Managing Money

A guide for people on the autism spectrum
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Welcome to the Managing Money workbook

This workbook is for people with an autism spectrum disorder (ASD) who want to learn more about how to manage their money. Research tells us that lots of people with an ASD would like to learn more about this and we’re grateful to the Financial Services Authority for funding this workbook as part of their National Strategy for Financial Capability. If you prefer to learn online, there is an online version of this workbook. The website address is: www.managingmoney.org.uk

It is important to manage your money effectively to avoid getting into debt, which can cause stress and anxiety. This workbook has 25 sections to help you learn about all the different ways of managing your money.

The 25 sections are divided into three topics:

› Money Coming In
› Keeping Money
› Money Going Out

You can complete the sections in any order you like, and you can work through the sections at your own pace.

Some sections may not be relevant to your situation at the moment but we recommend that you complete all of them, as some of the information might be useful to you in the future.

Words in blue are explained in a glossary at the end of the workbook.

At the end of each section, we will ask you questions about what you have learnt. If you can get all of them right, you’re probably ready to move on to the next section. If there’s anything that doesn’t make sense, or you have any ideas for improving this workbook, please email us at financial.capability@nas.org.uk or write to us at:

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The National Autistic Society
2nd Floor
Church House
Church Road
Filton
Bristol
BS34 7BD
Introduction

Having a bank account or building society account can be a very useful way of managing your money. In this section you will learn:

- why you might want to have a bank account
- how to choose the right account for you
- different ways to manage your account
- how to open a bank or building society account.

Why have a bank account?

There are lots of reasons why people decide to open a bank account.

- A bank account is somewhere safe to keep money until you want to spend it.
- You can pay money from wages or benefits directly into your bank account, rather than receiving it in cash.
- With a bank account you have different ways to pay for things. As well as using cash, you can pay for things by debit card, cheque, direct debit or standing order.

Case study

Because she has a bank account, Sally can buy things using the internet, which she couldn’t do with cash.

Other reasons to have a bank account

Here are other reasons people might choose to open a bank account.

- The bank may pay you interest on the money in your account as a reward for keeping it there.
- You can use direct debits and standing orders to pay regular bills, so that you don’t forget to pay them.
- You may be able to borrow money from your bank if you need to. You can learn more about this in the Borrowing money section on page 21.
- Having a bank account can help you get a credit record. This is a record of your financial activities. If you ever need to borrow money, the lender will want to see that you have a good credit record.

Choosing the right account for you

There are several different types of bank account. The type you choose will depend on what you want a bank account for. So let’s look at four common kinds of bank account:

- basic bank account
- current account
- savings account
- post Office® card account.
Basic bank account

A basic bank account is the simplest type of bank account. You can pay money into the account (for example benefits, wages and tax credits) and you can get money out of your account using a cash card.

Disadvantages
› You won’t have a cheque book.
› You cannot ask for an overdraft.

Current account

This is the kind of bank account that most people have. You can arrange for money such as benefits, wages and tax credits to be paid directly into your current account.

You can spend money in your current account using a cheque book or debit card. You can also arrange standing orders and direct debits. You may also be able to arrange an overdraft.

Advantages
› Gives you a cheque book and debit card.
› More options than a basic account (eg an overdraft).
› You may earn interest on money left in the account.

Disadvantages
› You could go overdrawn.
› You normally need a good credit record to get one.
Savings account
A savings account is for money that you might not want to spend so often.

With a savings account you have fewer options that with a current account. For example, with a savings account you won’t get a cheque book or debit card. But you normally get more interest on your money in a savings account compared to a current account.

With some savings accounts you can’t get money out straight away. You may have to tell your bank a few days or even weeks before you want to take money out.

Advantages
› Usually pays you more interest than a current account.
› You may get a cash card.
› Can help you save money.

Disadvantages
› You can’t pay bills easily from a savings account.
› You don’t get a debit card.
› You may not be able to access the money straight away.

Post Office® Card Account
This is a very simple account that you can use to receive benefits, like state pensions, and tax credit payments.

No other payments can be paid into it, so you can’t pay in things like Housing Benefit or wages. The only way to collect payments is over the counter at a Post Office® branch or from a Post Office®-branded cash machine.

This sort of account may suit you if you want a simple account that won’t let you go overdrawn or have any bank charges. You don’t need to have a credit check to open this account. All you need is a ‘letter of invitation’ from the government department dealing with your benefits – they might send you this automatically or you can ask for one.

Advantages
› Simple to use.
› You won’t need a credit history or good credit record to open one.

Disadvantages
› You can only use it to receive some benefits.
› You don’t get a debit card.
› You can’t use it to pay bills.

Activity
Complete these sentences by matching the two halves together.
› The most common sort of bank account is called a...
› An account used mainly for savings is called a...
› A basic bank account will not let you...
› A Post Office Card Account...
› ...current account.
› ...go overdrawn.
› ...savings account.
› ...is a type of bank account offered by the Post Office.
Different ways to manage your account

There are several different ways to manage a bank account. Before opening an account it’s worth thinking about which one is right for you.

For example, do you want to visit the bank to manage your account, or would you rather use the telephone or internet?

Let’s look at the different options so you can think about which might suit you best.

**Visiting your bank**

Some people want to visit their local bank to pay in money, pay bills and take money out.

If there’s a bank near where you live, you have the option of visiting the bank to manage your account.

Some people find that visiting the bank is convenient. They like the personal contact of talking to bank staff.

**On the telephone**

Some people prefer to manage their bank account without visiting their local bank. For example, you can pay bills over the telephone with some bank accounts.

You can also use the telephone to check how much money is in your account, for example. If you need to pay in a cheque you can usually do this by post or at a bank branch.

If you like the idea of telephone banking, make sure you choose a bank that offers this service.

**On the internet**

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Many people now manage their bank accounts online. You can pay bills, check the money in your account and set up direct debits from your computer 24 hours a day.

The advantage is you can do your banking whenever you like, but of course you need to feel comfortable about managing your account online.

You will also need to make sure that your computer is secure in order to avoid fraud. You can learn more about staying safe online in the Scams, identity theft and staying safe section on page 61.

How to open a bank account

So far we’ve looked at different types of bank account, and different ways of managing your account. Now let’s look at what’s involved in actually opening an account, including:

› filling in application forms
› giving the bank proof of your identity.

Filling in the application form

When you open a bank account you will need to fill in an application form. This may be a paper form, or it may be online if you are opening an internet account.

Don’t worry if you can’t fill in all the boxes on the form. It’s OK to leave some boxes blank.

Always read all the terms and conditions carefully, as you need to agree to them. Ask someone you trust for advice if you are not sure about something.

Proving your identity

To open an account you will need to show the bank two documents, to prove who you are. You will normally need to provide:

› one identity document, like a passport or driving licence
› one recent utility bill (no more than three months old) with your name and current address on it.

The bank may also accept other documents, like a letter from a doctor who has known you for a long time.

You can learn more about how to prove your identity in the Proving your identity section on page 79.

Using your bank account

In the next section you’ll learn more about how to use your bank account.

To find out more about banking and bank accounts visit the Money Made Clear website at: www.moneymadeclear.org.uk
Question 1
A bank account is a good place to:
☐ a) meet people
☐ b) send letters
☐ c) keep money safe until you want to spend it
☐ d) claim benefits.

Question 2
If you manage your bank account online you:
☐ a) have to visit your local bank to pay bills
☐ b) will not be able to get a debit card
☐ c) can get access to your account 24 hours a day
☐ d) should tell other people your password.

Question 3
If you want to open a bank account you will need to:
☐ a) have your own flat
☐ b) be over 21 years old
☐ c) get a job
☐ d) fill in an application form.

Question 4
To open a bank account you need to show proof of identity in order to:
☐ a) prove you are who you say you are
☐ b) prove you have enough money
☐ c) prove you’ve got a job
☐ d) prove you’ve had a bank account before.

Answers:
Question 1: c  Question 2: c  Question 3: d  Question 4: a
Introduction

There are different ways you might be able to use your bank account. In this section you will learn about:

- paying in money
- using a cash machine
- using a cash or debit card
- paying by cheque
- Direct Debits and standing orders.

Your sort code and account number

When you open a bank account you will be given a sort code and a bank account number.

- The sort code is a six digit number (eg 40-25-32) which is unique to your bank and branch – it tells people where you bank.

- Your account number is an eight digit number (eg 12345678) unique to your account. Every account number is different.

You will need to tell people your sort code and account number if you want them to pay money into your bank account.

Your sort code and account number will be printed on your bank statement, cash/debit card, cheque book and paying in book.

Paying cash into your account

Sometimes you might want to pay cash into your account.

To do this you will need to visit the bank and fill in a paying-in slip. The bank will take your money and paying-in slip and give you a receipt to show that they have received your cash and paid it into your account.

You will be given a book of paying-in slips when you open your account, or you can get a slip at the bank. Some accounts let you pay money in at a Post Office® too.

Never send cash to your bank through the post, just in case it gets lost.

Paying cheques into your account

If someone gives you a cheque you can pay it into your account at your bank in the same way as cash, using a paying-in slip. Some accounts let you pay cheques in at a Post Office® too.
If you prefer, you can post your cheque to the bank, along with your paying-in slip. It’s safe to put a cheque in the post because it’s only valuable to you and your bank.

If you pay in a cheque it normally takes three working days before you can use the money.

**Receiving wages and benefits**

If you receive wages or benefits you can ask for these to be paid straight into your account. Whoever is paying you the money will need to know your bank account number and sort code.

If you are expecting money to be paid into your account automatically, you’ll need to check your bank statement to make sure it has arrived.

**Spending your money**

Just as there are different ways to pay money into your account, there are different ways of spending money in your account too.

The four most common ways of paying for things using a bank account are:

- by cash
- by debit card
- by cheque
- by Direct Debit/standing order.

**Using a cash machine**

The quickest way to take money out of your bank account is using a cash machine (also called an ATM). To do this, you’ll need a cash/debit card, which your bank will usually give you when you open your account.

It’s important to use cash machines safely. You can watch the *Staying safe at cash machines* video at [www.managingmoney.org.uk](http://www.managingmoney.org.uk)

Your cash/debit card lets you get money from any cash machine, not just those operated by your own bank.

Some cash machines also let you choose which language you would like to use on the screen. There might also be an option to top up your mobile phone.

Your cash card usually acts as a debit card too. When you pay for things in a supermarket using your card, you might get the option to take out some cash from your bank account at the same time – this is called ‘cashback’.
**Paying by debit card**

Some bank accounts give you a debit card. A debit card gives you an alternative to paying for something by cash.

When you pay by debit card you put your card into a small machine and enter your four digit PIN number. Your bank will send you this PIN number after they send your debit card.

When you buy something with a debit card the money is taken from your account either straight away or the next working day.

**Paying by cheque**

Some bank accounts will give you a cheque book too. You can use cheques to pay for things either at a shop or by post.

You’ll need to write on the cheque the date, the name of the organisation or person you are paying, and also the amount you want to pay them. Then you’ll need to sign it.

When you fill in a cheque, you should draw a line through any blank spaces so other people cannot add number or names.

You need to make sure you have enough money in your account for the amount written on the cheque. Otherwise your cheque will bounce and you will be charged a penalty fee. A bounced cheque means your payment does not get made and you might be charged a penalty by the person or organisation you wanted to pay.

**Direct Debits and standing orders**

If you need to make regular payments to the same person or organisation, you might want to set up a Direct Debit or standing order.

With a Direct Debit and standing order the money automatically comes out of your account each month, without you having to remember to pay it.

With a standing order you pay the same amount each time, but with a Direct Debit you can pay different amounts each time.

Common things to pay by Direct Debit and standing order include:

- gas, electricity and telephone bills
- rent, mortgage and council tax payments
- annual membership fees.
Activity

Complete these sentences by matching the two halves together.

› Your account number...
› You will need to give someone your bank sort code and account number if...
› To buy things with a debit card you will normally need...
› A standing order is a way to...
› ...you want them to pay money directly into your account.
› ...is a number unique to you.
› ...make regular payments to the same person or company.
› ...a PIN number.

Keeping track of your money

Once you start using your bank account you’ll need to keep track of how much money you have in it. There are different ways to do this including:

› looking at your bank statements
› calling your bank
› checking online
› checking at a cash machine.

If you spend more than you have in your account, you may be charged a penalty fee. So it’s important to keep track of what’s in your account.

Checking your bank statement

If you have a bank account, your bank will send you a regular statement, usually once a month. With an online account, you can ask to get your statements online, instead of on paper.

Your bank statement is important because it tells you how much money you have in your account. It’s a list of all your transactions that month, so it shows you everything you’ve spent and everything that’s come into your account.

The most important thing on your statement is usually the balance at the bottom. This tells you how much was in your account at the time the statement was printed.

Checking your account by telephone

Most banks have a telephone banking service that lets you check your account by phone. You can check details of your account by phone as often as you like.

Some telephone banking services are automated so you don’t need to speak to anyone. But there’s usually an option to speak to someone if you prefer.

To use the telephone banking service you’ll need to have your bank account number and sort code ready. And you’ll need to do a security check to prove who you are. This normally means answering questions that you agreed with the bank when you opened the account.
Now that you’ve finished the section on Using a bank account, try answering these four questions:

**Question 1**
Which of these is not a way you can pay for something with a bank account?
- [ ] a) Direct Debit
- [ ] b) Cheque
- [ ] c) Debit card
- [ ] d) Postal order.

