



# Unit 7 - Working and Earning

## 7.1 Earnings

Read Nationwide Education Fact sheet – *Earning Money* (FA1) and complete the activity below. Use the blank pages at the end of this unit if you run out of space.

### 7.1.1 Activity 1

The amount an individual may be able to earn depends on several factors.

- a) Complete the table below to explain how **three** different factors will affect the earnings of individuals. (AC 1.1)

Factor affecting earnings		Ways factor affects earnings
i		
ii		
iii		

b) Chris is paid a salary and his partner, Sophie, is a wage earner. Give details about the differences between a salary and a wage. (AC 1.2)

i) Chris receives a salary, which means that he will...

ii) Sophie earns a wage, which means that she will...

c) Read Nationwide Education Fact sheet - *Personal Finance Documents* (FB6) and the sample payslip provided.

Give reasons why there is a difference between gross and net pay. (AC 2.1)

- d) Personal allowances and tax rates normally change every year (usually on April 6th). Find out the personal allowance and tax rates for the financial year 2010/11 and 2011/12. (AC 2.2)

Personal allowance	£
2010/11	
2011/12	

	Tax rate % (2010/11)	Taxable Band £ (2010/11)	Tax rate % (2011/12)	Taxable Band £ (2011/12)
Basic rate		£0-£37,400		£0-£35,000
Higher rate		£37,401-£150,000		£35,001-£150,000
Additional rate		£150,000 +		£150,000+

- e) Now calculate the net pay for Jake and Mo. (AC 2.2)

!Remember that Income Tax is calculated on gross pay.

	Net pay for Ravvi	Net pay for Jake	Net pay for Mo
Tax year	2011/12		
Salary	£55,000	£23,000	£42,000
Tax rate (basic rate)	£5,505 = $(£35,000 - £7,475) \times 20\%$		
Tax rate (higher rate)	£8,000 = $(£55,000 - £35,000) \times 40\%$		
Tax rate (additional rate)	£0		
Total tax deducted	£13,505 = £5,505 + £8,000		
Net Pay (after income tax but before National Insur-	£41,495 = $(£55,000 - £13,505)$		

f) Give brief information about what National Insurance Contributions pay for.

g) Briefly describe why NI contributions are deducted from pay.

## 7.2 Careers and earnings

Review the Nationwide Education Fact sheet – *Careers* (FA5) and look at careers and jobs on the Job Centre website [jobseekers.direct.gov.uk](http://jobseekers.direct.gov.uk).

**7.2.1 Choose two careers that interest you, then research information about the salaries and pay structure of your two career choices to complete the table below.**

Career choice	1.	2.
Income / financial support during training		
Length of training		
Pay structure - how pay rises during career		

**7.2.2 Explain which of your career choices is the better financially:**

a) in the short term (giving reasons for your answer)

b) in the long term (giving reasons for your answer). (AC 3.1)

**7.2.3 Study the information below and answer the questions. (AC 3.2)**

Anna is a self-employed hairdresser. She provides a mobile service to care homes and individuals in private homes.

a) How is Anna's ability to pay her bills and plan her finances affected by her being self-employed?

Jane is a police officer. She is employed by the Metropolitan Police.

b) How is Jane's ability to pay her bills and plan her finances affected by her being employed?



Use this page to continue your assignment. Please include the number of the question or activity you are answering.





# Unit 8 - Saving and Spending

Read Nationwide Education Fact sheets - *Budgeting* (FB11) and *Money Saving Tips* (FB9) and complete the activity below. To see an example of a personal budget sheet go to the Nationwide Education Work sheet - *Budget Sheet* (WB3).

Use the blank pages at the end of this unit if you run out of space.

## 8.1.1 Activity 1 - Ways to save money

Think of three high-priced items or services you or your family have bought over the last few months and describe what you did to buy them and what you spent. Then, list things that you could have done differently, in order to save money. (AC 1.1)

Item or service	What you / your family did	What you spent	How you could have saved money
<i>eg new washing machine</i>	<i>Went to nearest Comet shop</i>	<i>£400 plus £9 to dispose of old one</i>	<i>We could have compared prices online and taken the old one to the local tip and saved £9</i>

### 8.1.2 Activity 2 - Savings accounts

- a) Look online or go to your local bank or building society branches. Investigate the different accounts available. Look at their interest rates, as well as the terms and conditions. (AC 2.1)

Which account would be the best for:	Bank or building society	Name of account	AER
1) Putting money that you need to access regularly?			
2) Keeping money that you are saving for a holiday?			

