PSHE Knowledge Organiser

Economic Wellbeing

Year 8
Term 1
ORGANISATION

Income tax

You pay income tax on things like: money you earn from employment. profits you make if you're self-employed, including from services you sell through websites or apps.

National Insurance

Part of your earned income taken by the government for the NHS and pensions.

Loans

Interest – the extra amount you pay on the money you borrowed, according to a set interest rate.

Short term loans – tend to be easy to take out but have higher interest rates, you are supposed to pay them back quickly.

Long term loans – harder to take out but generally better deals with lower interest rates, paid back over months or even years.

Credit score – a number, available to all lending companies, which indicates how reliable you are to lend money to.

Debit cards

Use
To withdraw money from your account or pay for goods and services.

Where
At cash withdrawal machines (ATMs), in shops, or for online shopping.

Who
These can be used if you're at least 11 years old.

Features
- Allow you to withdraw money from your bank account
- Some shops allow you to get cashback. This means you can withdraw cash at the same time as buying items (you can only spend as much as you have in your account)
- Allow you to withdraw currency from an ATM when you are abroad
- From the age of 18 you can apply for an overdraft, which allows you to withdraw money even if you don't have enough in your account. Banks will check your credit history first and you may be charged interest or get bank charges if you go over the agreed limit
- Some debit cards are contactless, so you can pay for goods up to £30 by touching the card on a card reader

Credit cards

Use
To pay for goods or services even if there's not enough money in your account.

Where
Shops, online or ATMs (you can withdraw cash).

Who
You have to be at least 18 years old to apply for this type of card and must pass credit scoring.

Features
- You can spend money that you don't have, but you'll pay interest if you don't pay it all back within an agreed time
- If you withdraw cash you'll be charged interest and a handling fee
- Interest rates can be high, so manage your credit card use carefully
- Allow you to withdraw currency from an ATM when you are abroad
- Late or missed payments can affect your credit rating

Budgeting

A budget is a plan to decide how you will spend your money each month. A budget helps you make sure you will have enough money every month to cover your outgoings. (Money spent)

Further help and advice

Natwest Money Sense- http://www.natwest.mymoneysense.com

Childline- Have advice on a wide range of issues. Call 0800 1111

https://www.childline.org.uk/

Mind- Metal health support for young people - https://www.mind.org.uk/for-young-people/