**Question 2**
If you have a bank account you should never pay in cash:
- [ ] a) by post
- [ ] b) at a branch
- [ ] c) using a paying-in slip
- [ ] d) at the weekend.

**Question 3**
Which of these is not a way of checking how much money is in your bank account?
- [ ] a) By telephoning your bank
- [ ] b) By reading your bank statement
- [ ] c) By looking in the newspaper
- [ ] d) By checking online.

**Question 4**
Which one of these won’t you get when you open a bank account?
- [ ] a) A paying-in book
- [ ] b) An account number
- [ ] c) A cash card
- [ ] d) A £10 voucher.

Answers:
- Question 1: d
- Question 2: a
- Question 3: c
- Question 4: d

---

**Checking your account online**

If you are confident about your computer security you can also set up internet banking and check your account online 24 hours a day.

With both internet and telephone banking you’ll need to set up some passwords and keep them secret from everyone but you.

**Using a cash machine to check your balance**

You can also check your balance using a cash machine.

Insert your card as if you were going to withdraw money. On the screen there’s an option to request a balance. You can also request a mini-statement showing recent transactions.

To find out more about banking and bank accounts visit the Money Made Clear website at: www.moneymadeclear.org.uk

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Section 3: Benefits

Introduction

Benefits are money paid to you by the government. In this section you will learn about:

› who can claim benefits
› different sorts of benefits
› how to claim benefits
› the most common benefits for people with autism
› where to go for more help.

What are benefits?

Benefits are money paid to you by the government. There are around 40 different types of benefit, each with its own name.

Benefits are either paid every week, every two weeks, or in some cases every four weeks. The three most common benefits claimed by people with autism are called:

› Disability Living Allowance
› Employment and Support Allowance
› Incapacity Benefit.

Later in this section we’ll explain more about these three benefits.

Claiming a benefit

If you want to get a benefit you have to fill in a form. This is called claiming a benefit.

Each benefit has a different form. If you want to claim a benefit you will need to use the right form for that benefit.

If you need helping getting hold of a benefit form, call the Benefits Enquiry Line on 0800 882200. They will be able to send you the form you need.

Filling in a benefit claim form can be complicated, so get help from someone you trust, if you need to.

Who can claim benefits?

Every benefit has different rules about who can claim it. To get a benefit you will need to show that you meet the rules for that benefit. That’s why you fill in a form – to show that you meet the rules.

If you don’t meet the rules you won’t be able to get that benefit, though you might still be able to apply for other benefits.

Remember, if you have any questions about benefits, call the Benefits Enquiry Line on 0800 882200. You can also call the Autism Helpline on 0845 070 4004.

Case study

James gets Disability Living Allowance because he needs people to look after him and keep him safe.
**Rules about who can claim benefits**

The rules about who can claim different benefits are quite complicated. But there are three main types of benefit:

- **Contributory benefits** are only given to people who have paid enough National Insurance contributions.
- **Means-tested benefits** are only paid to people whose income and savings are below a certain limit.
- **Non-contributory and non means-tested benefits** depend neither on National Insurance contributions nor income or savings.

**Activity**

Complete these sentences by matching the two halves together.

- **Benefits are...**
- **If you want to get a benefit you will need to...**
- **Filling in a form for a benefit is called...**
- **If you have any questions about benefits you could...**
- **...making a benefit claim.**
- **...money paid to you by the government.**
- **...call the Benefits Enquiry Line on 0800 882200.**
- **...fill in a form.**

**The right benefits for you**

It can be hard working out which benefits to claim. But there are plenty of people who can help you claim the right benefit for you. These people are called benefits advisers.

You can talk to a benefits adviser by calling the Benefits Enquiry Line on 0800 882200. You can also check which benefits you might be able to claim using the Benefit Adviser online tool at: [www.direct.gov.uk/benefits](http://www.direct.gov.uk/benefits)

You can also visit a Jobcentre Plus office and ask to speak to an adviser. Or you can call the Autism Helpline on 0845 070 4004.

**Which benefits might I claim?**

There are around 40 different benefits. Here are some of the benefits you might be able to claim, depending on your circumstances:

- Disability Living Allowance
- Employment and Support Allowance
- Incapacity Benefit
- Carers Allowance
- Council Tax Benefit
- Educational Maintenance Allowance
- Housing Benefit
- Income Support
- Jobseekers Allowance
- Social Fund.

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Disability Living Allowance

The most common benefit paid to people on the autism spectrum is called Disability Living Allowance (DLA). It’s paid to people with long-term disabilities who are aged under 65 when they claim. You can get Disability Living Allowance even if you are working or studying.

The amount of money you can receive from Disability Living Allowance depends on:

- the amount of support you need to get out and about
- the amount of care and supervision you need.

Support with getting out and about

Lots of people with autism need help to get out and about, especially when walking on unfamiliar routes. For example, you might get lost easily or need help with crossing the road safely.

You might also get anxious when out and about, or be upset by loud noise. Maybe you’re unable to walk, or find walking difficult.

If you experience any of these difficulties, you might be able to claim Disability Living Allowance.

If you need care and supervision

Lots of people with autism need someone’s help to stay safe.

For example, you might not be able to stay in the house too long by yourself, in case you have an accident.

If you need someone to help you stay safe then you might be able to claim Disability Living Allowance too.

Case study

Adam needs people around him to keep him out of danger and stop him hurting himself.

Helping with claiming Disability Living Allowance

Claiming Disability Living Allowance can be quite complicated and you need to fill in a long form.

Disability Living Allowance is also paid at different rates. Some people receive more Disability Living Allowance than others, because they need more support.

The National Autistic Society has a factsheet all about Disability Living Allowance. It might be helpful to read this factsheet if you want to apply for Disability Living Allowance.

If you would like a factsheet, you will need to contact the National Autistic Society. You’ll find the address and phone number in the Resources section on page 137.
Employment and Support Allowance
Employment and Support Allowance is another benefit that people with autism often claim.

Employment and Support Allowance is paid to people who have a limited ability to find paid work, or cannot work at all, because of their illness or disability.

To get Employment and Support Allowance you will need to have a medical assessment.

Incapacity Benefit
Incapacity Benefit has now been replaced by Employment and Support Allowance. But people already receiving Incapacity Benefit will continue to get it.

Incapacity Benefit is paid to people who are unable to work.

To find out more about Incapacity Benefit or any of the benefits mentioned in this section, call the Benefits Enquiry Line on 0800 882200.

You can also call the Autism Helpline on 0845 070 4004 or visit www.autism.org.uk/enquiry and complete the online enquiry form.

Other common benefits
Other common benefits claimed by people with autism are:

- Carers Allowance – paid to people who care for someone with a disability
- Council Tax benefit – to help pay for your Council Tax bill
- Educational Maintenance Allowance – for young people aged 16-18 in full-time education
- Housing Benefit – to help cover the cost of paying for your home
- Income support – for people on a low income
- Jobseekers Allowance – paid to people who are unemployed but looking for work
- Social Fund – provides payments, loans or grants to help with essential expenses
- Working Tax Credit disability element - can top up a low income where your disability affects your earnings from work.

What happens after I claim a benefit?
To claim a benefit you must fill in the right form for that benefit. The government will then assess your application to check if it meets the rules for that benefit.

You will get a letter telling you whether or not you can claim the benefit. If you are able to claim the benefit, you will start receiving the money.

What happens if I can’t claim the benefit?
If you can’t claim the benefit, the government will write to you explaining why they have refused your claim.

If you are not happy with the decision then you can challenge it.

If you want to challenge a decision about your benefit claim, you might find it helpful to call the Autism Helpline on 0845 070 4004.
What are Direct Payments?

Some people with autism now get Direct Payments from the government.

Instead of getting help from the local council, for example with care and support, you can now get money to buy your own care and support instead.

To find out more about Direct Payments, call the Autism Helpline on 0845 070 4004 or visit www.autism.org.uk/enquiry and complete the online enquiry form.

Getting help and advice about benefits

With so many different benefits it can be difficult to know which ones to claim.

It’s also easy to miss out on benefits because you have not claimed the right ones, or have not filled in the form correctly.

That’s why getting advice and support with benefits is important – so that you can get the money you have a right to.

Welfare rights advisers

If you need help claiming a benefit, or are unsure which benefit to claim, you can either speak to a benefits adviser or a welfare rights adviser.

Welfare rights advisers can help with queries about benefits but also might be able to help with other things that affect your life too.

If you would like to speak to a welfare rights adviser, try contacting your local council or Citizens Advice.

The National Autistic Society also has a Welfare Rights Service. To make an appointment to speak to an adviser, call the Autism Helpline on 0845 070 4004.

Question 1

One of the most common benefits claimed by people with autism is:

- a) Disability Cost Allowance
- b) Disability Living Allowance
- c) Disability Expense Allowance
- d) Disability Care Allowance.

Question 2

Employment Support Allowance is paid to people who:

- a) have a limited ability to work
- b) manage their own company
- c) are still at college
- d) employ more than three people.

Question 3

Appealing against a benefit decision is when:

- a) you receive the benefit you have applied for
- b) you decide not to claim a benefit after all
- c) you are refused a benefit and want to challenge the decision
- d) you ask for a claim form for the first time.

Question 4

If you have a question about benefits it’s best to:

- a) keep it to yourself
- b) look in a magazine
- c) call the Benefits Enquiry Line on 0800 882200
- d) ask a stranger.
Introduction

This section is all about borrowing money. Borrowing simply means using someone else’s money to pay for something, rather than money you have saved or earned. In this section you will learn:

› different reasons people borrow money
› tips for sensible borrowing
› where you can borrow money from
› the costs of borrowing money
› how credit reference agencies work.

But it’s important to remember that borrowing money has a cost. So it’s helpful to ask yourself two questions: ‘Do I really need it?’ and ‘How will I pay it back?’

Case study

Soraya needed £600 as a deposit on a rented flat. She didn’t have that amount in the bank so arranged to borrow it from her bank and pay it back over 12 months.

Tips for sensible borrowing

Borrowing gives us the money we need to buy these things quickly. But you have to pay back all the money you borrow and you have to pay some interest too. So before borrowing it’s a good idea to ask yourself these important questions:

› Do I really need it? Lots of people borrow money for things they don’t really need. Think carefully about whether you could do without it, or save up for it instead.
› Can I afford it? If you borrow money, how much will the repayments cost? The best way to decide if you can afford the repayments is to do a budget sheet.

You will learn more about budgeting in the Budgeting section on page 35.
Tips for sensible borrowing

Here are two more important questions to ask before you borrow money:

- **Are you getting the best deal?** Do you understand what it will cost to borrow the money?
- **How soon can you repay the loan?** Never take out a loan for longer than necessary. The sooner you pay the money back the cheaper the loan will be.

Ways to borrow money

There are lots of ways you can borrow money, for example:

- from friends and family
- from a bank
- using a credit card
- from a money lender.

Over the next few pages we’ll look in a little more detail at places to borrow money. If you ever need to borrow money, you’ll need to decide which is best for you.

Borrowing from friends and family

Some people borrow from close friends and family. This can be fine, but remember that some people don’t like to be asked to lend money.

If you do borrow from someone you know, make sure you pay it back before they have to ask you for it.

Agree in advance when you are going to pay the money back and put it in writing. Treat loans from friends and family in the same way as you would any other loan.

Borrowing using an overdraft

If you have a bank account you might be able to get an overdraft. This is when the bank gives you permission to spend more money than you have in your account at present.

For example, they might agree that you can spend up to £200 more than you have in your account. This is called going **overdrawn**.

Remember, an overdraft is just a loan and you will need to pay it back. You may also have to pay interest on the amount you are overdrawn, unless you have a student account where most overdrafts are interest-free. If you go overdrawn without asking for your bank’s permission, the interest charges may be very high.

Borrowing with a credit card

If you have a credit card then you are borrowing money from the credit card company every time you use it.

So, for example, if you’ve bought £200 worth of goods on your credit card, it means you owe the credit card company £200.

At the end of each month the credit card company will tell you how much you owe them. If you pay them the whole amount each month they will not normally charge you for using your card.
If you pay them less than the £200 you owe, you will need to pay interest on the total amount you have spent on the card. This can get very expensive as credit card companies usually charge high rates of interest.

**Borrowing using a store card**

Lots of big shops offer their own store cards. These work just like credit cards. You can use the card to buy things from the shop but you must pay the money back.

The interest rates on store cards are usually high, so this can be an expensive way to borrow money.

With credit cards and store cards you will need to make a **minimum payment** each month. If you don’t pay the minimum payment, or pay it late, then you will be charged money.

**Borrowing with a personal loan**

A personal loan is when you borrow an agreed sum of money, for example £1,000. £1,000 is the minimum that some banks will lend on a personal loan. You then pay the money back in fixed instalments over an agreed period of time. For example, you might pay £30 a month over several months.

You can get personal loans from banks – you don’t have to go to your own bank, you can look around for the best deal. You can also get a loan from some shops too, for example, they might loan you the money you need to buy furniture or a car from them. You can get a loan from a credit union if you belong to one.