- b) Think of your own circumstances and how you save money. Describe one of the savings account that might be suitable for your personal savings and how you spend your money. If you don't currently have any savings, then suppose you receive a birthday gift of £100.

### 8.2.1 Activity 3 - Financial benefits if out of work

Read Nationwide Education Fact sheet - *Benefits* (FA3) and answer the questions below. (AC 2.1)

- a) What does the term 'benefits' mean?

- b) Who pays these benefits and to whom?

c) What is one difference between Jobseeker's Allowance and Employment Support Allowance?

d) Name some of the people that could be helped by Employment Support Allowance.

e) What's the most you can have in savings to qualify for Housing Benefit?

f) What is Carer's Allowance?

g) Who gets Child Benefit?

h) Describe the two parts, or 'components', of Disability Living Allowance.

i) Name a benefit that does not depend on the person's income.

j) What are National Insurance Contributions?

### 8.3.1 Activity 3 - Financial help for students aged 16 and over

Read Nationwide Education Fact sheet - *Financial Support* (FA4) and look at the Government website <http://moneytolearn.direct.gov.uk>. Then produce a leaflet for other students who are considering how to fund their education after GCSEs. (AC 3.1)

You need to include brief details about:

- a) the types of financial support available
- b) who is entitled to the support
- c) the amount of support
- d) whether or how the money has to be paid back.

**!Remember to include your leaflet with your completed Log Book.**

### 8.4.1 Activity 4 - A personal budget

- a) Think back to what you have done over the last month that has cost you money. Complete the box by describing what you did and what you spent. List things that could have been done differently in order to save money. (AC 1.1)

	What you did	What you spent	How you could have saved money
Transport			
Clothes			
Entertainment & leisure			
Food			

- b) Write down what you expect to receive as income and what you expect to spend next month. Throughout the next month, keep careful records of what you have spent and earned. Save shopping receipts and other financial documents that will help you remember how much you spent. (AC 4.2)

At the end of the month, compare what you budgeted and what you actually earned, saved and spent by using the budget sheet below. How could your budget be adjusted for the following month if you needed to save more money? (AC 4.3)

Income – description	Expected	Actual	Ways to increase income
<i>eg pocket money</i>	<i>£10.00</i>	<i>£8.00</i>	<i>Complete chores on time</i>
<b>Total income</b>			

Expenditure – description	Expected	Actual	Ways to save money
<i>eg bus fare</i>	£3.50	£4.00	<i>Walk to school on Wednesdays (no sports bag)</i>
<b>Total expenditure</b>			

- c) Thinking about planning further ahead for the coming year, try forecasting what your annual income and expenditure might be for each month. If you are paid weekly for any part-time work, some months may have more paydays than others. Also remember there will be some months when you are likely to earn or spend more than others, for example buying gifts or working during the holidays. (AC 4.2)

Month	Income	Spending
January		
February		
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		
<b>Annual Totals</b>		



- d) Your monthly and annual income should be greater than your spending to avoid dipping into your savings. Imagine your forecast shows spending is higher than your income, what three specific things could you do to ensure that your income becomes higher than your spending in the short term (ie less than one month) and what three things could you do in the medium term (ie within the year)? Analyse how easy the options would be including any possible consequences. (AC 4.3)

#### Short term (one month)

1.	
2.	
3.	

#### Medium term (one year)

1.	
2.	
3.	

Use this page to continue your assignment. Please include the number of the question or activity you are answering.

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# Unit 9 - Borrowing Money and Managing Risk

## 9.1 Activity 1

Read the following Nationwide Education Fact sheets - *Money Saving Tips* (FB9), *Tips for Managing Debt* (FB10), *Types of Debt* (FC1) and *Risk and Return* (FC3), and Work sheets *Saving and Borrowing* (WB4) and *Money Throughout our Lives* (WB5).

9.1.1 Prepare PowerPoint slides for a presentation to students or write an article for the school magazine to help their understanding of sensible borrowing, the risks in borrowing money and how to manage debt.

You will need to include:

- a) a comparison of **two** ways to borrow money for an expensive item such as a motorcycle. This must include information about:
  - the total cost of borrowing
  - the amount of the repayments
  - the time needed to pay back the money. (AC 1.1)
- b) describe what can happen if the money is not paid back? Give **four** things that can happen (AC 1.2)
- c) an explanation of the differences between two different types of debt. You may give examples to support your explanation (AC 1.3)
- d) examples of **four** different ways of avoiding debt. (AC 1.4)

**!Remember to include your presentation or article with your completed Log Book.**

## 9.2 Insurance

Read Nationwide Education Work sheet – *Insurance* (WC1) and answer the questions below. (AC 2.1)

Use the blank pages at the end of this unit if you run out of space.

