Making Cents

A tutor's guide to financial literacy

In partnership with
EBS
BUILDING SOCIETY

An Áisíneacht Náisiúnta Litearthachta do Aosaigh
National Adult Literacy Agency

Views:

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Foreword

As a result of member feedback, EBS first partnered with the National Adult Literacy Agency (NALA) in 2004. Since then, the partnership has proved to be a great success in addressing the issue of access to financial products and services for those with literacy and numeracy difficulties.

Prior to entering the partnership, EBS recognised that many challenges exist in breaking down the barriers to financial literacy. In today's society the availability of more complex financial products, along with the growing need to be financially self-sufficient, means people must be increasingly financially literate. Dealing with day-to-day finances can often be intimidating, even for those who do not experience literacy or numeracy difficulties.

As a mutual organisation with a long heritage in providing educational support, EBS is committed to working with NALA to help raise awareness of the issue of financial literacy amongst the broader financial sector.

The objectives of the partnership between EBS and NALA are to:

- Raise awareness of the issue of financial literacy amongst the general public and financial institutions alike
- Advance policy and practice on financial education and promotion for low numeracy and literacy populations by setting benchmarks of best practice amongst the financial services sector, the community and through ongoing awareness raising activities
- Develop a strategy that will help to ensure that this issue can be tackled in the long-term and not simply through short-term tactics
- Run effective campaigns that will make real strides in terms of tackling the issue of financial literacy.

We are delighted to say that the partnership has come a long way in realising some of the goals set out at the beginning of the programme.

We have driven a number of key initiatives, including the publication of the first-ever national research into the issue of financial literacy and the launch of A *plain English guide to financial terms*. In addition, EBS has undertaken to ensure that communication with our members is straightforward and easy to understand. Therefore, many staff have been trained on the principles of 'Plain English', while an increasing number of our brochures and consumer material have been given the 'Plain English' seal of approval from NALA. Other financial initiatives include Inside Track (an online resource which offers objective and straight forward information on a range of life's key financial decisions) and educational seminars for First Time Buyers and the over 50's segment.

It is with great enthusiasm that we are launching this newest project together, *Making Cents*, and we hope it will further advance our objectives to facilitate the breaking down of many barriers that continue to exist in this area.

Aidan Power,
Head of Marketing,
EBS Building Society.

Foreword

Financial jargon such as APR, equity and compound interest are difficult at the best of times to understand but for somebody with literacy and numeracy difficulties it is a real barrier to money matters. This issue can have a considerable impact on the day-to-day lives of at least 500,000 Irish adults with the lowest level of literacy (OECD 1997). These adults may not be able to:

- read and understand letters from their financial services company;
- work out the details on a pay or social welfare benefit slip;
- fill in a loan application form;
- follow signs or promotional posters in a financial services company's offices;
- understand a gas or electricity bill; or
- plan for their future financial needs.

The issue of financial literacy in Ireland has been largely neglected in the past. However, with the support of the EBS Building Society, we are starting to deal with this issue in a more comprehensive way as part of joint financial literacy programme.

The programme, which began in 2004, aims to raise awareness of financial literacy and it is hoped that some of the stigma associated with the issue will be removed allowing more people to talk about the challenges faced.

In 2005 and 2006, NALA and EBS carried out two pieces of research which found that over a third of adults could not recognise the correct definition for the financial term 'APR'. In addition, our research found that:

- 17% of respondents did not understand the term SSIA;
- 28% did not understand Credit Rating; and
- 37% did not understand Equity.

Extensive research of international markets highlights the fact that Ireland falls behind its international peers when it comes to financial literacy awareness and initiatives.

It is with this in mind that we have produced this resource. We hope that *Making Cents* will indeed help people to make sense of the variety of financial products and services that are available to them. The pack aims to help people to make informed choices, by knowing the right questions to ask and the important things to look out for when making decisions.

We hope that this will prove a valuable resource for anyone who may wish to develop their financial literacy.

Inez Bailey,
Director
NALA

An Áisíneacht Náisiúnta Litearthachta do Aosaigh
National Adult Literacy Agency

How to use this pack

This pack contains eight sections covering different areas of financial literacy. The pack has been designed as a resource and a support for literacy tutors to enhance literacy skills and increase awareness and knowledge of financial literacy.

Each section is independent of the other sections, however it is strongly recommended that tutors start at the beginning of the pack and work their way through sections. Knowledge gained in the first chapters will facilitate the understanding of more complex areas of financial literacy later on.

The pack is not a substitute for specialised money advice and it is imperative that tutors refer students to suitable agencies if advice or assistance with a personal financial situation is required.

Aims and Learning Outcomes

Each section gives the aim of the chapter and learning outcomes for the student.
The learning outcomes are a guide for the tutor and also can be used as indicators to ensure that the student can evaluate their own learning.

Key Words

There are key words in a box at the beginning of each chapter.
These are highlighted again at the end, in a word search.
These words are the main words a student will hear or see when dealing with the particular topic. An understanding of these words is important for the student.

Material

The material in each section aims to explain the topic clearly to the student. The main text can also be used as reading comprehension exercises or other exercises to enhance literacy skills in general. Some of the facts and figures in the pack are not static, such as welfare entitlements or taxation figures. These will need to be updated annually.

Exercises

There are many exercises in the pack that can be photocopied and given to the students. Extra handouts should be given so that the student can take material away if they wish. The sensitivity of the topic may demand privacy and the student may not wish to discuss their own personal financial situation with the tutor.

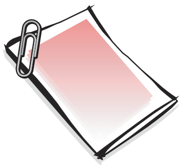
Each section has one main exercise to embed content from the section.

Suggested exercises

There are various suggested exercises at the end of each section. It is recommended that the tutor try some of these with the students. However it is also recommended that the tutor uses this guide to create their own exercises. It is important that up-to-date examples are used and current topics are discussed.

Calendar

It is important that a calendar is used and referred to throughout the pack as it is a fundamental part of planning ahead and making decisions, these being essential for financial management.



Folder

It is recommended that students are provided with an open top plastic folder which is divided into subsections. Each topic should be placed into a different section. At the end of the course students should be encouraged to use this folder for managing their finances, using it as a filing system for their bills, receipts, budget sheets etc.

Contents

Who is in control?

spending

goal setting

priorities

budgeting

planning

income

Aim

The section aims to help students examine their own financial situation and introduces the basic financial skills.

Objectives

At the end of this section students should be able to:

- Examine their spending habits.
- Understand the importance of control in financial matters.
- Recognise the advantages of planning ahead and setting goals.
- Experience the first stage of budgeting.

KEY Words

Spending Planning Goal setting

Income Control Budgeting Priorities

Exercise

The sample activity will:

- Show students how to do a spending diary at home.
- Demonstrate weekly spending in a visual manner.
- Give an example of how to break spending down into categories.
- Highlight spending habits.

The idea is to promote the concept of paying attention to money and spending. This is the planning stage. Once habits have been identified it is easier to make decisions.

What is money?

Money is what we use in exchange for things that we want. Everything that we can buy has a value. We must pay that value for the goods that we want.
We need food, a place to live and heat to stay alive. We cannot eat money or live in a house built of money, and we cannot use coins or notes to keep ourselves warm. However we can use money to get all of these things. So money is important for survival. Its importance after that is up to each person.

What is income?

Income means money coming in.

Most people get money on a weekly or monthly basis. This is called their income. Income can change, for example if you get a new job your income may go up. Most people know how much income they have coming in to their home. You can have problems with money if you do not know where it goes.

How can I keep control of my money?

To be in control of your money means you have to be organised:

- You must decide what things are important to spend money on each week.
- You must decide how much you have to spend in total.
- You must decide how much you will spend on each thing.
- You must decide how much you need to have left over.
- You must plan ahead.
- You must save in case something unexpected happens.

What is a budget?

A budget is a clear picture of your money. It is information that clearly shows how much money you have coming in and what you spend it on.

Why do we budget?

We budget so that we can be in control of our money and make plans for the future.

How do I begin?

First we have to ask ourselves some questions:

Am I in control of my money, do I know where my money goes?

Do a spending diary for a week. Take account of everything that you spend. Look out for things that you think you could do without.

What are my priorities at the moment?

