

## 100% Sheet Money

### Key Terms

#### Bank account

An place where most people keep their money. This is because the bank will keep their money safe.

#### Debit Card

A card allowing the holder to transfer money electronically from their bank account when making a purchase.

#### Credit card:

A card allowing the owner to borrow money to pay for goods. The money does not come out of your bank account and you will have to pay it back monthly.

#### Debt:

When a sum of money is owed. This can be owed to a bank, a company or a person.

#### Payday loan:

A loan designed to be taken out over a short period of time. Interest rates for payday loans are very high and can cause people financial problems.

### Living on a budget

The best way to manage your money is to budget. **Budgeting is when you plan how you are going to spend your money each month.** When you budget it is important to put money aside for the essentials such as food, rent and bills. If you have any money left then you should save some. **Saving is important as that money can help you in the future,** for example if you need money to pay for an emergency. Whatever is left is yours to spend.



### How do people get into debt?

At some point in their lives most people will be in some kind of debt. This is because things such as houses are expensive and you need to borrow money to buy them.

However people also get into debt because they borrow money from payday loan companies and on credit cards and they do not pay it back.

This can cause people lots of problems. For example other companies or the bank may not want to lend you money in the future. Money issues can also make people feel stressed and unhappy.



### Credit card v. Debit card

#### Credit cards

Positive	Negative
Useful in an emergency if you do not have enough money.	It is very easy to spend money that you can't pay back and you can get into debt.
You can spread the cost of expensive items.	It may cost more to buy something using a credit card as some charge <b>interest</b> .

#### Debit cards

Positive	Negative
You can only spend money that you have in your bank account.	If you lose debit card people have access to your bank account.
Most people can have a debit card even if they are under 18.	It is easy to lose track of how much money you spend.

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