A loan from a bank or shop is a legal contract and there could be serious consequences if you don’t pay it back. For example, be very cautious about ‘secured’ personal loans, where the lender can take something valuable that you own, like your home, if you do not keep up your repayments.

**Borrowing from a catalogue company**

You can use catalogues to buy lots of things including clothes, furniture or electrical goods.

If you don’t have enough money to pay for them right away, the catalogue company will lend you the money, which you will then need to pay back over several weeks or months.

Borrowing money in this way can be expensive because catalogue companies often charge a high rate of interest and also their prices may be higher than you would pay in a shop or on the internet.

**Borrowing using hire purchase**

This is a bit like getting a loan. If you can’t afford to buy an expensive item (like a car, cooker or washing machine), the retailer will let you have the item right away and you agree to pay the money back over a period of time.

But the item remains the property of the shop or company until you have made all the payments for it.

Until you finish paying for it you are hiring the item from the company. If you don’t make a payment, they can take the item back or **repossess** it.
Borrowing from the Social Fund

If you are claiming benefits you might be able to get a loan from the **Social Fund** – a government scheme that offers interest-free loans to people on low income.

The Social Fund offers loans for certain important costs, like the cost of looking for work or buying certain important items. They also offer loans in a crisis or emergency.

Although the loans are interest-free you still need to pay the money back.

Borrowing from doorstep lenders

Some companies send salespeople to your home to offer you a loan.

If you agree to borrow from a **doorstep lender** they will then come back to your home every week or month to collect your repayments until the load is paid off.

Some doorstep lenders charge very high rates of interest so borrowing from a doorstep lender can be very expensive. It is advisable not to borrow from a doorstep lender, it is better to compare the prices of borrowing money and choose a lender for yourself. You can learn more about comparing prices in the **How to get the same for less money** section on page 73.

Some doorstep lenders are not legal and you should not borrow from an illegal doorstep lender. A doorstep lender is only legal if they have a proper license or authorisation. You can check whether a lender has a license by calling the Consumer Credit Public Register on 020 7211 8608.

Borrowing from a loan shark

A **loan shark** is an illegal money lender who tries to get you to borrow money – usually by visiting your home. Unlike a legal doorstep money lender, a loan shark will not have a licence.

Never borrow money from a loan shark. They almost always charge very high rates of interest and can be threatening if you miss a payment.

If you suspect someone of being a loan shark, or are having difficulties with a doorstep money lender, you should ask for help from someone you trust.

Borrowing from a credit union

A **credit union** is owned and run by its members, for its members. You can save money with a credit union but you can also borrow money from it too.

Credit unions often charge lower rates of interest than other lenders, but they might not be able to lend you money until you have shown that you can save money with them too.

You’ll need to find out if there is a credit union in your area and contact them to find out about their rules. You can call the Association of British Credit Unions on 0161 832 3694.
Activity

Match up the following questions and answers:

› Who might give you an overdraft?
› Who comes round to your house to collect payments?
› Who offers interest-free loans to people on low incomes?
› What’s an illegal money lender called?
› Your bank
› A doorstep money lender
› The Social Fund
› A loan shark

What are the costs of borrowing money?

Now that we’ve talked about different ways of borrowing money, let’s talk about what it costs.

If you are borrowing money you usually have to pay back more than you borrowed. This is because the lender usually charges you interest for borrowing from them.

For example, if you borrow £250 and pay it back over 12 months you will end up paying back more than £250 in total.

The question is: how much more will you need to pay?

Case study

Lulzim borrowed £400 for a washing machine and paid the loan back over 18 months. Including the interest he paid back £460. So the cost of borrowing the money was £60.

Work out the cost of borrowing

Working out the cost of borrowing can be tricky, but to help you there is something called APR.

APR stands for Annual Percentage Rate. By law, all lenders must tell you the APR on the loan you are thinking of taking out.

By comparing the APR of different loans you can see which is cheapest. A loan with a lower APR is cheaper than one with a higher APR. But you still need to decide whether you can afford the monthly repayments. A loan with a lower APR may have higher monthly payments that you pay back over a shorter time, and a loan with a higher APR may have lower monthly payments that you can pay back more slowly.

How is APR calculated?

Generally, loans with a lower APR are better deals than those with a higher APR. So a loan with an APR of 4.5% is usually a better deal than one with an APR of 5.5%.

The APR of a loan is calculated by taking into account:

› the interest rate on the loan
› how long you are borrowing the money for
› other fees connected with the loan.
Case study

Indira was going to take out a loan with an APR of 4.0% but then shopped around and found one with a lower APR of 3.5%. She saved herself several pounds a week.

Are your payments fixed or variable?

Another important question to ask when taking out a loan is whether the repayments are fixed or variable.

If the repayments are fixed, it means they will stay the same for the whole length of the loan.

If they are variable it means the amount you pay could go up, if interest rates go up.

How long is the loan for?

The length of the loan will also affect how much the loan costs.

For example, if you borrow £500 and pay it back over three years, you will pay back more than if you borrowed the same amount and paid it back over six months.

In general, try and pay loans off quickly as this works out cheaper overall.

Are there other fees and conditions?

Before taking out a loan you should find out about any other fees and conditions. For example:

- if you suddenly find you have spare money, can you pay back the loan more quickly?
- will you have to pay a fee for missing a payment?
- will you have to pay a fee for going over your overdraft limit?

What is a credit reference agency?

Before lending you money, lenders will want to check your credit record.

If you’re an adult living in the UK, it’s almost certain your name and details are stored in the files of a credit reference agency.

Before agreeing to lend you money, the lender will contact a credit reference agency to ask about your credit record.

Those two questions again!

Remember, before you take out a loan, think carefully about these two important questions:

- do I really need it?
- can I afford it?
Now that you've finished the section on Borrowing money, try answering these four questions:

**Question 1**
Which one of these is the least important thing to ask yourself if you’re thinking of taking out a loan?
- a) Do I really need the thing I’m thinking of buying?
- b) Can I afford the repayments?
- c) What’s the cheapest way of borrowing the money?
- d) How can I get the money fastest?

**Question 2**
APR stands for:
- a) Annual percentage rate
- b) Annual profit rate
- c) Annual pass rate
- d) Annual performance rate.

**Question 3**
Comparing the APR of different loans is a good way of working out:
- a) which loan is likely to be cheapest
- b) which loan will offer me the most money
- c) which loan is easiest to arrange
- d) which loan has fewest complications.

**Question 4**
Naomi and Rachel borrow £400 each to pay for a holiday.
The loans are the same except for one important difference: Naomi pays her loan back over one year but Rachel pays hers back over six months. Naomi ends up paying back more than Rachel because:
- a) she has borrowed more money
- b) she’s taking longer to pay back the money
- c) the interest rate is higher
- d) she’s borrowing from a different lender.

**Answers:**
Question 1: d  Question 2: a  Question 3: a  Question 4: b
Section 5: Working and taxes

Introduction

This section is about working, and some of the taxes you might have to pay if you are in work. In this section you will learn about:

- different kinds of work
- taxes you might pay if you have a job
- the difference between gross and net pay
- tax forms
- help with finding work.

Different kinds of work

There are three different kinds of employment.

- Most people are employed by a company, business or organisation. They are employees of that company and receive wages or a salary.
- Some people are self-employed. That means they work for themselves or have their own small business.
- Some people work as volunteers. Volunteers work for a charity or another organisation but do not get paid. They do not need to pay taxes as they do not earn any money.

What is Income Tax?

Income Tax is money that people who work usually pay to the government.

The government uses Income Tax to pay for things like schools, hospitals, roads and the army.

People on a low income do not pay Income Tax. At present, most people can earn up to £6,475 without paying any Income Tax.

Once your income is over £6,475 you have to start paying Income Tax.

Case study

Yeun earns only £2,000 a year so she does not have to pay Income Tax. Her brother earns £25,000 a year so he has to pay Income Tax.

How much Income Tax might I pay?

The more you earn the more Income Tax you pay. The amount of Income Tax you pay can change from year to year.

At present, if your income is over £6,475, you have to pay 20p of every £1 you earn to the government.

So for every extra £1 you earn, the government takes 20p.

If your income is between £37,400 and £100,000, the government currently takes 40p of every £1 you earn.
How do I pay Income Tax?
If you are an employee, Income Tax is normally taken off your wages or salary automatically by your employer.

So you do not need to do anything to pay the tax, it happens automatically.

If you look on your payslip it will show you how much tax you have paid that week or month.

If you are self-employed, you need to fill in a tax return every year and pay the tax you owe in instalments.

The more you earn the more National Insurance you pay. You can find out the current National Insurance rates at www.direct.gov.uk/nationalinsurance

If you are an employee and you pay National Insurance, it will normally be taken from your wages or salary automatically, like Income Tax.

There are different National Insurance rates and payment arrangements if you are self-employed. You can find out more on the HMRC website: www.hmrc.gov.uk/selfemployed/

National Insurance number
Everyone in Britain should have a National Insurance number (eg FH123456A).

This is a number unique to you. You will keep the number throughout your life and it will be used to record, for example, details of your National Insurance payments.

If you get a payslip, your National Insurance number should appear on your payslip.

Most people automatically receive their National Insurance number shortly before their 16th birthday.

If you are between 16 and 20 years old and haven’t received a National Insurance number, contact the National Insurance Registrations Helpline on 0845 915 7006 for advice.

Your income before and after tax
Your income before you pay any tax is called your gross income.

Your income after paying taxes is called your net income.
The difference between gross and net income is the amount you pay in taxes to the government.

If you pay taxes, your net income will always be less than your gross income.

If you make a pension contribution this might also be taken off your salary or wages. You can find more information in the Pensions section on page 87 for more information.

**Activity**

Complete these sentences by matching the two halves together.

- Income Tax is...
- National Insurance is a tax that pays for...
- Income Tax and National Insurance are usually...
- Your National Insurance number is...
- ...the state pension, amongst other things.
- ...taken off your wages or salary automatically.
- ...unique to you and you keep it for the rest of your life.
- ...paid to the government by people who work.

**Minimum wage**

The minimum wage is the lowest wage that employers can pay people who work for them. The minimum wage is set by the government. These figures are correct in October 2010 but sometimes change.

- If you are aged 21 or over, the minimum wage is currently £5.93 per hour.
- If you are aged 18-21 years, the minimum wage is currently £4.92 per hour.
- If you are aged 16-17 years, the minimum wage is currently £3.64 per hour.
- If you are working for an apprenticeship the minimum wage is £2.50

It is illegal for employers to pay you less than the minimum wage.

**Tax forms**

If your Income Tax and National Insurance contributions are deducted by your employer, they must give you tax forms showing you the amount of tax you have paid. The most common tax forms are called P45 and P60.

Your employer must give you a P45 form when you stop working for them. It’s a record of your pay, and the Income Tax that’s been deducted from your pay, in the current tax year.

You will need to give your P45 to your new employer. You will also need it if you want to claim benefits like Jobseekers Allowance.

If you haven’t received your P45 one week after you leave your job you should contact your employer and ask them when you will be receiving it.

Your employer should give you a P60 to keep as a record after the end of every tax year.
Your P60 is the summary of your pay and the tax that’s been deducted from it in the tax year.

**Looking for work**

If you would like to find work, your local Jobcentre Plus is a good place to start.

They can help you find a job or training, and can also help you claim benefits if you cannot find work.

The Jobcentre can also arrange for you to talk to their Disability Employment Adviser.

The Disability Employment Adviser can help you find work or learn new skills even if you have been out of work for a long time, or if you have little or no work experience.

If you need helping finding a support employment agency call the Autism Helpline on 0845 070 4004 or visit [www.autism.org.uk/enquiry](http://www.autism.org.uk/enquiry) and send an email.

**Prospects employment service**

If you are looking for work or training you can also contact Prospects.

Prospects is a supported employment agency and part of The National Autistic Society.

Prospects helps people with autism develop the skills they need to find work, including interview skills. It can also help people find jobs and support people once they are in work.

The service is not yet available everywhere in the UK, but you can contact them to find out what support you can get in your area.

You’ll find the address and telephone number of Prospects in the Resources section on page 137, or visit [www.autism.org.uk/prospects](http://www.autism.org.uk/prospects)

**Don’t Write Me Off campaign**

Finally, you might like to know about a National Autistic Society campaign to help people with autism find work. It’s called Don’t Write Me Off.

Don’t Write Me Off highlights the number of people with autism who would like to work, if they could get the right support.

It also shows what kind of support the government needs to provide to help people with autism find a job.

You can find out more about the campaign at [www.dontwritemeoff.org.uk](http://www.dontwritemeoff.org.uk)
Now that you have finished the section on *Working and taxes*, try answering these four questions

**Question 1**
**The minimum wage is:**
- [ ] a) the total you can earn in a year
- [x] b) the lowest wage you should be paid by an employer
- [ ] c) the lowest amount of tax you pay
- [ ] d) the average wage in Britain.

**Question 2**
**A P60 form shows you:**
- [ ] a) how much tax you have paid on your salary in a year
- [ ] b) how much tax the government spends in a year
- [ ] c) how much tax you will pay next year
- [ ] d) how much tax you still owe.

**Question 3**
**Jobcentre Plus is an organisation that:**
- [ ] a) only helps people with disabilities
- [ ] b) only helps you claim benefits
- [ ] c) only helps you find work but doesn’t help with benefits
- [x] d) can help anyone find work or claim benefits.