Make a list of the important things that you **have** to spend money on. Then make a list of things that you **want** to spend money on. Maybe you want to pay bills but you are under pressure to pay back a loan to someone. Which is more important? This is prioritising.

Could I be spending less?

Make a list of things that you could spend less on. For example, could you cut down on your electricity and gas bills by switching things off when you are not using them or you could decide on a shopping list before you shop.

Have you borrowed money?

- Do you know how much borrowed money you owe? ____________________
- Do you know how long it is going to take you to pay it back? ___________
- Do you know how much the money you borrowed is costing you (this includes the interest on the loan)? ____________________
- Why did you borrow the money? ____________________
- Could you have saved for it? ____________________

What are my goals for the future?

Make a list of things that you would like to spend money on in the future.

- What will these things cost?
- Will you have the money for all these things?
- Which of them are the most important to you?

What is stopping you from meeting your goals?

- Can you save for your goals?
- Can you break down your goal into smaller parts?
- Do one thing at a time.

What are my priorities?

A priority is something of importance to you.

We all have basic needs to survive. All of us need a home to live in, food to eat, and a source of heat to keep us warm. These are our priorities for survival. As well as these you may have other priorities.

In order to budget we have to know our own priorities and be able to place them in order of importance.

We also like to have extra things to make life a bit easier. These things are different for different people depending on their situation and also on their income.

Example: some people would feel that a tumble dryer is not a necessity, however if you live with your children in an apartment block and have nowhere to dry clothes, then a tumble dryer becomes a necessity.

We all have different priorities that can change with our circumstances.

Goal setting

This is planning ahead. Pick something that you want to spend your money on. It could be planning for Christmas shopping or decorating your house. Break down your goal into smaller parts. For Christmas shopping, list all of the people you want to buy presents for and decide how much you want to spend on each of them. Try and buy something each month.

Example: If you are redecorating a house;

- Pick one room at a time.
- List all of the things you want to do in this room.
- Work out the costs for each thing.
- How you are going to meet these costs?
- How long is it going to take you?

When you have finished this room, do the same with the next room.

Future Goals

Use this triangle to prioritise, list and price your goals.

1. ____________________

€ ________

2. ______________________________

€ ________

3. ____

€ ________

4. ____

€ ________

What can get in the way of my plans?

Lots of things can get in the way of your plans! Usually something unexpected happens like an illness. These things are not in our control. Sometimes things happen that are in our control but we have not planned ahead for them. Things like special occasions, birthdays and Christmas can all be planned for and money set aside for them. If you budget you can fit in all of the things that you know you will need money for. You may even save for the unexpected things.

Key points to remember

- Look at your spending habits - what are they?
- Do you want to change any of these habits?
- If so, which ones do you want to change?
- Look at what is important for you at the moment.
- Place things in order of importance for you. This is called prioritising.
- Ask yourself 'What do I want from my money?'.
- Make a plan. Break up your plan into goals.
- Look ahead – what do I know will happen this year, this month, and this week?
- Prepare for the unexpected. What could go wrong? How would I cope?
- Always leave something aside for a rainy day.

Tutor's notes for using the spending diary activity

The exercise can be adapted for use at different student levels.

Option 1

(This is the easiest option and also helps with organisational skills)
The diary in the exercise should be read as a reading comprehension or read out loud to students.

- Six envelopes should be labelled with spending categories shown on the table.
- 'Play money' to the amount of €200.00 should be given to the student.
- After reading or listening to the extract the students divide the money into the correct categories and amounts, and then place into the envelopes.

Option 2

The diary in the exercise should be read as a reading comprehension or read out loud to students.

- The amounts for each category should be transferred onto the table provided.
- Amounts for each category should be added up for the week.
- Then all categories should be added together to give the weekly spend.
- The total spending should be subtracted to give the amount left over.
- Alternatively the amounts for each category can be added up each day as you go along – the daily amounts can then be added together at the end of the week to give a weekly total.

Discussion Points on the exercise

- What does Ms. Smart spend most of her money on?
- What is the most common thing that she spends money on?
- Can you identify her personal spending habits?
- What do you think would happen to Ms. Smart's spending diary if her weekly income was reduced by €50 a week?
- What would happen if she didn't cut back on spending?
- Ms Smart has no savings - do you think this is wise?
- If you were Ms Smart, where would you cut down on spending, to save money?

Personal questions

- Do you think that a spending diary is a useful tool to find out where your money goes?
- Would you like to do one over the next week?
- Do you like spending money?
- Everyone has spending habits - do you know your own?
- Is their anything about your spending habits that you would like to change for the future?
- Is there anything that stops you from changing your spending habits?

Exercise

Read the following diary extract for Ms Smart to see what she spends her money on.

We know that Ms Smart has €200 per week left over after she has paid her bills and her rent. Every day she spends €6.00 on cigarettes.

Monday

I did my weekly shopping and spent €65. I met an old friend in the shopping centre so I had coffee and a bun. It cost €5.00 which was a bit expensive. I saw a magazine with a picture of a hairstyle I want –the magazine only cost me €5.00. I think I'll get my hair done this week. I really want that beauty magazine that was advertised on TV. I will have to wait until next week.

Tuesday

I forgot to get milk yesterday so I had to go to the shop before breakfast. The price has gone up to €2.00 in the local shop. I bought a really nice bottle of wine for €8.00 to have with a special dinner I'm making for Jim tonight before he goes away. We had a great evening.

Wednesday

I got my hair done, I look just like the woman on the magazine and it only cost €20.00!
I think I will have to look for some new make-up just like hers.

Thursday

I wanted to buy lunch in the shop but I forgot my purse, I had enough change in my pocket for my cigarettes so I got them anyway.

Friday

Nearly ran out of petrol today, I put €15.00 in so that should last me for the week.

I saw a woman with really cool hair with pink streaks, maybe next time...

Saturday

Just in from the pub and I had a great night. I met lots of people, but I had no change coming home from my €30. Everything is so expensive.

Sunday

I recovered from last night with a €2.00 face pack and a €3.00 magazine. I think I will definitely invest in the pink streaks for my hair.

Fill in the amounts from Ms. Smart's diary each day to see where her money goes.

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Totals
Food								
Cigarettes								
Body and hair care								
Socialising and magazines								
Clothes								
Petrol								
Total								

Other suggested activities

1. **Role play** or write stories of scenarios where people are trying to set goals for different things. Highlight the way they do it and the things that could go wrong.

2. **Practise** prioritising using flash cards for different things i.e. 'things I want to save for', 'things I would like to do in my life time'.

3. **Practise** keeping a short daily diary.

4. **Discussion topics to initiate conversation about personal finance.**
   - What does money mean to me?
   - Where does my money go?
   - How much do I spend on shopping?
   - If I won the Lotto I would...?

5. **Prioritising** (Activity cards are available in the 'Let's Talk Money' resource pack from MABS)

   Activity cards for priorities. *What do you think is important?*
   Student places the cards under the headings 'Needs' and 'Luxuries'.
   The cards are to also be placed in order of priority in each list.

   Discuss
   - Give an example of something that may be a luxury for you but a necessity for someone else and explain why.

   Questions
   - How do you decide what a luxury is?
   - Would you like to make a list of things that you would like to have in the future?
   - What is stopping you from having these things now?
   - Is there anything that would help you to be able to get these things?

6. Goal setting: Identifying a future goal

Read the extract and answer the questions

Penny wants to go on a holiday but she never seems to be able to go. This is what she says – *"I never have enough money for everything. There is the holiday to pay for, all the things I need and I have no passport. Also I need to have at least €500 to spend. The holiday costs €600 euro. I have €50 a week to go towards my holiday, I don't know if it is enough".*

Penny has enough money to go on holiday but she is not organised.

Here is a 12 month plan to help her (based on savings of €50 per week).

1. Book a €600 holiday for next year (12 months before she wants to go) and pay €100 deposit.
2. Save for passport – €50.
3. When she has passport, begin paying off the rest of the holiday – €500.
4. When the holiday money is paid off begin saving spending money – €500.
5. Make a list of all the things that she needs to bring on holiday, buy one item each week e.g. swim suit, or sun cream.
6. Borrow or buy a suitcase, place all the holiday items in it each week until the list is complete.