**9.2.1 What is insurance and how does it work?**

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**9.2.2 Give three examples of situations where insurance might end up saving you a lot of money.**

a	
b	
c	

**9.2.3 Describe what an Extended Warranty is. What is the difference between a guarantee and an Extended Warranty?**

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**9.2.4 What type of insurance pays money to a person's family if they die?**

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**9.2.5 Describe the John Darwin case.**

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**9.2.6 Describe the two main types of insurance for the home.**

a	
b	

**9.2.7 For what types of events does travel insurance cover you?**

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**9.2.8 Which insurance is compulsory for drivers and what does it cover?**

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**9.2.9 If the NHS provides a free health service, why might some people choose to take out private medical insurance?**

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**9.2.10 Insurance is really about protecting against the risk of something happening that might end up costing you large amounts of money.**

Give three examples of situations where you might lose a lot of money by choosing NOT to take out insurance. Describe what might happen.

a	
b	
c	









# Unit 10 - Using Methods of Payment

## 10.1 Methods of payment

Read Nationwide Education Fact sheets - *Forms of Payment* (FB1-FB4) then answer the questions below.

Use the blank pages at the end of this unit if you run out of space.

### 10.1.1 Give one advantage and one disadvantage of paying by cash. (AC 1.1)

Advantage	
Disadvantage	

### 10.1.2 Explain what is meant by having a cheque 'cleared' and having a cheque 'bounce'.

'Cleared' means	
'Bounced' means	

### 10.1.3 Explain what PIN means and what could happen if you reveal your PIN to others.

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**10.1.4 Which form of payment might be best to use on holiday abroad and why?**

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**10.1.5 How old do you have to be to have a credit card and what is it used for?**

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**10.1.6 Compare the similarities and differences between a debit card and a credit card.**

Similarities

1.	
2.	

Differences

1.	
2.	

**10.1.7 What is one disadvantage of using store cards?**

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**10.1.8 What should you always aim to do when you get your monthly credit card and store card statement and why?**

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**10.1.9 Compare the similarities and differences between a direct debit and a standing order.**

Similarities

1.	
2.	

Differences

1.	
2.	

**10.1.10 Explain what electronic transfer and internet banking is and how you do it.**

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**10.1.11 Compare the similarities and differences between a payment by cheque and an electronic transfer from your online bank account.**

Similarities

1.	
2.	

Differences

1.	
2.	

### 10.1.12 Compare the similarities and differences between a debit card and cash card.

#### Similarities

1.	
2.	

#### Differences

1.	
2.	

### 10.2 Activity 1

Jenny makes the purchases listed below. Because she is 19 years old, she can choose from a wide range of ways to pay. Can you advise her on a sensible method of payment for each of her purchases? (AC 1.2, AC 1.3, AC 2.1)

Item	Suggest best payment method	One advantage of method	Potential disadvantage
Weekly supermarket shopping			
Cinema ticket from a website			
Flowers as a gift for her mum			

Item	Explain best payment method	One advantage of method	Potential disadvantage
A mobile phone bill (different amount each month)			
Bill from a plumber			
Coffee in a local café			
Necklace on a market stall			
CD player from electrical store			
A set amount of monthly rent			
Jacket in a high street fashion store			



Explain how you would make payments for the following goods and services:

Gas for your heating	
A monthly gift to a charity	
A subscription to an online magazine	
Daily milk delivery	

Suggest one other good or service which might be paid for regularly and explain the best method to pay for it.

### 10.3 Keeping track of payments

Read Nationwide Education Fact sheet - *Personal Finance Documents* (FB6) and refer to the financial documents listed below to help you answer the following questions. (AC 3.1)

- Bank statement
- Mobile phone bill
- Credit card statement
- Budget sheet

#### 10.3.1 How will Greg be able to check that his mobile phone bill has been paid?

#### 10.3.2 How much available credit does Greg have on his credit card?

#### 10.3.3 Greg withdrew cash twice. How did he make these transactions?

a	
b	

#### 10.3.4 How much is Greg charged for late payment on his credit card?

#### 10.3.5 How much VAT was Greg charged for his mobile phone use?

**10.3.6 What are Greg's monthly transport costs?**

**10.3.7 How did Greg increase his income this month?**

**10.3.8 How much interest did Greg receive this month?**

**10.3.9 How does Greg receive his earnings?**

**10.3.10 How did Greg pay for his meal at the Rose Restaurant?**

Now try the Nationwide Education Interactive Game 'Money Matrix' (Game Practice)  
*Finance Finder*.

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