**Question 4**
**A Disability Employment Adviser is specially trained to:**
- [ ] a) help disabled people find work and training
- [ ] b) help disabled people find housing
- [ ] c) help disabled people save money
- [ ] d) help disabled people go on holiday.

Answers:
- Question 1: b
- Question 2: a
- Question 3: d
- Question 4: a
Introduction

Budgeting is about managing your money so you know what you can afford. In this section you will learn:

- why budgeting matters
- how to create your own budget
- ways to increase your income
- ways to spend less
- what to do if you have problems with your budget.

Why budgeting matters

Budgeting will help you answer two important questions:

- How much money do you have coming in each month?
- How much money do you spend each month?

Creating your own personal budget will help you stay in control of your money. It will help you to avoid spending more money than you have, which could lead to debt problems. You can find out more in the section on Debt on page 45.

Creating a budget will also help you to work out if you can afford to buy something you’d like.

Money coming in

The first step is to work out how much money you have coming in each month. This will tell you your income.

Start by making a list of all the different ways you receive money each week or month. This might include, for example, earnings, benefits and allowances.

Don’t include special one-off things like presents of money. Just include regular income – things you receive every month.

Sample budget

Your list might look someone like this...

<table>
<thead>
<tr>
<th>Money coming in</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings/wages</td>
<td>£450.00</td>
</tr>
<tr>
<td>Benefits</td>
<td>£400.00</td>
</tr>
<tr>
<td>Other eg rental income</td>
<td>£0.00</td>
</tr>
<tr>
<td><strong>Total coming in</strong></td>
<td><strong>£850.00</strong></td>
</tr>
</tbody>
</table>
Your spending

The next step is to work out how much you spend each month. Start off by writing down all the things you have to spend money on. For example, essentials like:

- rent/mortgage
- Council Tax
- electricity
- gas
- telephone bills
- food
- TV license
- water rates.

These are things you don’t have much control over. For example, you have to pay bills. You can learn more about paying bills in the Paying bills section on page 105.

Other spending

The next step is to work out what you spend on less essential things. This includes things like going out, holidays and alcohol. These are things you have more control over because you don’t have to buy them.

Try and work out approximately what you spend on these sorts of things each month.

You might also want to set some money aside each month for emergencies, or things you pay once a year, like insurance.

Making an estimate

Don’t worry if you don’t know exactly what you spend each month. Make an estimate if necessary. This can be hard but let’s look at ways to make it easier.

To help you estimate your spending you could keep a record of everything you spend for a week.

For example, if you spend £30 on food each week you can estimate that you will spend roughly £120 in one month.

Or if you spend £10 on going out in one week then you can estimate you spend about £40 on going out in one month.

Case study

For one week Seema wrote down everything she spent in a notebook. Now she has a much clearer idea what she spends her money on.

Sample budget

So now your sample budget might look something like this. Don’t worry if you can’t fill in everything yet.

<table>
<thead>
<tr>
<th>1 Income</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings/wages</td>
<td>£450.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits</td>
<td>£400.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total coming in</strong></td>
<td><strong>£850.00</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2 Bills you must pay</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent or mortgage</td>
<td>£300.00</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>£49.00</td>
<td></td>
</tr>
<tr>
<td>Gas and electricity</td>
<td>£70.00</td>
<td></td>
</tr>
<tr>
<td>Council Tax</td>
<td>£120.00</td>
<td></td>
</tr>
<tr>
<td>Other bills (water, TV licence)</td>
<td>£110.00</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3 Other things you must have</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>£60.00</td>
<td></td>
</tr>
<tr>
<td>Bus, train and taxi fares</td>
<td>£25.00</td>
<td></td>
</tr>
<tr>
<td>Clothes and shoes</td>
<td>£40.00</td>
<td></td>
</tr>
<tr>
<td>Telephone</td>
<td>£30.00</td>
<td></td>
</tr>
<tr>
<td>Other things</td>
<td>£21.00</td>
<td></td>
</tr>
<tr>
<td><strong>Total spending</strong></td>
<td><strong>£825.00</strong></td>
<td></td>
</tr>
</tbody>
</table>
Tips for making your own budget

› Use either weekly or monthly figures in your budget – not a mix of both. If you need help working out weekly or monthly figures ask for help from someone you trust.

› Before you begin, find your most recent telephone, gas, electricity and water bills. This will help you work out what you are spending each month on bills.

› If you have a bank account, check through your statements to find out how you are spending money.

Your budget result

Once you’ve worked out your income and spending, you’ll know the results of your budget.

If you spend less than your income, you’ll have money left over each month. But if your income is less than your spending you might need to find ways to:

› increase the amount you have coming in
› reduce the amount you spend.

Case study

Marcus usually spends £720 a month and has an income of £750 a month. So he normally has roughly £30 left over at the end of each month.

Sample budget

So now your sample budget might look something like this:

1 Money coming in
   Earnings/wages £450.00
   Benefits £400.00
   Total coming in £850.00

2 Bills you must pay
   Rent or mortgage £300.00
   Insurance £49.00
   Gas and electricity £70.00
   Council Tax £120.00
   Other bills (water, TV licence) £110.00

3 Other things you must have
   Food £60.00
   Bus, train and taxi fares £25.00
   Clothes and shoes £40.00
   Telephone £30.00
   Other things £21.00

4 Total going out £825.00

5 Total coming in £850.00

Left to spend £25.00

Activity

Complete these sentences by matching the two halves together.

› To create a budget you need to work out...
› When creating a budget it helps to have...
› An estimate is when you...
› If your income in less than your spending you might need to...

› ...copies of recent bills in front of you.
› ...how much money you have coming in each week or month.
› ...make a rough guess of how much you spend on something.
› ...reduce the amount you spend.
Increasing your income

When making your budget it’s a good idea to consider whether there are ways you could increase your income.

› Are you claiming all the benefits you are entitled to?
› Could you work a few extra hours each week? Or maybe get a part-time or full-time job?
› If you have savings, could you get a better rate of interest by switching bank or building society?

Reducing your spending

If you spend more than your income you will probably need to find ways to reduce your spending.

› Are you buying things you don’t need or use?
› Are you subscribing to a magazine you no longer read, for example, or buying clothing you don’t wear much?
› Are you getting the best deals on transport or your mobile phone?
› Could you shop around for a better deal on your electricity, gas or insurance?

You can learn about other ways to reduce your spending in the How to get the same for less section on page 73.

Setting realistic targets

If you decide to reduce your spending, be realistic. Don’t set targets that you can’t possibly meet.

Start by cutting out things you won’t miss so much.

Case study

Samuel had to cut his spending by £25 a month so decided to stay in every other Friday, rather than spending money going out with friends.

Keeping track of your money

Once you have your budget, you’ll need to review it from time to time, especially if your circumstances change.

For example, you might get a different job or your benefits might change, or your gas and electricity bills might increase or decrease.

Reviewing your budget every now and then may only take a few minutes but will help you manage your money better.

Saving

If your budget shows that you have money left over each month then you might want to think about saving it.

Savings can help you pay for ‘emergencies’ in future, like buying a new fridge when an old one breaks down.
Or you could save for something big like a holiday or a new piece of furniture. You can learn more about saving money in the Saving money section on page 41.

**Getting into difficulties**

Finally, if you’re regularly spending more than your income you take the risk of going into debt.

If this happens, you should talk to someone you trust as soon as possible. Even if things look really bad there’s always something that can be done, but it’s important to ask for help as soon as possible.

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Now you have finished the section on *Budgeting*, try answering these four questions:

**Question 1**

Which of these is not essential spending?

- □ a) Rent
- □ b) Gas bill
- □ c) Cinema visit
- □ d) Food

**Question 2**

If Gill’s last gas bill was £90 for three months, how much should she budget to spend on gas each month?

- □ a) £40
- □ b) £30
- □ c) £90
- □ d) £20

**Question 3**

Which one of these is not income?

- □ a) Benefits
- □ b) Council Tax
- □ c) Earnings
- □ d) Interest from savings

**Question 4**

A budgeting spreadsheet is:

- □ a) a way of spreading your money around the house
- □ b) a way of recording your income and spending
- □ c) a way of reducing your rent
- □ d) a way of keeping track of share prices.

Answers:

Question 1: c  
Question 2: b  
Question 3: b  
Question 4: b
Introduction
Saving is about putting money aside now to spend later on. In this section you will learn about:

- why you might want to save money
- different ways you can save
- how your savings can increase
- savings and special occasions
- the difference between savings and investments
- how to get the best deal on your savings.

Why you might want to save money
You might want to save money for a particular reason. For example, you might want to save for:

- a holiday
- Christmas presents
- an expensive piece of furniture.

Or you might want to save because you like having a bit of money saved up, perhaps for emergencies. You know that sooner or later you may need it.

Case study
Jay isn't saving for a particular reason but he likes having a bit of money saved up anyway, because he knows it will be useful in future.

Starting to save
A common way to save is to put aside an amount of money each week or month. It doesn't have to be much – whatever you can afford.

You might not save very much each week or month, but it can add up to a lot of money if you save for a long time.

Case study
Each month Roisin saves £5. She started nearly two years ago and has so far saved nearly £120.

Different ways to save
So, if you’ve decided to save, where should you keep your money?

Most people find it’s easier to save if they keep their savings in a different place – somewhere separate from the rest of their money.

Let’s look at three of the most common places that people save their money:

- at home in a safe place
- with a savings account
- in a savings scheme.

Saving at home
You could keep savings at home in a safe place.

This is fine for small amounts of money and if you are only saving for a short time, perhaps for a few weeks.
But if you want to carry on saving money it’s usually best to think about opening some kind of savings account.

Keeping lots of money at home is not a good idea because it might get lost or stolen. Your money will also buy slightly less each year because of inflation.

**Case study**

Martin needs to save £30 to buy a new CD player. He thinks it will take about 3-4 weeks so he’s putting about £10 a week in a safe place in the house until he’s got enough.

**Savings accounts**

Having a savings account is safer than keeping money at home. Lots of people have savings accounts with, for example, banks, building societies and credit unions.

Having a savings account is often better than keeping money at home because:

- money in a savings account cannot be lost or stolen
- you will earn interest on it which will make your money increase
- you are less likely to be tempted to spend it because it’s kept separately.

**Case study**

Michaela decided to open a savings account because it was safer than keeping her money at home. She likes having an account book from the building society that shows how much she has saved.

**Are all savings accounts the same?**

There are different types of savings accounts and you’ll need to decide which is right for you.

- **Easy access saving accounts** – these let you take money out whenever you need it.
- **Notice accounts** – you need to tell the bank or building society in advance if you want to take money out. For example, you might need to give 30, 60 or 90 days’ notice.
- **Regular savings accounts** – you agree to save a certain amount each month. This can be a good way of getting into the habit of saving.

**Activity**

Match the savings account to the description:

- regular savings account
- notice account
- easy access account

- You can get your money out whenever you like.
- You have to save a certain amount each month.
- You have to give advance notice that you want to take money out.
**How your savings increase**

The quickest way to make savings increase is to add more to your savings each week or month.

But if you save with a bank or building society you will also earn interest on your savings.

Interest is money added to your account by the bank or building society as a reward for keeping your money with them.

Interest will make your savings grow, even if you don’t add any money to your savings account.

**How interest works**

Interest is a reward for keeping your money in the savings account and is calculated using percentages (%).

If the interest rate is 3% you’ll get £3 a year interest for every £100 you have in your account. So after a year you’ll have £103.

The higher the rate of interest, the more you earn. But remember that accounts offering the highest interest rate might also have other restrictions.

For example, you might have to save quite a lot of money to qualify for the highest interest rates, and you might not be able to get your money out straight away.

**Tax-free savings**

Interest is counted as income and is therefore taxed.

If you don’t pay Income Tax, you can fill in form R85 and give this to your bank or building society. You will then receive your interest without the tax being taken off.

You could also find out about a tax-free way of saving called a **Cash ISA**. With a Cash ISA the interest you earn is not taxed.

Cash ISAs might offer you a higher rate of interest but there might also be more restrictions than with other accounts. For example, you might not be able to withdraw your money so easily.

**Savings schemes**

Savings schemes are another way to save money.

A savings scheme can be run by a supermarket, local shop, pub, club or workplace. Some people use them to save up for things like Christmas shopping.

You put money into the scheme regularly and then take it out when you need it.

This type of scheme is easy to arrange but might be less convenient than a savings account. For example, with a savings scheme you can usually only spend the money at the shop operating the scheme.

Remember, you don’t usually earn interest with a savings scheme. Also, if things go wrong with a company offering a savings scheme like this, you could lose your money.

**Savings and special occasions**

Special occasions like Christmas are the most expensive time of year for lots of people. As well as presents, people generally spend more on food than in any other month.

Saving up during the year can help to spread the cost over a whole year, rather than paying for it all at once.
You can save for festivals using any savings account. The Post Office® and some credit unions run special Christmas savings schemes where your money is safe if anything goes wrong. Some Christmas hamper companies belong to the Christmas Prepayments Association and protect your savings too.

Some shops offer special Christmas savings schemes too, but your money is not protected if the shop goes out of business.

**Investments**

So far we’ve looked at savings. But what about investments?

Investments are slightly different to savings. Investing money usually means buying investments that are linked to the stock market.