Questions

There are 52 weeks in the year, how many of these weeks will it take to:

- Save for the deposit?
- Save for the passport?
- Save for the cost of the holiday?
- Save the €500 spending money?
- How many weeks in total will it take Penny to save for the total cost of the holiday?
- How many weeks are left in the year after this, before she goes on holiday?
- If she continues to save €50 per week, how much will Penny have saved at the end of the year after paying for her holiday, her spending money and her passport?

7. IT skills

- Use Excel to practise spending diaries.
- Use Word to practise making cards for prioritising.

Aim

The aim of this section is to explain the concept of budgeting. The emphasis is on organisational skills and being in control of personal finances.

Objectives

By the end of this section, students should be able to:

- Understand the key words associated with budgeting.
- Understand the concept of budgeting and planning ahead.
- Demonstrate organisational skills to assist individual budgeting.
- Use tools to simplify the budgeting process.

KEY Words

Budget Income Expenditure

Disposable Income Filing Calendar Frequency

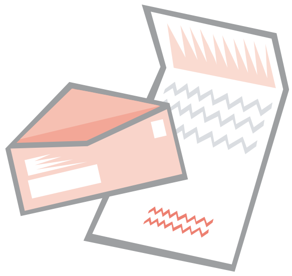
Bi-monthly Annually Utility

Exercise

The sample exercises give opportunities to examine and familiarise the student with preparation for budgeting and also the budget process itself.

Notes

Organising my bills



- Lots of people complain about bills.
- This is usually because people have to find the money to pay for bills when they arrive.
- Do you think it would be easier if you were prepared before your bills came in?
- You can be prepared. This means being organised and finding a way that works for you.
- Some people have money coming in on a weekly basis and other people on a monthly basis.
- Your bills often don't come in at the same time as your money.
- You have to put money aside for your bills to make sure there is enough to pay them when they arrive.

But how do you know when your bills are due?

We know that utility bills are due bi-monthly.

Q. What is a utility bill?

A. This is a bill for services such as electricity, phone and gas.

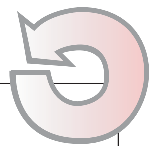
Q. What is bi-monthly?

A. This means every two months or every other month.

So your utility bills come in the post every two months.

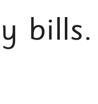
Frequency

Frequency means how often something comes around.



Some bills come every week. We call these weekly bills.
Rent is an example of a weekly bill.
The frequency of your rent is weekly.

Some bills come every month. We call these monthly bills.
A credit card is an example of a monthly bill.
The frequency of your credit card bill is monthly.



Some bills come every two months. We call these bi-monthly bills.
The frequency of your phone bill is every two months.
The frequency of your phone bill is bi-monthly.

Some bills come once a year. These are called annual bills.
A TV licence bill is an annual bill.
The frequency of a TV licence is annually.

What do you think the frequency of these bills are?

	Weekly	Monthly	Bi-monthly	Quarterly	Annually
House costs					
Rent/mortgage					
Electricity/gas					
Living expenses					
Childcare					
Travel/car					
School					
Clothes					
Entertainment					
Other expenses					
Medical					
Insurance					
TV Licence					
Debts					
Loan 1					
Loan 2					
Credit card					
Savings					

Using a calendar

The calendar is the most important tool that we have to help us budget. The word "calendar," which has been in use since the 13th century, comes from the Latin word, '*kalendae*', which is a moneylender's account book.
We can organise and plan with a calendar. The calendar can show the 12 months of the year together or a single month, week or day.

My 12 month calendar for the year ahead.

Look at the example of the following information displayed on a calendar.

Bills that I know I have:

- Mortgage every month.
- Electricity bill is every two months, due in February.
- Heating is every two months, due in February.
- Phone bill is every two months, due in January.

Plans/occasions I have:

- Holiday in June.
- School uniforms in August.
- School books August and September.
- Important birthdays in February, March, June and November.
- Confirmation in March.
- Christmas in December.

Making Cents

A tutor's guide to financial literacy

July 2007

Written by Elaine Hogan

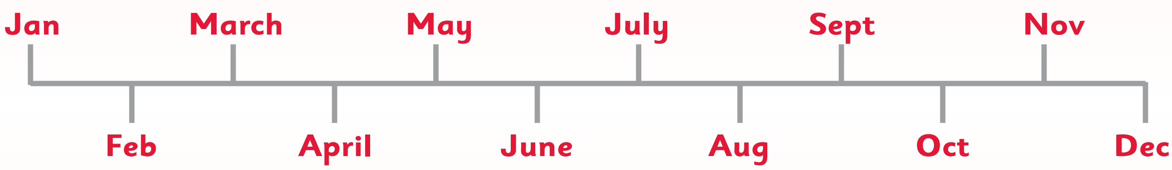
My 12 month calendar

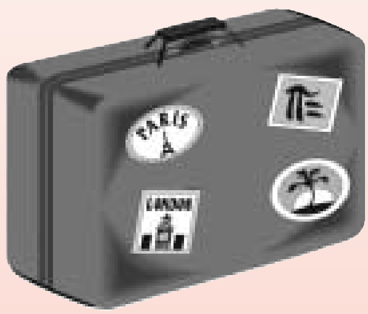
	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec
BILLS												
Rent/mortgage	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
ESB		✓		✓		✓		✓		✓		✓
Heating		✓		✓		✓		✓		✓		✓
Phone	✓		✓		✓		✓		✓		✓	
Other												
PLANS												
Birthdays		✓	✓			✓					✓	
Events			✓									✓
Holidays						✓						
School Money								✓	✓			
Other												

Answer the questions

Look at the months:

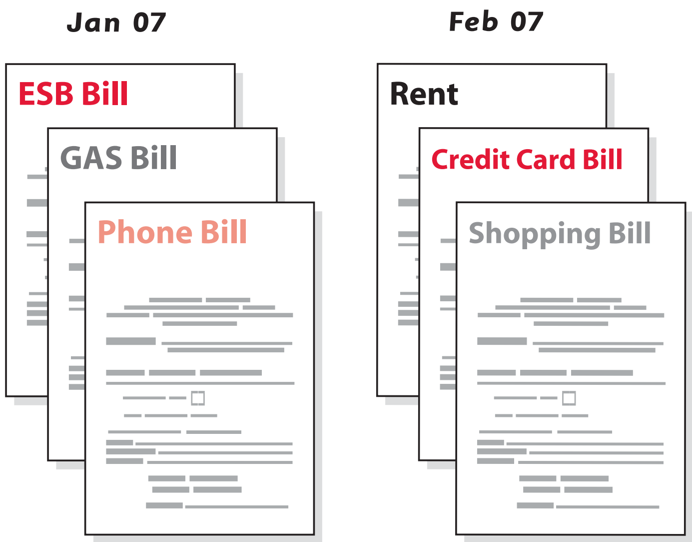
- Which months are the busiest?
- Which months do you think are the most expensive?
- What would happen in June, if you did not budget or save?
- What things do you think would not get paid if you did not budget?
- What happens if you don't pay your bills?





Filing

Filing is a way to stay in control of your bills, by keeping a record of all of your bills and all of your payments.



To file something is to arrange or put it in order:

- You can put all of the same **type** of bills together.
- You can put all of your ESB bills together, all of your rent or mortgage bills together etc.
- You can put them in order of **date**. For example, January to December.
- Write on the bills the date you paid, how much you paid and how you paid them, before you file them away.

  (Example – ESB bill – paid €65 on 20th July at the Post Office)

This is your filing system.

You are now planning ahead...

- You should now know when your bills are due and how to file them.
- You can use your calendar to see when you need to pay your bills.
- You can use your calendar to see if there are other things that you will need to save money for, like birthdays, holidays or new clothes.

Next step is to work out how much money you will need each week.

Income and expenditure

What is income?

The money that is available to you to spend is your income.
Income may be from work, social welfare or other places.
Wherever you get your income from it is important to know exactly how much you have.

Example:

This person has income from three places every week.

1.	Part time job	€150
2.	Social Welfare	€170
3.	Other income (maintenance)	€100
	Total	€420 per week

This means that there is €420 income every week. Now you can begin to budget because you know exactly how much money you have to spend each week.

What is expenditure?

Your expenditure is the cost of things that you have to pay for.
Here is a list of things that might make up your list of expenditures.

- Bills
- Shopping
- Entertainment
- Housing costs
- Childcare costs
- Loan repayments
- Personal spending
- Saving

The things that you spend money on are called expenditures.

