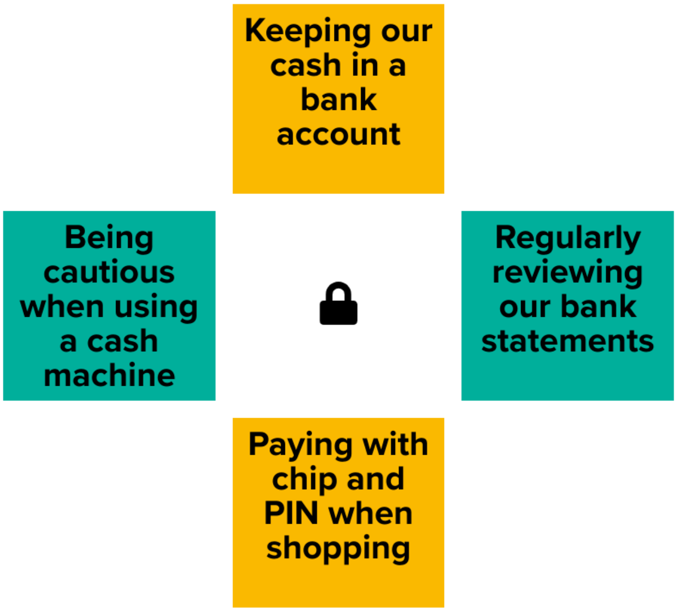
Identity fraud is becoming more common. So, how can we avoid becoming a victim? One way is to keep our personal information private, like passwords and security numbers. Fraudsters may use phishing scams to try to get hold of our personal information. They may send emails or texts pretending to be from our bank or other trusted sources.

If you suspect fraud, it's important to act quickly. Contact your bank or credit card company immediately. Finally, when shopping online, make sure the website is secure.

Remember, being vigilant can help prevent fraud and keep your money safe.

How to keep our money safe

We've learned about several ways to protect our money:



Let's explore some of the key points about keeping our finances safe.

What is fraud?

You've probably heard of 'scams' or 'cons'. These are kinds of fraud - basically, it's when someone lies or cheats to steal your money.

Identity fraud

This is when a person gets hold of someone else's bank details and uses them to spend money, pretending to be that person.

The fraudster might also apply for a loan or credit card using the victim's name. They go on a spending spree with the money, and the poor victim gets stuck with the bill.

Avoiding fraud

We're protected from fraud by several layers of security.

When buying things online, we might have to type in parts of a password to prove it's really us using the card.

Online shops use special security measures that ‘encrypt’ the data we send making it unreadable to potential fraudsters.

Account security

Online and mobile banking apps use strong security to make it tough for fraudsters to get into your account.

For example:

Sarah logs into her banking app. She needs to enter:

- Her unique customer ID
- The 3rd and 5th digits of her security code (a special number Sarah chose, similar to a PIN)
- The 1st and 3rd letters of her password

Keeping your details secret

Your security code and password must be kept private. Choose ones that are hard for others to guess but easy for you to remember. Don't write them down where someone else might find them.

Suspicious messages

Emma receives this text message:

"Dear customer, we've noticed unusual activity on your account. To secure it, please click this link and enter your full name, account number, and online banking password. Act now to protect your funds."

This is actually a fraudster trying to trick Emma into giving away her account details.

Remember: Your bank will never ask for your full password or PIN in a message or email.

This trick of pretending to be a trusted organisation to get your personal information is called phishing. The fraudster is 'fishing' for your private details.

Report any concerns immediately

If you think someone might be using your information fraudulently, tell your bank right away.

You should also report suspected fraud to Action Fraud. If you can't find your bank card, call your bank immediately and cancel it. This stops anyone else from using it.

Safe online shopping

We've already discussed selling things on the internet. But when you're buying online, you need to be careful to:

- Check if the website is well-known and trustworthy
- For online auctions, look at the seller's feedback ratings
- Always think: does this deal seem suspiciously good?

Remember, some people out there try to con buyers.

Staying safe online

To stay safe online:

Maintain your computer's defences: Install trusted anti-virus software and ensure it's regularly updated to shield your system from malicious programmes and cyber threats.

Look for the padlock icon: When making purchases on the internet, look for the padlock icon in your browser's address bar to confirm a protected connection.

Log out at the end: After finishing your online activities, remember to sign out completely to prevent unauthorised access, particularly on shared devices.

Be cautious with hyperlinks: Be wary of clicking on links in emails or messages, as they may direct you to fraudulent websites.

Rely on your judgement: If something on the internet appears suspicious or unrealistically favourable, it's likely best to steer clear.

Card cloning

Some fraudsters try to steal information from your bank card. They can use this information to make a fake copy of your card and spend your money. Or they might use your details to buy items online pretending to be you. To keep your money and personal information safe, you need to be careful when shopping or using your bank account online.

Extra security when you buy online

There's a special service called 'Verified by Visa' that helps protect you from fraud.

After you sign up, you'll need to type in three random letters from a password you choose when you're buying things online. This makes it harder for thieves to use your card.

Go to the TLM Learn Hub site to complete the activity: Too good to be true?

Congratulations

You've completed module 8!

Ready to test your new knowledge? Go to the TLM Learn Hub site and have a go at the 'knowledge check' activity and end-of-module quiz to help cement what you've learnt.