The value of investments can go up and down, but with savings accounts it’s much easier to know how much money you have.

You can find out more about investing money in the **Investing Money** section on page 83.

**How to get the best deal on your savings**

Finally, before opening any savings account, make sure you know the answers to these questions.

- Can you withdraw money straight away or do you need to give notice?
- Can you save as much or as little as you like?
- What is the interest rate?
- Will the interest rate go up and down, or is it fixed?

To find out more about saving money visit [www.moneymadeclear.org.uk](http://www.moneymadeclear.org.uk) or look in the money sections of national newspapers.

Now you've completed the **Saving money** section, try answering these four questions:

**Question 1**

**With a notice account:**

- a) you have to let the organisation know in advance if you want to take money out
- b) it’s up to you to notice when the bank is open
- c) there’s a notice telling you how much is in your account
- d) you don’t notice how your savings are growing.

**Question 2**

**A Cash ISA is:**

- a) a tax-free way of saving money
- b) a type of cheque
- c) a way of calculating interest
- d) linked to the stock exchange.

**Question 3**

**Interest is:**

- a) money added to your account as a reward for saving
- b) what you get when your savings get smaller
- c) like tax
- d) something you have to pay to keep your account open.

**Question 4**

**Before opening a savings account you should:**

- a) visit the tax office
- b) throw a party
- c) shop around to see who’s offering you the best deals
- d) ask your friends and family to give you money.

**Answers:**

Question 1: a  Question 2: a  Question 3: a  Question 4: c
Introduction

Even if you don’t have any debts now it’s important to know about debt and how to avoid it. In this section you will learn:

› what is debt?
› does being in debt matter?
› what causes unmanageable debt
› how to avoid unmanageable debt
› how to notice the signs of a debt problem
› how to manage a debt problem
› who to contact for help.

What is debt?

Most adults in the UK have some kind of debt.

A debt is simply money you owe somebody else – money you’ve borrowed and need to pay back. The most common kinds of debt are:

› money owed on a credit card
› bank loans
› student loans
› overdrafts
› mortgages.

Debts always have to be paid back. Most debts are paid off by making repayments over a period of time.

As well as repaying the debt, you’ll also need to pay interest on the money you borrow. This is like a fee for borrowing the money.

Is debt a bad thing?

Debt is not always a bad thing. Sometimes borrowing money can be very helpful (see the Borrowing section on page 21).

Lots of people have debts but do not have a debt problem. That’s because they can afford the payments on their debts and are paying them off.

But if someone can’t afford to make the repayments on a debt, that’s when the debt can become unmanageable.

Even if you’re not in this situation now, it’s useful to know about debt problems and how to solve them.
Does being in debt matter?

Getting into unmanageable debt can make your life very difficult.

- If you don’t keep up repayments, the amount you owe will increase and your debt gets worse.
- The people you owe money to could ask a judge to make you pay.
- Unmanageable debts can cause people to become very worried and unhappy. For example, you could lose your home.

That’s why it’s important to take action as soon as possible if you find yourself with an unmanageable debt.

What causes unmanageable debt?

People normally get into unmanageable debt because of changes in their lives.

For example, someone who loses their job can suddenly find they have much less money than they did before.

Sometimes people get into serious debt because of careless overspending, but this is not the most common cause.

Noticing the signs of a debt problem

You might not be in debt now, but if you know how to see the early signs of a debt problem it could help you later on. Here are some of the early signs to watch out for.

- You use your credit card to pay bills or to take out cash.
- You take out another loan to pay off an existing loan.
- You pay off only the minimum payments on your credit card.
- You borrow money without planning how to pay it back.

Who can help you with a debt problem?

There are lots of people who can help if you have a debt problem.

A good place to get free, independent debt advice is National Debtline. They will help you sort out any debt problem you have by offering telephone or email advice. You can call them free on 0808 808 400 or visit www.nationaldebtline.co.uk

If you prefer to speak to someone in person you can contact Citizens Advice. You can also find their details on page 137.
How to manage a debt problem

If you already have unmanageable debts it’s important to take action as soon as possible.

**Step 1** – Don’t ignore the problem. The longer you leave it, the worse it will get.

**Step 2** – Stop borrowing money (unless you’ve spoken to an independent debt adviser first).

**Step 3** – Make a budget sheet so you can see how much money you have. This is a good idea even if you don’t have a debt problem. You can learn more about budgeting in the **Budgeting** section on page 35.

**Step 4** – Write a list of all your debts.

**Step 5** – Work out which debts you need to pay off first (we’ll look at prioritising debts later in this section).

**Step 6** – If you can’t afford to cover all your debts then contact the lenders and explain your situation.

**Activity**

Complete these sentences by matching the two halves together.

- A debt is...
- As well as paying back the money you borrow you...
- Unmanageable debt is when you...
- If you can’t manage your debt repayments you should...
- ....can’t afford the debt repayments.
- ....money that you owe to somebody else.
- ....normally have to pay interest too.
- ....get independent advice as soon as possible.

**Priority debts**

If you can’t pay off your bills all at once you should pay your priority debts first.

**Priority debts** include:

- taxes – you must pay these by law
- electricity, gas and telephone bills – because your supply could be cut off if you don’t pay them
- rent or mortgage – because you could lose your home if you don’t keep up payments
- TV licence – because legal action can be taken against you if you don’t pay for a licence.

**Other debts**

Once you have paid off your priority debts you can use any spare money to pay off non-priority debts. Examples of non-priority debts include:

- credit cards
- catalogue debts
- loans from family
- overdrafts
- store cards.

These are non-priority because you won’t lose your home or have services like gas and electricity cut off if you don’t pay them.

**What happens if you don’t pay?**

What happens when you stop repaying a debt depends on the type of debt you have.

If you stop repaying the debt, the lender will probably write to you several times asking you for the money you owe.
If you don’t start to repay your debt you might be taken to court and have a court order (called a Country Court Judgement in England and Wales) made against you. In some cases you could lose your home.

And remember, if you stop repaying the debt, the amount you owe will actually increase, because the lender normally continues charging you interest.

**What is a debt collector?**

If you owe money then you might find yourself having to deal with a bailiff or debt collector. These are people hired to try and collect the money you owe.

If you are in this situation then you should get help immediately.

Debt collectors are not allowed to take away your possessions to pay for a debt, but bailiffs are allowed to do this (if the courts say they can).

But you have rights too, and no bailiff or debt collector is allowed to intimidate or harass you.

**Remember...**

If you think you have a debt problem, or are worried about debt, the first thing to do is get help and advice before things get worse. Even serious debt problems can be sorted out. But you need to take action.

To find out more about dealing with debt visit [www.moneymadeclear.org.uk](http://www.moneymadeclear.org.uk)

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**Now you’ve finished the Debt section, try answering these four questions:**

**Question 1**

If you think you have a problem with a debt you should:

- a) ignore it
- b) hope it will go away
- c) get help and advice as soon as possible
- d) buy yourself something to make you feel better.

**Question 2**

Which of these is NOT a common form of debt?

- a) Credit cards
- b) Bank loan
- c) Salary
- d) Mortgage

**Question 3**

Which of these is NOT likely to happen if you get into serious debt?

- a) The lender will take you to court
- b) The lender will write to you asking for the money
- c) The lender may send a debt collector round
- d) The lender will forget about it after a few months

**Question 4**

If you stop repaying a debt the amount you owe will increase because:

- a) you will still be paying interest on the money you borrowed
- b) you’ll be asked to pay someone else’s debt too
- c) the lender will increase your debt to get revenge
- d) inflation means your loan gets bigger.

Answers:

- Question 1: c
- Question 2: c
- Question 3: d
- Question 4: a
Introduction
Knowing your rights as a customer is important particularly if you buy something that goes wrong. In this section you’ll learn about:

› your basic rights as a customer
› how to exchange goods
› what to do about faulty goods
› shopping online and by post
› ‘cooling off’ periods
› delivery dates
› identifying fakes.

What are consumer rights?
We all buy things, which means we are all consumers.

We buy things from shops, restaurants, travel agents, door-to-door sellers, catalogue companies, online and in lots of other ways.

Consumer rights are there to protect you from all unfair and dishonest sellers. They also help you if something you buy is faulty or you change your mind about something you have bought.

Know your rights
In this section we’ll look at some of your rights as a consumer.

But it’s worth remembering that anything you are sold should be:

› of satisfactory quality – is the item reasonably well made?
› as described – is the description accurate and not misleading?
› fit for purpose – does it do the job it’s supposed to?

Case study
Mounira complained because the shop sold her a cable to connect her camera to her computer and it was the wrong cable. It was not ‘fit for purpose’.

How long should something last?
If you buy something you should also expect it to last a reasonable length of time. In other words, it should not break or wear out too soon.

Some things will last longer than others. You’d expect a new car to last longer than a DVD player, for example.

But if you think something has broken too soon, or not lasted long enough, you could make a complaint. See the Making a complaint section on page 91 for more information.

Case study
Ian took a pair of shoes back to the shop because the heel came off after three weeks.

Changing your mind
If you buy something from a shop that is the wrong size, or you decide you don’t like the colour, you don’t have an automatic right to a refund.
Lots of shops **do** allow refunds and exchanges, but by law they don’t have to.

Check the store’s **returns policy** when you buy something. This explains whether or not you can return things if you change your mind.

The store’s returns policy should be clearly displayed by the till or on the back of the receipt.

**Receipts**

Whenever you buy something the shop or seller should give you a receipt. A receipt proves where and when you bought your item, and how much you paid for it.

It’s a good idea to keep receipts safe for at least one year – especially for more expensive purchases like clothes, electrical equipment and DVDs. You will need the receipts to get a refund or exchange the goods if you change your mind.

If you no longer need a receipt, dispose of it carefully (for example by shredding it or tearing it up before you put it in the bin), so that the information on the receipt cannot be used for fraud.

**Faulty goods**

If you buy something that is faulty then you have a right to a refund.

You will need to prove that you bought the item at the shop you are returning it to.

If you don’t have a receipt then you should still be able to get a refund if you have another record of your purchase, like a bank statement or credit card statement.

It’s best to take back the faulty item within seven days – though some stores will let you have longer.

Tell the store, not the manufacturer

If something you buy is faulty, don’t let the shop tell you it’s the manufacturer’s responsibility. If the shop suggests you contact the manufacturer, don’t accept it.

You might also want to look at the **Making a complaint section** on page 91.
Case study

When Colin took back his faulty camera, the shopkeeper said Colin should complain to the manufacturer. Colin knew his rights and insisted the shop sorted it out.

Your purchase isn’t what you expected

Even if the goods are not faulty, you may have a right to a refund if the item doesn’t work in the way you were expecting.

For example, if you bought some hi-fi speakers from a shop and you were told they would work on your Sony hi-fi system, then they should!

If they don’t work then the speakers aren’t suitable (even if they work perfectly on other hi-fi systems) and you should be able to get a refund.

Activity

Match up the following questions and answers.

- Everything you buy should be...
- If something you buy is faulty you should always complain to...
- A shop’s returns policy tells you...
- If something you buy is faulty...
- ...reasonably well made and last a reasonable amount of time.
- ...you have a right to a refund.
- ...the retailer not the manufacturer.
- ...their rules about whether you can get a refund or not.

Buying online

If you buy online you have the same rights as if you were visiting a shop. In fact you have more rights! Because if you buy something online you have the right to change your mind and get a full refund on most items.

If you want to get a refund it’s best to send the item back as soon as possible. Check the shop’s returns policy for details of how long you have to return something you do not want.

If you return something you will usually have to pay the postage.

Buying by mail order

If you buy something from a catalogue, newspaper advertisement, over the phone or by mail order then you also have the right to change your mind and get a full refund.

As with online shopping, you will need to return the item within an agreed period and you may have to pay for the postage.

Case study

Seema bought a winter coat by mail order but didn’t like the colour when it arrived. She returned it four days later and got a full refund.
Buying with a credit card
If you pay for something with a credit card you often have more protection than if you buy with cash or debit card.

If you pay for something that costs over £100 using a credit card, then the credit card company is equally liable if something goes wrong.

So, for example, if you buy a camera that costs £110 and it’s faulty, you might be able to get your money back from the credit card company (if the retailer refuses to give you a refund).

Cooling off period
If you buy something by mail order, phone, internet or digital TV you can change your mind and get a full refund, even if you’ve signed a contract. This is called a ‘cooling off’ period.

If you want to cancel your order, you’ll need to contact the seller within seven days, either by letter, fax or email.

Case study
Brian signed a contract to buy his gas supply from an energy company but cancelled it within seven days because he changed his mind.

Do you understand what you are buying?
Never buy something unless you are sure you know what you are getting. And never sign for something unless you understand what you are signing for.

Once the cooling off period is over, anything you sign will be legally binding.

And always remember to read the terms and conditions carefully. Don’t sign anything unless you have read and understood the terms and conditions.

Delivery dates
If you buy something online or by post and it does not arrive by the agreed delivery date then you have a right to a full refund.

If no delivery date has been given, the delivery should be made within 30 days. If the goods don’t arrive within 30 days you have a right to a full refund.

Fake goods
Fake goods pretend to be something they are not. For example, fake Fred Perry clothes have a label which looks like the real thing but is not made by Fred Perry at all.