Budgeting

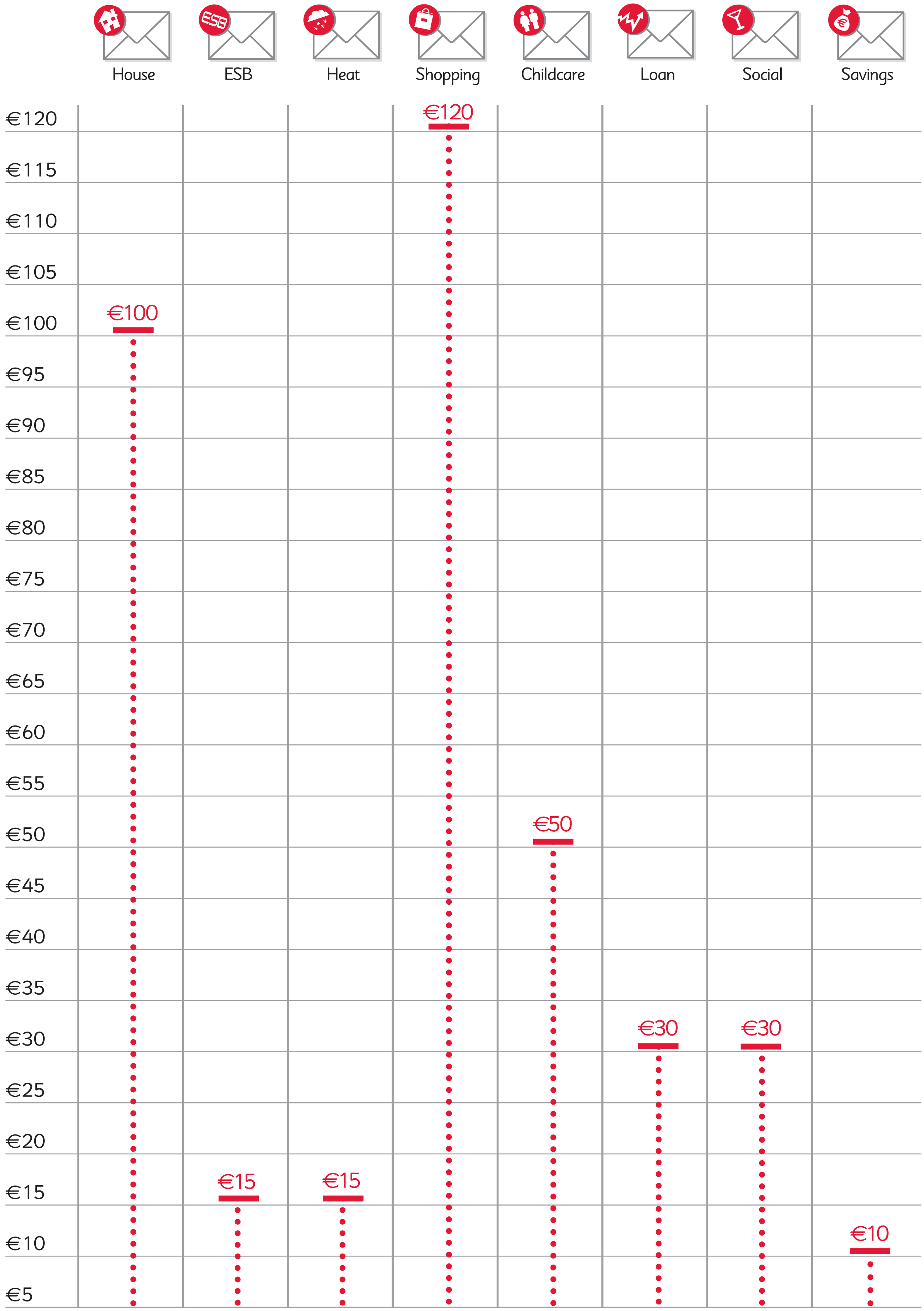
- Budgeting helps you to control your money and make decisions about what you want to spend your money on.
- Now that you know your income and your expenditure it's time to see how much everything costs you.
- When you know the cost of everything, you know how much money you need.
- You know how much you can spend and how much you can save.
- You can organise your money so that you are prepared for all the things you might need money for.

This is budgeting.

Budgeting example

Income		
Part-time work	€150	
Social Welfare	€170	
Other	€100	
Total of income		**€420**
Expenditure		
House	€100	
ESB	€15	
Heat	€15	
Shopping	€120	
Childcare	€50	
Loan	€30	
Social	€30	
Savings	€10	
Total expenditure		– **€360**
Total income less expenditure. This is your disposable income		= **€60**

There is €60 extra a week after money has been used to pay for the basic necessities and other spending. There is not a lot of money being saved. This €60 will help towards special occasions and plans for the year ahead.


House
ESB
Heat
Shopping
Childcare
Loan
Social
Savings
€120
€115
€110
€105
€100
€95
€90
€85
€80
€75
€70
€65
€60
€55
€50
€45
€40
€35
€30
€25
€20
€15
€10
€5
€100
€15
€15
€120
€50
€30
€30
€10

Step by step guide to budgeting

Step 1 Make a list of all the things you have to spend money on to live. Usually this is your housing costs, heat, light and food. These are your basic needs.

Step 2 Make a list of all the other things that you have to spend money on each week. Things like travel to work, insurance, childcare, social life and clothes.

Step 3 Make a list of all the money you owe. This might include a car loan, a personal loan, a home improvement loan or any other bills.

Step 4 Work out all your bills and expenditure into weekly amounts. For fuel bills, look at old bills to get an idea of how much you will need. For example; if your ESB bill is usually around €80 every two months, then you would get the weekly cost by dividing your bill by 8 (there are about 4 weeks in each month so there are 8 weeks in the two month period covered by your ESB bill).
For loans that are due to be paid monthly, divide by 4 to get a weekly amount.

Step 5 On your list look at the amount of money you think you will need each week to pay all the things in steps 1, 2 and 3 (your basic needs, other important expenses and bills) and put this amount by each item.

Step 6 Add up the expenditure. This is how much you need to live on each week.

Step 7 Work out how much you have left to spend. First add up all your income for the week.Then take away your expenditure from this. The money that is left over is called your ***disposable income***. This is money you can put to one side or save, to help to pay for things that don't usually occur each week, like a holiday or a special occasion.

Step 8 Have a safe place where your savings money is separate from your money for the bills. Some people use different envelopes to put the money into. Some people keep the money in the bank, credit union or post office. Find a way that suits you.

Step 9 Look at your calendar and check which months will be busiest. How much will you need to save each week for extra things like a holiday or going back to school? (Remember Penny's example).

Step 10 Now you are budgeting, you know how much you need each week, how much you can spend and most of all you are prepared if anything unexpected happens. You are in control.

Congratulations!

Exercise

Make up budgets for different families. Different families have different needs and priorities, for example

- A two parent family with three children
- A one parent family with two children
- A family with teenagers
- A family with two babies

Exercise

Other suggested activities

Combine information from previous session to enhance learning.
Ask questions about spending habits, priorities, types of income, goal setting, planning ahead and the types of things that will disrupt a budget.

1. **Role play** a scenario where a parent is explaining to their teenager why they should budget. The teenager should come up with an argument against budgeting.

2. **Practical budget**
   Using the visual budget, give various examples of different family types and the various expenses they have. Students should draw the lines to the amounts required and fill in a budget table.

3. **Calendar**
   Ask people to create a story from the calendar. What could happen in the year ahead? Encourage students to do their own calendar at home.

4. **Filing**
   Practise filing different things into sections. Demonstrate a paper filing system.

5. **Calculate** the weekly average on sample bills.

6. **Identify** personal account numbers and the company contact number on a range of bills.

7. **Discuss**
   - Why is it difficult to budget on a low income?
   - How would keeping to a budget make you feel?
   - What things would help you to stick to a budget?
   - Is it important for children to learn to budget?

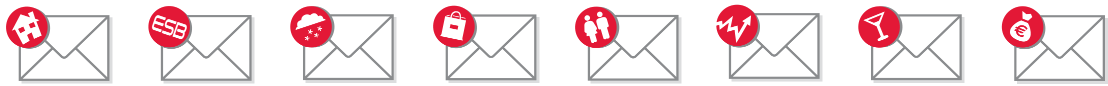
8. **IT Skills**

   Excel - Design budgets on spreadsheets.
   - Design a calendar.