Other common fake goods include watches, perfumes, alcohol, CDs and DVDs.

If you see something being sold for a suspiciously low price it might be fake.

Take extra care at street markets, car boot sales, pubs and computer fairs, or in other situations where it may be more difficult to contact the trader after you leave.
What's wrong with fakes?
Fake goods can be dangerous. For example, fake cosmetics can damage your skin. They can also be low quality and if they break there may be nobody to complain to or give you a refund.

Also, a lot of fake goods make money for criminals – even terrorists. By buying fakes you could be helping them.

More advice on making a complaint
If you want more information about how to make a complaint you could contact:

› Citizens Advice at www.citizensadvice.org.uk, or find their details on page 137
› Consumer Direct, a government-funded service offering information and advice on consumer issues, on 08454 04 05 06 or www.consumerdirect.gov.uk
Now that you’ve finished the section on *Your rights as a customer*, try answering these four questions:

**Question 1**

**Consumer rights are:**
- [ ] a) to let you know how much something will cost
- [ ] b) to help you find the best deal
- [ ] c) to protect you against dishonest sellers and faulty goods
- [ ] d) to protect the seller against complaining customers.

**Question 2**

**A ‘cooling off’ period:**
- [ ] a) stops you losing your temper in a shop
- [ ] b) lets you rest your feet after shopping
- [ ] c) gives you time to change your mind after buying something
- [ ] d) stops you burning your mouth on a cup of tea.

**Question 3**

**A shop’s ‘returns policy’ tells you:**
- [ ] a) whether or not they let you bring things back if you change your mind
- [ ] b) where to go to get a refund on faulty goods
- [ ] c) how to find your way out of the shop
- [ ] d) how often shoppers normally come back to the store.

**Question 4**

You’ve bought some jeans but three days later change your mind and want to buy some other trousers from a different shop. Do you:
- [ ] a) have an automatic right to a refund?
- [ ] b) have a right to a refund, depending on the shop’s returns policy?
- [ ] c) have no chance of getting your money back?
- [ ] d) have to sell them on eBay?

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*Managing Money Workbook: Section 9*
Introduction

Insurance is about being prepared in case something goes wrong. In this section you will learn about:

› why people buy insurance
› deciding if you need insurance
› home contents insurance
› other kinds of insurance
› where to buy insurance
› the insurance policy
› making an insurance claim.

Why people buy insurance

When something goes wrong it can cost a lot of money to put it right. For example:

› if your computer is stolen you might need to buy a new one
› if your home is flooded you need to make repairs
› if you lose your suitcase on holiday you need to buy new clothes
› if you crash your car you might need a new one.

Insurance is a way of getting the money you need when something goes wrong.

Case study

Jeanine got money from her insurance company to replace things damaged by a flood in her home.

Deciding if you need insurance

While it’s important to buy the insurance you need, you shouldn’t buy insurance you don’t need.

Understanding insurance can help you decide what you need. So let’s look more closely at six common kinds of insurance:

› home contents insurance
› home buildings insurance
› life insurance
› health insurance
› dental insurance
› travel insurance
› car insurance.

Home contents insurance

Think of all the things you have in your home. For example your clothes, television, computer, furniture and kitchen equipment.

What would you do if they were lost, damaged or stolen?
If you have home contents insurance, the insurance company will give you money to replace or repair your things.

**Case study**

Mark’s computer was stolen when his house was burgled. Because he had home contents insurance he got money to buy a new one.

**Do I need home contents insurance?**

You will probably need home contents insurance if:

- you rent a house or flat
- you own a house or flat
- you share your home with other people.

You don’t need home contents insurance if you’re living in someone else’s house and they have insured your things.

**Case study**

Jenny didn’t need contents insurance when she was living at home because her things were covered by her parents’ insurance.

**How much to insure**

Before taking out home contents insurance you’ll need to know roughly how much your things are worth.

It’s a good idea to make a list of everything you might need to replace if it was stolen or damaged. What would it cost to replace?

The more things you have and the more they are worth, the more it will cost to replace them.

**Case study**

Mary made a list of everything she wanted to insure, from her computer and television, to her furniture, camera and kitchen equipment. She worked out it would cost £15,000 to replace everything.

**What’s covered by home contents insurance?**

As well as deciding how much your possessions are worth, you’ll need to decide what type of insurance you want.

Do you want to insure against accidentally breaking something – for example, dropping your computer?

Do you want to insure some things when they are away from your home – for example, if you take your computer to college?

If you’re not sure, ask for help from someone you trust or contact the British Insurance Brokers Association at www.biba.org.uk. You can find more contact details in the Resources section.

**Home buildings insurance**

Home buildings insurance is to pay for repairs to the building if it is damaged. This might happen, for example, if there is a fire, flood, storm or accident.

Home buildings insurance covers things like the walls, roof, floor, windows and pipes.

You will need home buildings insurance if you own your house. But you won’t need it if you are renting or living at home.
Life insurance

Life insurance pays money to your family if you die.

This is important if you have a family that is relying on your income. You might decide to take out life insurance so you know they will have enough money if you die.

You can also get insurance that pays money if you are too ill to work.

Health insurance

Everybody in Britain gets free medical and health care. That’s what the National Health Service (NHS) is for.

But some people take out health insurance so that they can get treated more quickly. This is sometimes called medical insurance. It might, for example, pay for them to go to a private hospital and get an operation more quickly than someone without health insurance.

You can also get insurance that pays money to replace part of the earnings you lose if you become too ill to work. Some people get this type of health insurance through their work.

Dental insurance

Some people take out dental insurance to pay for the cost of looking after their teeth.

Some people can get free dental treatment from the National Health Service (NHS). But if you have to pay for dental care then insurance, or other types of dental payment plan, can help you cover the cost.

Case study

Abi pays a few pounds each month for dental insurance. If she needs dental treatment the insurance will help to pay for it.

Travel insurance

Travel insurance is for when you go on holiday. It pays for things like:

› if your holiday is cancelled
› if you lose something on holiday
› if you get ill and have to come home.

Travel insurance is particularly important if you are going to another country.

Case study

Sanchia is going skiing for a week in France and needs travel insurance in case something goes wrong.
Car insurance
If you have a car you must have car insurance.

With car insurance you will get money if your car is stolen. With some types of insurance policy you will also get money to repair or replace your car if you have an accident.

Car insurance also covers you if you injure someone or damage another car while you are driving.

Activity
Which type of insurance would help you when these things happen?

› Your television is stolen while you are out
› Your suitcase is lost at the airport in Spain
› You need treatment from a dentist
› Your roof is hit by lightning
› Travel insurance
› Buildings insurance
› Home contents insurance
› Dental insurance

Where to buy insurance
There are lots of places to buy insurance so it’s very important to shop around for the best deal.

You can go to an insurance company. Or you can also get insurance from banks, building societies, housing associations, the Post Office® and supermarkets.

If you need help choosing which insurance to buy, you can get help from an insurance broker – somebody who can help you get the right insurance for you. You can also shop around using price comparison websites.

Case study
Peter used his computer to shop around for insurance policies online.

How much does insurance cost?
The cost of the insurance is called the insurance premium. Depending on what you want to insure, your insurance might cost just a few pounds or be very expensive.

For example, to insure your computer, CDs, clothes and furniture might cost just a few pounds a month. But to insure a speedboat will cost thousands of pounds a year!

You can find out more about buying insurance in How to get the same for less on page 73.

How you pay for insurance
When you take out insurance you will be sent a bill, which normally covers insurance for a year.

You either pay this bill all at once or make payments each month. Paying monthly is usually more expensive because you are borrowing the unpaid part of the premium and charged interest on that part. See the Budgeting section on page 35 for more information about planning your spending.

With some types of insurance, for example car and home insurance, the insurance company will ask if you want to renew your policy.

At this stage it’s a good idea to compare prices again and see if this is still the best policy for you. You can learn more about how to compare prices in How to get the same for less on page 73.
Making a claim

If something goes wrong, you need to telephone your insurance company to ask for some money. This is called making a claim and usually involves filling in a form.

The insurance company will probably also ask you some questions about what happened. If you bought the insurance through a broker, the broker can help you to make your claim and to answer the company’s questions.

If your claim is covered by your insurance policy they will send you some money, though it might take several weeks to arrive.

Paying the excess

Lots of insurance policies ask you to pay something towards the cost of the claim. This is called an excess.

For example, your home contents insurance might have an excess of £50.

That means that the first £50 of any claim is paid by you, rather than the insurance company.

Case study
Kiran’s TV broke and his new one cost £300. The excess on his insurance policy was £50. He got £250 from the insurance company and had to pay £50 himself.

Always read the policy

If you take out insurance you are given an insurance policy which explains exactly what you have insured.

It’s very important to read the insurance policy carefully.

Insurance policies are often quite long and detailed. They tell you exactly what is insured and also what is not covered by your insurance.

If you’re not sure about anything in the insurance policy ask someone you trust to help you.

You must tell the insurer anything that might affect whether or not they insure you and the premium you must pay. If you don’t do this, your insurance might be invalid.

Things not covered by the insurance

Most insurance policies contain exclusions – in other words, things that are not covered by the insurance.

For example, if your bike was stolen and you hadn’t locked it up, this might not be covered by the insurance. Or if you flat was flooded because you left a tap on, this might not be covered either.

When reading an insurance policy, make sure you check the exclusions because it’s important that you know what is not covered.

Should I insure?

Deciding what to insure can be difficult. If in doubt, talk to someone you trust and get advice.

The important thing is to get the insurance that’s right for you, and always shop around to get the best deal you can.
Now that you’ve finished the section on Understanding insurance see if you can answer these four questions:

**Question 1**
Which one of these things do you need to do before buying home contents insurance?
- a) Go out and buy replacements for everything
- b) Open a bank account
- c) Make a list of things you own and how much it would cost to replace them
- d) Make a shopping list

**Question 2**
An insurance premium is:
- a) the cost of buying insurance
- b) very good quality insurance
- c) the amount you have to pay if you make a claim
- d) the amount you’ve overspent on insurance.

**Question 3**
The ‘excess’ on an insurance policy is:
- a) the extra cost of insuring valuable things
- b) the amount you will have to pay if you make a claim
- c) a measurement of how reasonable your claim is
- d) the amount you’ve overspent on insurance.

**Question 4**
Your insurance policy contains ‘exclusions’. These are:
- a) things you’ve asked to be included in the policy
- b) things not covered by the policy
- c) things covered by the policy
- d) things you’ve asked not to be included in the policy.
Introduction
Dishonest people use scams and identify theft to steal money from you, so you need to know how to be safe. In this section you will learn:

- about scams
- how to avoid scams
- how to use cash machines safely
- about identity theft
- how to keep your identity safe
- how to stay safe online
- how to keep your cash and cards safe.

What is a money scam?
A scam is a way to trick you into giving away money. People get fooled by scams every week. Most scams involve:

- being asked for money
- being tricked into giving away personal information like your PIN number or passwords.

Scams usually start when someone you don’t know approaches you by email, phone, letter or even in the street.

They offer you something that looks like a great deal but is actually a trick to get money from you.

Some common scams
Here are some examples of common scams.

- You get an email that looks like it’s come from your bank. The email asks for your bank account details so they can pay money into your account.

- A stranger rings you up and offers you a bargain if you pay them money right away.

- You get a letter from abroad offering you lots of money if you help them transfer money out of the country.

Case study
Kathryn got an email which looked like it came from the tax office but was really a scam. The email offered to repay money to her account if she gave her bank details.

How to spot a scam
It may well be a scam if:

- somebody makes you an offer that looks too good to be true
- somebody you don’t know asks for personal information
- somebody pressures you to pay for something quickly.

If you’re not sure, assume it’s a scam. A genuine company won’t mind you being suspicious.

How to protect yourself against a scam
Never respond to emails that ask for personal information, like your bank account details.

Be wary. If the person you are talking to is genuine, they won’t mind you being careful.

If an organisation like a bank or the tax office contacts you unexpectedly, say you’ll call them back to check they are genuine.
Call them back using the telephone number on the company’s official website, or from a document you already have, and not the number they have given you over the phone.

**Genuine security procedures**

There are occasions when you will need to give some personal information.

For example, when you open an account with a bank or another financial organisation you may be asked to set a password.

You might also be asked to agree a memorable question, like the name of your first school.

Each time you contact the bank or organisation, you will be asked to prove your identity by repeating some of this information.

For example, if you bank online you might be asked to give two or three individual letters or numbers from your password, but never the whole password.

**Scams and cash machines**

Some scams involve getting information from your cash card or credit card, or stealing your PIN number.

That’s why it’s important to know how to use your cards safely. Here are some helpful tips to help you stay safe.

- If you use a cash machine, stand close to the machine and shield the keypad with your other hand.
- Check to see if there is anything unusual or suspicious about the cash machine, like something attached to the machine. If there is, press cancel and walk away.
- Be careful if someone offers to help you at the cash machine or tries to distract you.
- Always put your money away quickly as soon as you have taken it from the machine.
- Where possible, use a cash machine that is in clear view and well lit.

Watch our **Staying safe at cash machines** video at [www.managingmoney.org.uk](http://www.managingmoney.org.uk)

**Activity**

**Match up the following questions and answers.**

- It may well be a scam if...
- Never respond to emails...
- If an organisation contacts you unexpectedly...
- A genuine company...
- ...that ask for personal information.
- ...won’t mind you being suspicious.
- ...someone makes you an offer that looks too good to be true.
- ...check they are genuine.

**What is identity theft?**

Identity theft is when people steal your personal information and pretend to be you.
People steal your identity to get money dishonestly. For example, they use your information to open a bank account, borrow money or claim benefits.

The details they might steal include:

- your name, address and date of birth
- your bank account details
- your credit card details
- your email address.

Why is identity theft a problem?
If your identity is stolen it could cause you serious problems.

- You could lose money from your bank account, and it might take a long time to get it back.
- Your name might be linked to a crime.
- You might find it harder to open real accounts because your credit rating is affected.

Case study
Rajan was contacted by the police because his name and address were linked to a crime he did not commit. Although the police believed him it was very stressful.

How might your identity be stolen?
Dishonest people can steal your personal information by, for example:

- picking up a document you have thrown away, like a bank statement, electricity bill or receipt
- persuading you to type your personal information into a fake website
- finding personal information on a social networking site like Facebook.

How to protect your identity
There are lots of ways to keep your identity safe. For example:

- if you lose your cash card, debit card or credit card, tell your bank immediately using the 24-hour helpline that all banks provide
- don’t throw away old bills and bank statements without first tearing them up into lots of pieces or, if possible, using a paper shredder
- if you use passwords for your online accounts, keep them secret. Don’t write your passwords down where someone else can find them.

Case study
Samuel never responds to emails that ask him for personal information, like details of his bank account, because he knows they are fakes.

Keep your cards safe
A good way to protect yourself from identity theft is to keep your credit cards, debit cards and other plastic cards safe.

- Don’t carry your plastic cards around unless you have to. Leave them at home unless you are going shopping.
- If you carry your plastic cards around, keep them hidden and in a safe pocket or bag.
- If you pay by credit card, don’t let the shop take your credit card to a different room. You should always be able to see it.
Staying safe online

You’ll see from this section that lots of scams involve the internet. To help keep yourself safe you should:

› make sure your computer has anti-virus software, anti-spyware software and a firewall, and that all of this software is continually updated
› keep your computer up to date – you can download updates to the operating system from the manufacturer (eg Microsoft)
› use an up-to-date web browser – it’s more secure than older versions
› block spam email.

Will I get my money back?

If you are the victim of identity theft, you can normally get your money back if someone takes money from your account. But it might take quite a long time for the bank to put it right, which can be very inconvenient.

If someone steals your credit card then you are not responsible for the money they spend, provided you have been reasonably careful with your card. You have to pay the first £50 though.

Report a scam

If you think you have been the victim of a scam or identity theft you should report it.

You can either call the police or visit a website like www.banksafeonline.org.uk or www.actionfraud.org.uk. Or contact someone you trust for help.

You can also learn more about staying safe and avoiding scams by visiting www.moneymadeclear.org.uk

Now that you have finished the section on Scams, identity theft and staying safe, try answering these four questions:

Question 1
A money scam is when:
☐ a) someone takes 10% of your earnings
☐ b) someone tries to get money from you dishonestly
☐ c) someone genuinely wants to help you
☐ d) you get a genuine bargain.

Question 2
Which of these is not a scam?
☐ a) Someone sends you a fake email from your bank
☐ b) Someone offers you lots of money to help them transfer cash out of a foreign country
☐ c) You log on to your bank’s official website using your password
☐ d) Someone you’ve never met offers to give you lots of money for free.

Question 3
Identity theft is when:
☐ a) someone dresses up to look like you
☐ b) someone steals your personal information and pretends to be you
☐ c) someone moves into your house without permission
☐ d) someone steals your bicycle.

Question 4
A lot of scams and identity theft:
☐ a) are actually legal
☐ b) are harmless and make money for good causes
☐ c) make use of the internet
☐ d) are a good chance for you to make money.

Answers:
Question 1: b  Question 2: c  Question 3: b  Question 4: c
The pfeg Quality Mark shows that this resource meets the pfeg quality standards. At the time of issue the resource contains educational benefits and accurate financial information.

For further information visit www.pfeg.org
Introduction
This section explains some of the ways other people can manage money for you. In this section you will learn about:

- ‘mental capacity’ and what it means
- getting help to make decisions
- sharing money decisions
- how other people can manage your money for you.

Can I make my own money decisions?
By law, everyone over 18 years of age can make decisions about their own money, provided they have ‘mental capacity’. That means most people with autism can make their own decisions about their money.

But there might be times when you choose to let someone manage your money for you.

What is mental capacity?
Mental capacity simply means being able to make decisions for yourself. You have mental capacity if you can:

- understand information
- understand what will happen if you make a decision
- remember the information you need to make a decision
- use the information to make a decision
- communicate your decisions.

It is possible to have the mental capacity to make some decisions but not others.

Whether or not someone has mental capacity can be decided by The Office of Public Guardian, but usually mental capacity is decided by the people who care for/work with you.

Help to make decisions
If you want to manage your own money, you should expect to get support.

For example, you should expect to have things explained to you in ways that will help you understand.
This might include using pictures, symbols and easy-to-read leaflets to explain things to you.

**Case study**

*Mark’s support worker explained how Mark could open a bank account, using pictures and symbols that Mark could understand.*

**Someone to help you**

Sometimes you might want to get help and advice to help you make a decision. For example, you might want to talk to someone about:

- where to keep your money safe
- which bank account to open
- whether you can afford something or not.

Even though you are asking for help, the decision about what to do is still yours.

**Case study**

*Before deciding which bank account to open, Ru-Tee asked her parents to help her look at different choices. But Ru-Tee made the final decision.*

**Letting someone else manage your money**

If you do not want to manage your own money you can let someone else manage it for you instead.

You might want to do this if, for example, you become ill. Or you might find managing your money too hard, even with support.

Deciding whether or not you ask someone to take control of your money is up to you. Provided you have ‘mental capacity’, nobody can make you give up control of your money.

**Joint bank accounts**

A simple way to share money management is to open a **joint bank account** with someone you trust.

With a joint account you both have equal control over the money in the account. They can do the same things with the account that you can.

You can also let someone use your bank account by setting up a **third party mandate**. This lets someone else use your account, but only to do the things you want them to do.

**Power of Attorney**

You can ask someone to take over control of your money and make decisions for you. This is called giving them a Power of Attorney.

A Power of Attorney is a legal arrangement. It lets someone else (usually a parent or relative) make decisions about your money for you.

Only you can decide if you want to give someone else a Power of Attorney. Nobody can force you to do it. You must have mental capacity to set up a Power of Attorney.

There are two main types of Power of Attorney: Ordinary and Lasting.

**Ordinary Power of Attorney**

An Ordinary Power of Attorney is usually for a set period of time. It could cover all your financial affairs or just some of them. An Ordinary Power of Attorney automatically stops if you lose mental capacity.

It lets someone take control of your own money for a short time, for example if you are ill for a few weeks or months.

**Case study**

*Elewa was ill and in hospital for several weeks. He decided to give his Dad the Power of Attorney over his money for six months while he got better again.*
Lasting Power of Attorney

You can also ask someone to take over control of your money and make decisions for you using a Lasting Power of Attorney. This is more permanent than an Ordinary Power of Attorney and can last indefinitely.

You can specify that it starts only if you lose mental capacity in future. Or you can arrange for it to start while you have capacity, either now or some time in the future.

A Lasting Power of Attorney is a legal arrangement. It lets someone else (usually a parent or relative) make decisions about your money for you.

Only you can decide if you want to give someone else Lasting Power of Attorney. Nobody can force you to do it.

If you give someone the Power of Attorney over your money they can, for example:

- buy or sell your property
- open or close bank accounts for you
- claim benefits for you
- deal with your tax
- pay for any care you need
- buy things you need using your money.

Why people use the Power of Attorney

You might want to think about giving someone Lasting Power of Attorney over your money if:

- you find managing money too difficult, even with support
- you become ill and cannot manage your money
- you are worried about not being able to manage money in future.

Remember, you can set up a Lasting Power of Attorney now but delay starting it for months or even years.

Doing what’s right for you

If someone has Power of Attorney over your money they must use your money to do things that benefit you.

- They are not allowed to take your money and spend it on themselves.
- They will have to keep records to show how they are spending your money.
- If they don’t spend money in ways that are right for you then they are breaking the law.

Activity

Complete these sentences by matching the two halves together.

- A joint account is...
- A Power of Attorney is...
- Mental capacity is...
- A will is...
- A joint account is... a bank account you share with someone else.
- A Power of Attorney is... a legal arrangement that gives someone else the power to make decisions for you.
- Mental capacity is... the ability to make decisions for yourself.
- A will is... a document that tells people what you want to happen to your money when you die.

Setting up a trust

Another way of letting people manage your money is to set up something called a Discretionary Trust.

Your money is held for you and there are people called trustees who decide how the money should be spent.

Trustees have to spend the money in ways that are right for you.
Anyone considering setting up a trust should get legal and financial advice. There’s more information on finding a solicitor or financial adviser in the Resources section.

If you lose mental capacity

People can lose mental capacity because of, for example, disability or illness. In this case a parent or carer (or someone else) can apply to look after their money.

The parent or carer can ask to be appointed as a deputy. A deputy is someone who is responsible for another person and can, for example, manage their money.

But this cannot happen while you still have mental capacity.

Making a will

Making a will is how you decide what happens to your money after you die.

You can make a will provided you have the mental capacity to make one.

This means you should understand what passing things to other people means if you die, and be able to:

› decide what you are passing on
› decide who you are passing it on to.

It’s a good idea to ask a solicitor to agree that you have the mental capacity to make a will.

And finally...

Most people with autism can make some or all of their decisions about their money.

In fact, lots of people find that being in control of their money makes them feel good and more independent.
Introduction

Would you like some help with money decisions? In this section you will learn:

- when to get help with money decisions
- what sort of advice you can get
- how to make sure you get good advice
- where to get advice for free
- what information you might be asked for.

You can find a list of helpful organisations in the Resources section on page 137.

When to get help?

If you have a question about anything to do with money, it’s a good idea to get advice.

Getting advice can help you make the right decision – the decision that is right for you.

You might be confused about your options, for example. Or you might have a question that you don’t know the answer to.

Getting advice can help to make things clear, so that you know what to do.

What sort of advice can you get?

There are lots of organisations who can give you advice. So the first thing to do is work out what you need help with.

Do you need help on something in particular? For example:

- benefits
- insurance
- mortgages
- pensions
- debt problems
- savings
- investments.

Or are you looking for more general help with how to manage your money?

Asking friends and family first

You might want to talk to your family or a friend first. Or you could ask your support worker, if you have one.

Talking to friends and family can help to sort out in your own mind what it is you need to know.

Even if the other person doesn’t know the answer, they might be able to help you find the right person to ask.

Case study

Susannah wanted to find the best place to save money. She talked to her best friend who told her about price comparison websites and showed her how they worked.
Help with something in particular

If you need help with something in particular then you’ll need to find the right person to talk to.

- Debt - You could contact an independent debt adviser. Check our Resources section for a list of possible contacts.
- Benefits - You could ask to speak to a benefits adviser at the Benefits Enquiry Line or Jobcentre Plus. Check our Resources section for contact details.
- Spending less - You could visit www.moneysavingexpert.com

You’ll find a list of helpful organisations in the Resources section on page 137, including what sort of advice each one can give.

Telephone, online or in person

You might like to think about how you feel most comfortable getting advice.

- Would you like to meet someone in person to talk about things?
- Would you prefer to get advice by reading a website or sending an email?
- Would you like to call someone and talk about it on the phone?

It really depends on the type of question you have and how you feel most comfortable.

Activity

Complete these sentences by matching the two halves together.

- If you’re not sure about something to do with money it’s a good idea to...
- If you want advice on managing your money you could start by...
- You can also look for advice...
- If you prefer you can also arrange to meet someone...
- ...get advice from someone who can help you.
- ...to discuss your financial situation in person.
- ...on websites or by calling telephone helplines.
- ...asking your family or friends.

Where to get advice for free

Lots of people give free money advice. For example, you can contact any of the helpful organisations in the Resources section on page 137 for free.

You can also get free advice from places like banks, building societies and insurance brokers.

But remember, some organisations can only tell you about the financial products and services that they sell.

Case study

Anwar asked his bank about insurance. They were helpful but could only tell him about the insurance policies sold by that bank.
Want help to plan your money generally?

Some people want to look at lots of things at once, like savings, insurance, pension, mortgages and investments.

For this kind of advice people normally go to an **independent financial adviser**.

An independent financial adviser is someone who can help you look at all your money decisions and help you decide how best to plan for the future.

You may have to pay for this kind of advice.

**Check who you are dealing with**

Before taking advice it’s a good idea to check who you are dealing with. You want to know that the person you are speaking with is authorised to give you advice.

For example, any firm giving advice on mortgages, insurance or investment must be registered with the Financial Services Authority (FSA). The FSA has a database of firms registered with them at [www.fsa.gov.uk/register/home.do](http://www.fsa.gov.uk/register/home.do)

Organisations giving advice on debt need a licence from the Office of Fair Trading. For a list of registered organisations offering advice, call the Consumer Credit Public Register. The telephone number is in the **Resources** section.

A genuine adviser won’t mind you asking them to prove that their company is trustworthy.