   Internet - Visit the MABS site and look at the interactive budget sheet. www.mabs.ie

My 12 month calendar

	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec
BILLS												
Rent/mortgage												
ESB												
Heating												
Phone												
Other												
Other												
Other												
PLANS												
Birthdays												
Events												
Holidays												
School Money												
Other												
Other												
Other												


ESB

€								
€								
€								
€								
€								
€								
€								
€								
€								
€								
€								
€								
€								
€								
€								
€								

Income	€
Total	

Expenditure	€
Total	

Wordsearch

How do I manage?

Find the words from the box at the bottom of the page in the grid below

u	p	z	q	p	r	n	f	z	y	v	r	u	x	l
u	p	v	q	o	s	u	r	f	o	u	i	t	n	h
x	j	k	u	d	u	e	e	t	t	v	r	i	v	q
o	z	r	g	q	e	y	q	g	g	a	v	l	a	h
t	r	e	l	c	g	p	u	r	e	z	e	i	l	r
o	a	q	l	b	p	r	e	n	r	g	j	t	r	x
b	z	a	o	b	k	e	n	m	v	f	l	y	t	f
q	i	q	b	t	a	u	c	a	o	n	y	e	y	e
e	y	g	t	n	a	s	y	g	a	n	g	b	k	j
e	e	y	o	s	n	i	o	t	n	d	t	i	c	w
a	n	n	u	a	l	l	y	p	u	i	b	h	e	i
x	d	r	x	d	p	x	i	b	s	v	l	b	l	i
b	b	o	t	k	k	o	t	n	y	i	f	i	d	y
e	x	p	e	n	d	i	t	u	r	e	d	s	f	m
m	x	w	x	a	g	f	x	y	w	m	b	z	o	a

~~Annually~~	Budget	Disposable	Monthly
Expenditure	Filing	Frequency	Utility

Money managing calendar (cut out and fold)

Fold

JANUARY

What do I need money for this month?

☐ House ☐ ESB ☐ Heat ☐ Shopping ☐ Childcare ☐ Other

1	2	3	4	5	6	7	€
8	9	10	11	12	13	14	€
15	16	17	18	19	20	21	€
22	23	24	25	26	27	28	€
29	30	31					€

Total for the month €

FEBRUARY

What do I need money for this month?

☐ House ☐ ESB ☐ Heat ☐ Shopping ☐ Childcare ☐ Other

1	2	3	4	5	6	7	€
8	9	10	11	12	13	14	€
15	16	17	18	19	20	21	€
22	23	24	25	26	27	28	€
							€

Total for the month €

Fold

MARCH

What do I need money for this month?

☐ House ☐ ESB ☐ Heat ☐ Shopping ☐ Childcare ☐ Other

1	2	3	4	5	6	7	€
8	9	10	11	12	13	14	€
15	16	17	18	19	20	21	€
22	23	24	25	26	27	28	€
29	30	31					€

Total for the month €

APRIL

What do I need money for this month?

☐ House ☐ ESB ☐ Heat ☐ Shopping ☐ Childcare ☐ Other

1	2	3	4	5	6	7	€
8	9	10	11	12	13	14	€
15	16	17	18	19	20	21	€
22	23	24	25	26	27	28	€
29	30						€

Total for the month €

Fold

MAY

What do I need money for this month?

☐ House ☐ ESB ☐ Heat ☐ Shopping ☐ Childcare ☐ Other

1	2	3	4	5	6	7	€
8	9	10	11	12	13	14	€
15	16	17	18	19	20	21	€
22	23	24	25	26	27	28	€
29	30	31					€

Total for the month €

JUNE

What do I need money for this month?

☐ House ☐ ESB ☐ Heat ☐ Shopping ☐ Childcare ☐ Other

1	2	3	4	5	6	7	€
8	9	10	11	12	13	14	€
15	16	17	18	19	20	21	€
22	23	24	25	26	27	28	€
29	30						€

Total for the month €

Money managing calendar (cut out and fold)

Fold

JULY

What do I need money for this month?

☐ House ☐ ESB ☐ Heat ☐ Shopping ☐ Childcare ☐ Other

1	2	3	4	5	6	7	€
8	9	10	11	12	13	14	€
15	16	17	18	19	20	21	€
22	23	24	25	26	27	28	€
29	30	31					€

Total for the month €

AUGUST

What do I need money for this month?

☐ House ☐ ESB ☐ Heat ☐ Shopping ☐ Childcare ☐ Other

1	2	3	4	5	6	7	€
8	9	10	11	12	13	14	€
15	16	17	18	19	20	21	€
22	23	24	25	26	27	28	€
29	30	31					€

Total for the month €

Fold

SEPTEMBER

What do I need money for this month?

☐ House ☐ ESB ☐ Heat ☐ Shopping ☐ Childcare ☐ Other

1	2	3	4	5	6	7	€
8	9	10	11	12	13	14	€
15	16	17	18	19	20	21	€
22	23	24	25	26	27	28	€
29	30						€

Total for the month €

OCTOBER

What do I need money for this month?

☐ House ☐ ESB ☐ Heat ☐ Shopping ☐ Childcare ☐ Other

1	2	3	4	5	6	7	€
8	9	10	11	12	13	14	€
15	16	17	18	19	20	21	€
22	23	24	25	26	27	28	€
29	30	31					€

Total for the month €

Fold

NOVEMBER

What do I need money for this month?

☐ House ☐ ESB ☐ Heat ☐ Shopping ☐ Childcare ☐ Other

1	2	3	4	5	6	7	€
8	9	10	11	12	13	14	€
15	16	17	18	19	20	21	€
22	23	24	25	26	27	28	€
29	30						€

Total for the month €

DECEMBER

What do I need money for this month?

☐ House ☐ ESB ☐ Heat ☐ Shopping ☐ Childcare ☐ Other

1	2	3	4	5	6	7	€
8	9	10	11	12	13	14	€
15	16	17	18	19	20	21	€
22	23	24	25	26	27	28	€
29	31						€

Total for the month €

How do I manage money?

budget

expenditure

frequency

income

utility

bi-monthly

What is credit?

variable

agreement

personal loan

Interest

fixed

hire purchase

Aim

To increase knowledge and awareness of the concept of “credit”.

Objectives

By the end of this section, students should be able to:

- Understand the meaning of credit.
- Tell the difference between the various types of credit available.
- Identify the cost of credit and Annual Percentage Rate (APR).
- Approach financial institutions in a more informed way.

KEY Words

Credit · Financial institution · Interest · Variable · Fixed
Repayment schedule · Agreement · Personal loan · Hire purchase
Consumer lease · Credit search · Total cost of credit
Credit card · Store card · APR

Exercise

The sample exercise aims to cover all of the terms and facts dealt with in the section so that a real situation is created. The exercise provides the opportunity to increase the students confidence to ask appropriate questions that lead to informed decision making.

Notes

What is credit?

There are two different meanings of "credit".

- The first meaning is where you are "**in** credit". So if you have money in your bank account you are in credit. This means that you have money available in your account which is yours to spend.
- The second meaning is where you "borrow **on** credit". So if you are given a loan, you are given credit – although you can spend this credit you also have to pay this money back, usually over time. There is usually a charge for borrowing money on credit (called "interest") so you generally have to pay back not just the amount you borrowed but interest as well.

In this section we will be looking at "credit" as money you borrow.

Where can I get credit?

Credit is available from financial institutions. These are banks, building societies, credit unions and finance houses. Credit is also available in some shops.

What is interest?

This is the fee that you pay to a financial institution for lending you money.

- Interest is money that is added on to the money you borrow (by the financial institution). If they have lent you money then the interest is added on to your loan.
- If you have savings, the financial institutions add on interest. This is a bonus for saving money with them.

! You might not be surprised to know that the interest you **pay** on money you borrow is generally higher than the interest you **get** on money you save!

How is interest calculated?

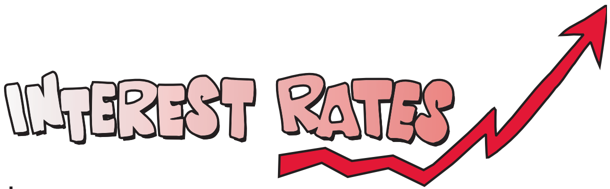
Interest is calculated in the form of percentages (%). Interest rates can go up or down.

This is called the **rate of interest**. For example if you get a loan with 5% interest added on then the interest rate charged on your loan each year is 5% of the amount borrowed. Example: Over one year, a loan of €1000 with an interest rate of 5% means you pay back €1050.

If you are **borrowing** money you will want the lowest interest rate.

If you are **saving** money you will want the highest interest rate.

What is a fixed interest rate?



This is a rate of interest that has been fixed at a set percentage.
This will not change over the term of your loan.
If you fix at 5% it will remain at 5% for every payment of your loan.
Your loan repayments will cost you the same amount every payment.
First time mortgages are often offered at fixed interest rates.
The fixed rate is usually higher than a variable rate because there is less risk and more security for the person taking out the loan.

What is a variable interest rate?

This is an interest rate that can change at any time.
You could take out a loan at 5% and the following year it could be 5.5% or 4.5%. You may have to pay back more or less depending on which way the interest rate is going.

! Variable interest rates may be lower than fixed interest rates at the time you take out the loan, but they may be at a different rate when you are at the end of your loan. Nobody (not even the financial institutions!), knows exactly what is going to happen in the future.

Repayment Schedule

Your repayment schedule is an agreement showing how much you will have to pay, and how often you will have to pay it, in order to pay back your loan within a certain time.

Example: Your repayment schedule may state that your loan of €2,000 is to be paid back at €100 every month for 24 months (2 years).

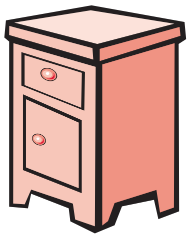
Your repayment schedule tells you the amount you will pay back each week or each month - this is known as your loan instalment (e.g. €100 every month).

It tells you how often you will have to pay these instalments, normally on or before a certain date every week or month.

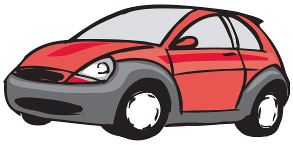
Your repayment schedule will also tell you how long it will take you to pay back your loan. This is calculated in months. For example thirty six payments is a three year loan (36 months). This is the term of your loan.
It will tell you the amount you will pay back in total.
This is the amount you borrowed originally plus the interest and any other charges. This is called the *total amount* repayable.

Finally, the repayment schedule will tell you the cost of the loan – this is called the total cost of credit and is the difference between the amount you borrow and the total amount you will have to repay to your lender. You can use the total cost of credit figure to compare loans of the same amount and over the same period offered by different lenders.

Short term, medium term and long term



- Short term loans are for up to two years. An example of a short term loan might be a loan to buy some furniture for a new house.



- Medium term loans are for between two and five years. An example of a medium term loan might be a loan to buy a car.

- Long term loans can be from five to thirty five years. Housing loans or mortgages are examples of long term loans.

Can you pay back your loan before the term is up?

You must check your agreement with the lender before you sign it.
If the interest rate is fixed you may be charged for paying back the loan before the term is up. This means that you will have to pay an additional charge to the lender. In other cases where you wish to pay your loan off early, you may be entitled to a rebate on the interest you would have paid had the loan run its full term. This means that you will pay less overall than you would have done over the full period of the loan

Different types of credit

1. Loans

Personal loan

This is a loan that is generally offered by banks, finance companies and credit unions. Loans are usually for a fixed term (e.g. 3 years) repayable by set instalments. Some types of personal loans require you to specify the reason why you are borrowing e.g. a car. You must use the loan for this purpose. In these cases, the lender loans you the exact amount of money to buy the item.

When you buy the item (e.g. the car) it is your property and not the lender's.

Other types of personal loan are for you to spend on whatever you want (these are often referred to as "term loans").

A personal loan is usually short to medium term.

Home loan or mortgage

A mortgage is the name of a loan to buy a house or a property.

It is a long term loan. The interest rate is usually lower than other loans.

However the lender will require you to sign over to them (as security) the house or property you are buying in case you do not keep up payments on the loan.

This means that if you do not keep up the repayments, the lender can apply to a court to get their money back through the sale of your home

Overdraft

This is an option that may be available to you as a way of short-term borrowing when you run out of money in your current account.

An overdraft enables you to borrow money by taking money from your current bank account even though there is no money in it.

There is often a time limit to pay back this money and interest and charges may be added.

If you run up an overdraft without asking the bank for permission, or if it is not paid back in time, it can become an expensive way to borrow as interest and charges may be high.

Money lender loan

A money lender is anyone who lends money to you but is not covered by the same laws as the financial institutions.

A legal money lender has to apply for a licence.

When they get this license they can trade. They can lend you money.

They can charge interest as high as 21%.

You can get a loan quite easily from a money lender, but the amount you pay back will be much higher than from the banks, building societies or credit unions.

It is easy to get this type of credit but it is also very expensive.

> Some money lenders don't get a licence. These are illegal money lenders. You do not have to sign anything to get a loan from them. You will be told how much you have to pay back each week and for how long. The interest rate can be 100% and sometimes more. This means you have to pay back double the money you borrowed. If you do not pay back the money, you may be threatened or physically hurt. This is a very dangerous way to borrow money and it is an illegal way to lend money. People should not borrow from an illegal money lender.

Credit Union loan

Credit unions are another place where you can save and borrow money. If you want to save or borrow money from a credit union you have to become a member.

To become a member you have to live or work in the 'common bond' area. This is an area marked out by the credit union in that area. You must apply to become a member. You have to show photo id and proof of your address.

In the credit union you must have regular savings if you want to borrow money. This is the main way that you are assessed for a loan. This is proof for the credit union that you will be able to pay back a loan.

It can be easier to get a loan from the credit union if you are a member and have been a regular saver. You have to check the cost of your credit and the APR with other lenders to see which is better value.

Hire purchase

This is a loan that is generally arranged through a trader (e.g. a garage, furniture or electrical store) to enable you to pay for a particular item such as a car, suite or household appliance on credit.

The agreement you sign must tell you right at the top that it is a "Hire Purchase Agreement".

The item that you are buying does not however become your property until the final payment is made –until then it is "hired" which means you cannot sell it and must take reasonable care of it until you have paid for it in full – then you can do what you like with it!

The interest rate is usually higher than a personal loan so it is generally more expensive way to borrow.

If you default, which means that you miss payments, the item that you bought can be repossessed. This means it can be taken back from you.

However, if you have paid back more than a certain amount, the lender must apply for a court order if they want to repossess the item – they cannot just come and take it.

Consumer Hire

This is a hire or lease agreement. This is the same as renting something. You will never own it.

Sometimes the company hiring you the item may ask you if you want to buy the item at the end of the lease agreement – this may be expensive. Hiring can also be expensive because you are only paying for the use of the item – it remains the property of the company hiring it to you.

2. Cards

Store card

Some shops give you credit by way of a card that can only be used in that particular shop or chain of shops.

This is the same as a loan because you must pay interest on this credit. You get a card that looks like a bank card. Your details are on the card.

There is a limit to the amount that you can spend. Each month you get a bill from the shop or chain with the total that you have spent plus the interest.

You can only use the card in the store(s) named on the card.

It can be an expensive form of credit.

Credit card

A credit card is similar to a store card except you can use it to pay for goods and services anywhere. You can apply for a credit card in banks and building societies. There is a yearly fee that you must pay. Most cards belong to VISA or MasterCard.

You are given a credit limit with your card. This is the maximum amount of money that you can borrow.

Each month you get a bill showing you how much you have spent that month. You have to pay off at least some money every month -this is called the minimum payment due. If you pay off everything you owe on you card each month, you will not have to pay any interest. If you do not pay off the full amount, the interest charged could be high.

This is an expensive way of borrowing if you do not pay your bill in total each month.

A credit card should only be used for short-term borrowing as it works out very expensive in the long-term.

Credit rating

Credit rating is a procedure used by most lenders to check your ability to repay a loan before they give it to you. They do what is called a credit search.

This involves the lender checking your record of payment on previous loans to other lenders – this information is held on a database kept by an organisation called the Irish Credit Bureau – you can check your credit rating at any time (by contacting the Bureau yourself) for a small fee.