**What will an adviser need to know?**

Whenever you ask for advice about your money, you’ll need to give some information to the adviser.

If you are clear, calm and honest about your situation then it’s easier for the adviser to help you.

It’s often a good idea to ask them in advance what information they will need.

For example, if you’re asking advice on benefits, you’ll need to give your adviser information about all the benefits you’re receiving at the moment.

**Getting the advice you need**

Don’t forget you’ll find a list of organisations that can help you with money decisions in the **Resources** section on page 137.

You can also find lots of helpful information and advice at [www.moneymadeclear.org.uk](http://www.moneymadeclear.org.uk)

If you would like an **advocate** to help you make your decisions, contact Action for Advocacy. You can find their details in the **Resources** section.
Now that you have finished the section on Getting help with money decisions, try answering these four questions:

**Question 1**
Which one of these is not a good place to go for money advice?
- a) Friends and family
- b) The bank
- c) A doorstep money lender
- d) The National Autistic Society’s Autism Helpline

**Question 2**
How can you check a money adviser is trustworthy?
- a) Ask them how much they earn
- b) Ask to see the company brochure
- c) Check they are included in the FSA database of financial firms
- d) Make sure the office is smart

**Question 3**
An adviser will find it easier to help you if:
- a) you are willing to pay them in advance
- b) you are clear, calm and honest about your situation
- c) you don’t give them too much information
- d) you leave important information in a safe place at home.

**Question 4**
A good place to start looking for an advice organisation is:
- a) in the list of helpful organisations in the Resources section on page 137
- b) in your local high street
- c) in the telephone directory
- d) in a TV advertisement break.

Answers:
Question 1: c  Question 2: c  Question 3: b  Question 4: a
Introduction

With a little effort you can save a lot of money just by shopping around. In this section you will learn about:

› shopping around to save money
› using price comparison websites
› discounts, sales and special offers
› buying second hand
› switching accounts to save money
› asking for money off.

Do I really need it?

Before you buy something it’s a good idea to ask yourself if you really need it. For example, you might be tempted to buy new clothes instead of wearing the ones you already have.

Deciding not to buy something means you’ll save money for other things later on. But if you’ve definitely decided to buy something, let’s look at how to make sure you get a good deal.

Shopping around

If you need to buy something, the best way to save money is to shop around. Shopping around means comparing prices in different shops, before you buy.

You might have to visit several shops to see who is offering the best price.

Case study

Vladimír thought he would have to spend £480 on a new television until he found another shop selling the same TV for £75 less.

Which one should I buy?

Shopping around can also help you decide what to buy.

If you’ve decided to buy a new TV or camera you’ll need to decide which one to get.

This can be difficult. There are so many different TVs and cameras to choose from.

All are slightly different. Some are more expensive than others. They come in different sizes and probably do slightly different things.

Deciding what matters to you

If you’re confused by all the choices, a good place to start is to set a budget. What’s the most you can afford to spend?

Then try and decide what else is important to you. For example, if you are buying a camera, you might want think about:

› how big it is
› the quality of the image
› how easy it is to use.
**Case study**

Martha wanted to get a new dress. She decided to get something costing no more than £35 that she could wear on different occasions.

**Asking questions**

Before buying something expensive, for example a bed or sofa, it’s worth finding out what other people think about it. ‘Which?’ Magazine at www.which.co.uk gives independent reviews of thousands of products.

Some shops have very helpful shop assistants. They can answer your questions and help you decide what to get.

Or you might know a friend or relative who has bought something similar and can make a recommendation.

There are websites where you can compare the price of items in different shops like www.kelkoo.co.uk, www.ciao.co.uk and www.comparestoreprices.co.uk

**Activity**

Complete these sentences by matching the two halves together.

- Before you buy something it’s a good idea to...
- Before you decide to buy something check that...
- Shopping around means...
- Setting a budget means...
- ... ask yourself if you really need it.
- ...comparing prices in different shops, before you buy.
- ...deciding how much you can afford to spend on something.
- ...you can afford to buy it.

**How price comparison websites work**

If you want to save money on things like insurance, gas, electricity, broadband and mobile phones, you could use a price comparison website.

This lets you find out what lots of different companies would charge you for something. Just remember that one site will not cover all the options available, so it’s best to check with two sites or more. Also, some companies don’t participate in comparison sites at all.

**Case study**

Solomon wanted to insure his property at home. He used a price comparison website to compare prices from over 50 different companies.

**Using price comparison websites**

To use a price comparison website you need to say what you are looking for, using an online form.

For example, if you want to buy contents insurance, you’ll need to give the value of the things you want to insure and also your address.
Once you’ve given this information, the price comparison website automatically compares the prices charged by lots of different companies.

**How long does it take to use a price comparison site?**

Using a price comparison website might take about 10 minutes, but it’s worth it if you are going to save some money.

It’s also worth visiting more than one price comparison site. Different sites compare prices from different companies so it’s a good idea to check more than one price comparison site.

**Common price comparison sites**

The Money Made Clear website at www.moneymadeclear.org.uk lets you compare different savings accounts, pensions, and mortgages.

Other well-known price comparison websites are:

- Go Compare www.gocompare.com
- MoneySupermarket www.moneysupermarket.com
- Confused www.confused.com
- Comparethemarket www.comparethemarket.com
- Moneyfacts www.moneyfacts.co.uk

To compare mobile phone costs you could try www.omio.com and www.onecompare.com.


**Is cheapest always best?**

Whatever you are buying, the cheapest thing isn’t always the best value.

As well as price you need to think about the quality of what you are buying.

How well is it? How long will it last? Will it be easy to get help if something goes wrong?

You need to think about these things as well as the price.

**Is the most expensive always best?**

Just because something is more expensive, it does not necessarily make it better.

Clothes with brand names like Fred Perry or Armani will be more expensive than similar clothes by less well-known brands. But that doesn’t necessarily make them better.

In the same way, if you are buying a bicycle, the best one for you might only cost £100, even if there are bicycles in the shop that cost up to £1,000 or more.

**Buying second hand**

Buying things second hand can be a good way of getting something for less money.

Some people like to find good clothes or books in charity shops. Other people look for things on websites like eBay.

Buying things second hand can be extremely good value for money. But you probably won’t be able to take them back if they are faulty or you change your mind.

**Wait for the sales**

If you can wait for something it’s often a good idea to get it in the January or summer sales.

During the sales, shops cut their prices because they want to get rid of old stock before new things arrive.
You can buy lots of things more cheaply in the sales including clothes, electrical goods and furniture.

**Get one free**

There are other special offers that can save you money too.

In supermarkets, for example, you often see special offers like:

- buy one get one free
- two for the price of one
- 50% off.

But don’t get something just because it’s on offer. Think about whether you really want it first.

**Do you need it? Will you use it?**

Just because you got something cheaply does not mean it’s a bargain.

Getting 75% off the price of a new sofa is still a waste of money if you don’t need a sofa.

So it’s always worth asking the question: ‘Do I really need it, and will I use it?’.

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**Case study**

*Astra was tempted to get a new microwave when she saw them on special offer in the shop. But in the end she decided her old one was fine and saved her money.*

**Changing your accounts**

You might be happy with your mobile phone company or bank, for example. But you could still save money by shopping around.

Would a different mobile phone company offer you a better deal? Could you get cheaper insurance from a different company?

Would another bank give you more interest on your savings?

Changing accounts takes time but it can save you money too.

**Asking for money off**

Finally, sometimes you can get the price reduced just by asking for it. This is called haggling or negotiating.

If you tell your mobile phone company you are thinking of moving to a different company, for example, they might offer you a better deal.

If you buy a couple of items of clothing from the same shop, the manager might be willing to reduce the price a little.

Some shops won’t reduce the price. But there’s no harm in asking.
Now that you have finished the section on \textit{How to get the same for less money}, try answering these four questions:

\section*{Question 1}
\textbf{Shopping around means:}
\begin{itemize}
  \item a) looking at shop windows
  \item b) spending a lot of time walking around shops
  \item c) comparing prices in different shops
  \item d) walking around the same shop for a couple of hours.
\end{itemize}

\section*{Question 2}
\textbf{A price comparison website site lets you:}
\begin{itemize}
  \item a) compare the cost of making a website
  \item b) shop around for the best prices on things like insurance
  \item c) find out what other people are buying
  \item d) shop around for second-hand goods.
\end{itemize}

\section*{Question 3}
\textbf{Which one of these is NOT a way to spend less?}
\begin{itemize}
  \item a) Buying things in the sales
  \item b) Getting 50\% off something you really need
  \item c) Buying something just because it’s on special offer
  \item d) Asking for a discount.
\end{itemize}

\section*{Question 4}
\textbf{Haggling is:}
\begin{itemize}
  \item a) negotiating with the seller to reduce the price
  \item b) being nagged by your parents
  \item c) a form of shoplifting
  \item d) illegal in the UK.
\end{itemize}

Answers:
\begin{itemize}
  \item Question 1: c
  \item Question 2: b
  \item Question 3: c
  \item Question 4: a
\end{itemize}
Introduction
Proving your identity means proving you are who you say you are. In this section you will learn about:

 › why you need to prove your identity
 › when you need to prove your identity
 › how to prove your identity
 › what to do if you have difficulty
 › passwords and PIN numbers
 › how to keep documents safe.

Why do you need to prove your identity?
Having to prove your identity is a way of stopping criminals pretending to be you. It also stops dishonest people using your information to open fake bank accounts using false names.

Criminals and terrorists are always looking for ways to store money that can’t be traced back to them. Every time you are asked to prove your identity, you are helping to stop this happening.

When might you need to prove your identity?
You’ll need to prove your identity if you want to, for example:

 › open a bank account
 › take out a loan
 › apply for a credit card.

If someone asks you to prove your identity it doesn’t mean they think you are lying. By law, firms offering financial services must check all new customers.

Case study
Martin wanted to open a bank account and had to show documents to prove he was who he said he was.

How you prove your identity
To prove your identity, you’ll need to show some documents that show your name and address.

You will usually be asked to show two documents – one to prove your name and the other to prove your address. Documents you might be asked for include:

 › your passport
 › your birth certificate
 › your driving licence
 › a recent bank statement
 › a recent utility bill (eg a telephone or gas bill).
Other documents you can give

Other documents might also be accepted as proof of identity, including:

- A letter showing that you are receiving benefits
- A letter from a social worker
- A travel pass
- A voting card
- Your NHS card.

Case study

Sanjit doesn’t have a passport or utility bill but he got his social worker to write a letter confirming that he was who he said he was.

Photo identity cards

These are official cards that show your name and a photograph of you.

They normally give your date or birth too, so they’re a good way of proving your age.

Examples of photo identity cards are:

- A passport
- A driving licence
- A student card.

If you have difficulty proving your identity

Different firms have different rules about what they will accept as proof of identity.

If you are having difficulty proving you are who you say you are, you can ask to speak to the manager. They may be able to help.

Activity

Complete these sentences by matching the two halves together.

- You need to prove your identity in order to...
- By proving your identity you are...
- By law banks and other financial companies have to...
- If you don’t have a passport or bank statement then you could use a...

- ...helping to stop criminals opening fake accounts.
- ...show that you are who you say you are.
- ...check the identity of new customers.
- ...letter from, for example, a social worker to prove your identity.

Passwords

So far we’ve looked at how to prove your identity if you want to open an account, for example a bank account.

But you may also need to prove your identity to use an account you have already opened.

This is often done by asking you to set a password, that only you know.

This is particularly important if you use telephone banking or internet banking. You will be asked to repeat a few of the characters from your password when you use telephone banking or to type in the whole password on a website.

PIN numbers

PIN numbers are another way of proving your identity.
A PIN number is a short number (eg 4567) which only you know. You should never write a PIN number down where it might be found. It’s best to remember it.

You will need a PIN number to get money from a cash machine or pay by credit or debit card.

If you have a problem remembering PIN numbers you can ask your bank for a chip and signature card. Read the Different ways to pay section on page 97 for more information.

Keep documents safe
Documents like passports, bank statements and letters about benefits could all be used by criminals to pretend to be you. So it’s important to keep those kinds of documents somewhere safe.

Rather than throw away old documents such as utility bills and bank statements, it’s safer to shred or destroy them.

Case study
Lucas has a paper shredder that he uses to destroy documents like old bills, credit card receipts and letters about benefits.

Now you’ve completed the section on Proving your identity, try answering these four questions:

Question 1
The reason you are asked to prove your identity is:

[ ] a) because people think you are lying
[ ] b) to stop dishonest people pretending to be you
[ ] c) to show you are responsible
[ ] d) to make life easier for the bank staff.

Question 2
Which of these are you unlikely to use to prove your identity?

[ ] a) a passport
[ ] b) a telephone or gas bill
[ ] c) a mobile phone
[ ] d) a letter from a social worker

Question 3
If you are having difficulty proving your identity you should:

[ ] a) get angry and shout
[ ] b) ask to speak to the person in charge and explain your problem
[ ] c) decide you don’t want to open an account
[ ] d) give up and go home.

Question 4
A PIN number is:

[ ] a) a number you wear on your coat
[ ] b) a number that only you know
[ ] c) the number of your account
[ ] d) the number to call for help.

Answers:

Question 1: b  Question 2: c
Question 3: b  Question 4: b