Who is a lender and who is a borrower?

A lender is a person or place that lends money. A borrower is the person that owes money.

For example a bank willing to lend you money is called a lender. When you have taken a loan from them and therefore owe them money, you become a borrower.

Credit Costs

Always remember that you must pay for the service provided to you by a lender. This service is lending money.

You pay for this through interest that is added on and in some cases other charges as well. The interest rate will be a percentage of the money that you borrow.

This is added on to your loan and is included with the agreed amount every week or month in the instalments that you must pay.

Annual Percentage Rate (APR)

The letters stand for Annual Percentage Rate. This means the interest and other charges on your loan calculated on a yearly basis and stated as a percentage.

When you apply for a loan you will see the letters APR on your loan application form - you will also see the APR on advertisements for loans and on the loan agreement itself if you decide to go through with it.

The APR figure is very important as it enables you to compare the cost of a loan of the same amount over the same period in different places. It's the same as shopping for the cheapest price for bread, you check different shops, look at the same item and compare prices then you pick the lower price.

The lower the percentage of APR, the lower the cost of your loan!

Total cost of credit

This is the difference between the amount you borrow and the total amount repayable to your lender – it is basically the amount of interest and charges you pay for the loan.

Again by comparing the total cost of credit from different lenders for the same loan amount over the same period of time, you can see which is cheaper, just like shopping around.

When you are comparing loans from different lenders for the same amount over the same period of time, the lower the total cost of credit, the cheaper the cost of your loan!

	Interest €
+	Charges €
=	Total cost of credit €

Key points to remember

- Credit costs money.
- Interest rates can be variable or fixed.
- Always check for the lowest APR.
- Make sure that you know if there are any additional charges.
- Always check for the lowest total cost of credit for the amount you wish to borrow.
- Always check the total amount you will have to pay back to the lender.
- Your instalment is the money you pay back each month for your loan.
- You must have a good credit rating to get a loan.
- It is easier to get a loan from a moneylender or a hire purchase loan but they are also more expensive.
- Credit cards are very expensive if you don't clear your monthly balance completely.
- Don't be afraid to ask questions before you save or borrow money anywhere.
- Make sure you understand your agreement.

Exercise

Read the story and answer the questions

On the 1st of February, Mary wanted to get a loan of €500 to go on a holiday. She worked out her budget so she knew she could afford to pay back a loan of €50 every month.

1. She compared the different APR rates from lenders in her area.
2. She picked a 5% fixed rate loan. The charges on her loan were 1%.
3. The term of her loan was twelve months. This is a short term loan.

Her repayments worked out at €44.16 every month. This means that her monthly instalment was €44.16. Mary asked for the total cost of her credit. She was told that it was €530. She now knew that the loan was €500 plus €30.

Her loan was to be paid back on the 5th day of every month beginning in March. Mary marked her calendar on the fifth day every month for 12 months.

If Mary had saved to go on holiday she would not have to pay the extra €30.

She also would have received interest on her savings.

Answer the following questions:

Why did Mary want to borrow money?

Why did Mary compare the rates of APR?

What was the term of the loan?

What was the interest rate?

What percentage were the charges?

How much was the total cost of credit?

How much would Mary pay back in total to the lender?

How much more did Mary have to pay back on top of her loan of €500?

Would Mary pay back more if the loan was for thirty six months?

What month will Mary pay the last instalment on her loan?

How much money would Mary save if she had saved for her holiday?

Other suggested activities

- Get participants to approach their (a) local bank, (b) building society and (c) credit union to price the cost of a loan for €500. Compare the different rates of APR and work out the different costs of credit.
- Design definition exercise and word search to ensure understanding of key words.
- Work out different percentage rates and highlight the amount added on to a loan or savings.
- Work out different terms of loans on a calendar
- Cut out and discuss advertisements for credit. Check the type of loan being advertised, is it a hire purchase agreement or a loan agreement? Check the APR, the term of the loan, and if there is a balloon payment at the end.
- Record TV adverts for credit. Check out the warnings and 'small print'

1. **Role play** - A scenario where a person is being asked questions about their credit history for a credit search.

2. **Create** different families on different incomes and decide on the options that are available to them for accessing credit.
   A calculator could be introduced at this stage. Use the budget and calendar layout from previous session

3. **Calculate** different types of loans over different periods of time. E.g. a short term personal loan of 2 years taken out on the 15/16/06 will be paid back on what date? A long term car loan of seven years taken out on the 16^{th} of December 2006 will be finished on what date in what year?
   Use different types of loans and various forms of date.

3. **Discuss**
   - Money lenders are more expensive than financial institution so why do so many people go to them for credit?
   - Why do people borrow when they know that they cannot afford to do so?
   - Can you suggest ways that the government could help people that can't afford to borrow but need more money?
   - Your friend wants to borrow money how would you advise her?

Wordsearch

Credit where credit is due

Find the words from the box at the bottom of the page in the grid below.
Some words in this wordsearch go backwards.

p	t	d	d	h	r	e	h	f	y	i	k	s	x	g
u	k	n	f	h	s	u	i	x	c	n	r	t	d	y
r	u	f	e	a	d	n	f	o	d	s	d	o	x	g
c	u	h	e	m	a	t	n	a	e	t	u	r	g	z
h	p	l	c	n	e	s	y	q	x	i	t	e	a	e
a	c	e	c	r	u	e	q	s	i	t	s	s	l	l
s	u	i	r	m	a	r	r	a	f	u	l	b	o	l
e	a	o	e	s	r	e	a	g	j	t	a	t	k	c
l	f	r	z	r	o	t	s	q	a	i	v	o	b	n
t	o	t	a	l	l	n	e	f	r	o	j	e	e	n
t	i	d	e	r	c	i	a	a	h	n	w	c	g	b
f	l	r	f	f	n	d	v	l	i	p	n	z	u	l
w	h	a	i	w	s	c	h	e	d	u	l	e	o	i
u	h	c	y	i	e	r	i	h	g	w	q	a	j	d
t	n	e	m	y	a	p	e	r	l	f	n	w	f	r

~~Agreement~~	Card	Consumer	Cost
Credit	Financial	Fixed	Hire
Institution	Interest	Lease	Loan
Personal	Purchase	Repayment	Schedule
Search	Store	Total	Variable

Notes

Borrowing money

charges

credit application

tender

security

guarantor waiver

Aim

The aim of this section is to introduce the concept of borrowing money and to stress the legal obligations that come with it.

Objectives

By the end of this section students should be able to:

- Recognise the key words associated with borrowing money.
- Identify the questions to ask before borrowing.
- Understand the responsibilities associated with borrowing money.
- Understand the consequences of signing a legal document.

KEY Words

Interest Charges Arrears A.P.R. Guarantor

Borrower Legal Agreement Security

Contract Waiver Terms and Conditions Credit Application

Exercise

The sample exercise gives an opportunity to familiarise the student with a contract for borrowing money.

Notes

Why do I want to borrow money?

- We may borrow because we want or need something, but we do not have enough money to buy it at the time.
- We also borrow because we do not have enough money saved.
- Sometimes we borrow because it makes more sense - it would be impossible to save enough to buy a house outright so we borrow it instead.

Who can I borrow from?

You can borrow from friends and family.

✓ The advantage is that you don't usually have to pay back interest.

✗ The disadvantage is that it can put stress on your relationships.

You can borrow from financial institutions.

✓ The advantage of this is that your finances stay private.

You can get money when you need it.

The agreement is like a business deal and not a personal issue.

✗ The disadvantage of this is that you have to pay interest on your money and may have to pay extra charges if you are late paying back your loan.

You can borrow from money lenders.

✓ They have to be registered and have a licence to be legal.

The advantages are that it is easy to get credit and they call to collect the repayments.

✗ The disadvantages are that they charge a higher interest rate than any other lender and a collection charge for collecting money every week from you at the door.

You can borrow from an illegal money lender.

✗ There is no advantage to borrowing from an illegal lender because the interest rate is so high you could be paying back the loan at a cost of three times what you borrowed.

There is no legal documentation to rely on in the case of a dispute about how much you owe.

It is an illegal arrangement and should not be entered into.

Answer these questions before you borrow money for something. Tick the box.	✓ YES	✗ NO
Do I really want it?		
Impulse buying – if I wait a few weeks will I still want it?		
Do I need to borrow?		
Have I looked at other options?		
Can I wait and save?		
Can I afford the loan?		
Have I tried to live without the amount of money that I will need each week to pay back a loan?		
Have I worked out my budget with the loan repayments?		
Am I prepared if my income drops?		
If I want to go on holidays next year will I be able if I am still paying off a loan for something this year?		
Do I know where I will get money if my washing machine breaks down or the new car needs tax, insurance or a service?		

- Look at your answers, how many 'No' answers have you got?
- If you have 'No' answers, you should think carefully before you borrow money.

I want to borrow – what do I have to do?

1. Decide how much you need.
2. Work out a budget and see how much money you can realistically afford to pay towards your loan each week.
3. Go to the different lenders and ask them how much it will cost to borrow the amount you need and how much you will have to pay back each week.
4. Compare the different APRs and different total costs of credit.
5. Do you have enough money to pay back the instalment each month?

I know how much I want and how much I can afford – what happens now?

- If you want a loan then the lender will ask you some questions.
- This is called a loan (or credit) application.
- You will have to fill in an application form.
- Most lenders will then do a search with the Irish Credit Bureau to make sure that you have a good record of paying back loans.
- This is to check your credit rating.

They will ask you about your:

Age: How old are you?

Dependants: How many children or other people depend on you financially?

Security: Do you own your house?

> In some cases (e.g. a mortgage or loan for home improvements) the lender may want to secure the loan against your house. This means that if you do not keep up your loan repayments they can apply to a court to get their money back through the sale of your house. This is a secured loan. Adverts, application forms and agreements for secured loans warn you, usually at the bottom, that your home may be at risk if you do not keep up the repayments.

Guarantor: In some cases, the lender may require you to get someone to sign an agreement to state that they will pay back your loan if you cannot do so.

Income: How much money is coming into your house each week?

Loans/Debts: Have you any other loans, how much money is left owing on these loans?

When the lender is finished doing a credit search they decide if they want to offer you a loan.

What happens when you are offered a loan?

If they offer you a loan you must check the conditions of the loan.

These are the words you will see on your loan agreement.

Personal Loan Agreement

Bank of NALA Ltd

Account Details 1

Name: Address: Account No:

Borrower (1) 2 **Borrower (2)**

Name: Name:

Address: Address:

Tel No. Tel No:

Repayment Schedule 3

Amount of loan € Term of loan 4

Purpose of loan

Number of instalments Amount of each instalment €

Total amount repayable € Total cost of credit 5 €

Interest Rate 6 % Fixed Variable

Waiver 7

This waiver means you give up your right to a ten day period to reconsider your commitment to the Agreement. I/We agree to give up this right.

Signed: Borrower 1 Borrower 2

Guarantee 8

Signature of Guarantor

Insurance 9

I/we would like to include Payment Protection Insurance on my/our loan Yes No

10 ***Loan regulated by the Consumer Credit Act 1995 see reverse for terms and conditions*** 11

Signed

1. **Account details:** Your name, address and the account number for your loan.

2. **Borrower:** This is the name of the person taking out the loan.

- In some cases two people may apply jointly for a loan, a married couple for example.
- Whoever signs for the loan takes the legal responsibility for paying it back – this is what "liability" means.
- A common misunderstanding is that the couple owes half the loan each – this is not the case.
- Both owe the full amount and the lender is within their rights to sue each of the couple for the full amount if the repayments go into arrears.

3. **Repayment schedule:** This is the plan for paying back your loan. It tells you how much you will need to pay each week or month (your instalments) and how many instalments you will have to pay

4. **Term of loan**: This is the length of time you have to pay back the loan.

5. **Total cost of credit:** This is the total cost of the money you have borrowed – including the total amount of interest and other charges.

So if you have to pay a lender €530 in total for a €500 loan, the total cost of credit is €530-€500 = €30.

6. **Interest rate:** This is the percentage that is added on to your loan. The lender charges you this for giving you the loan. This is how they make money.

Different types of interest

- **Fixed rate of interest** means that your repayments will be the same for the entire time that you are paying back your loan. It is usually more expensive than a variable rate.
- **Variable rate of interest** means that the interest can vary. It can go up or down. It is more of a risk to take this interest rate but it will generally be lower than the fixed rate to start with.

7. **Waiver:** If you sign a waiver you have signed away your right to something. You have 'waved goodbye' to it.

- You are entitled to ten days to think about whether you really need to borrow money after you sign an agreement.
- This is called a "cooling off period".
- Some agreements give you the option to sign away this right if for example you need the money right away. If you sign the waiver you will not be entitled to the ten days to think about the loan and to possibly change your mind.

8. **Guarantee:** You may be asked for the details of someone who can guarantee the loan if you cannot pay it back. This person will have to sign the agreement to state that they will be responsible for the loan if you fail to repay. This person is called your guarantor.

9. **Insurance**: You may be asked if you want to take out insurance to protect your repayments if something happens to you, meaning that you can no longer make the payments.

- This is called "payment protection insurance".
- You will pay extra on top of your loan for this insurance.
- Some people sign for this without knowing it.
- Others find that when something happens and they make a claim, their policy does not actually cover them for whatever has happened.
- Again, get advice if you are not sure what to do.

10. **Consumer Credit Act:** This is an Act passed by the Government stating all the laws that apply to borrowing and lending money.

- This document gives details of all of the rights and responsibilities that people have when they borrow and lend credit. It is like a book of rules.
- The "cooling off" period is one of these rules. It is always a good idea to get advice from someone you trust before you sign anything if you are not sure what you are signing. There are also agencies that are there to help you if you would prefer.
- Who would you ask for advice? Look at the list of agencies at the back of this guide and make a note of the ones that you may need sometime.

11. **Terms and conditions**: The rules and responsibilites which the borrower and the lender agree to when an agreement is signed.

Responsibilities when borrowing

- When you borrow money you have to sign an agreement. This is a legal agreement between you and the lender. This means that you have signed your name to state that you understand and agree to the terms and conditions of the loan. You are now in a contract. Do not sign a contract unless you understand all of the terms and conditions.
- You are now called 'the borrower' on any documentation about the loan.
- You are responsible for paying back your loan each week or month.
- You must have the money in the account on the correct day.
- You must pay back all of the loan plus the interest.

Example: These are some questions that Ms. Smart asks before she will sign for a loan. The lender will have different answers depending on their policies. These are some **possible** answers.

Ms. Smart: ***What happens if I miss a payment on my loan?***

Lender: I will send you a reminder that you are in arrears by post and you will get a chance to pay.

Ms. Smart: ***What are arrears?***

Lender: Arrears are the amount of money that was due to be paid but was not paid.

Ms. Smart: ***What will happen if I can't pay back the loan?***

Lender: I will contact you and may take you to court if you cannot pay. You should contact me as soon as possible if you have a problem.

Ms. Smart: ***Can I pay back all of the loan before the term is finished?***

Lender: You have to check your agreement. If you have a fixed rate of interest you may have to pay a charge for breaking the agreement.

Do not sign your agreement unless you understand all of the terms and conditions. If you do not understand the way the lender has answered your questions do not sign the agreement until answers to your questions are explained to you.

A legal agreement

Your loan agreement will have all the details of your loan on it. You have to sign this agreement before you get the money.

The contract that you sign if you want a loan is a **legal document**. This means that the details of the contract are **protected by law**.
Therefore whatever you sign for will be protected by law.

You will get your loan and the lender can only expect you to pay it back according to the terms and conditions of the loan.

The lender is also protected by the law. They are entitled by law to get back from you, their money and any other charges that are in the contract that you signed.

If the terms and conditions of the contract are broken then **legal proceedings** can be taken against you – this generally happens where a loan goes into serious arrears. This means that a case can be brought to court to recover the money owed. Your credit rating will be affected if you do not pay back a loan.

Key points to remember

- Borrowing money will cost you money.
- Always ask yourself questions about why you need the loan and if you can afford the repayments.
- Shop around before you borrow and get the best value (remember – look for the lowest APR and at the total cost of credit).
- Make sure you understand the agreement that you sign and the responsibilities in taking out a loan.
- Know your rights and ask questions before you borrow.
- **Get advice if you are not sure.**

Group exercise

- Using the template, make a contract with one 'volunteer' student.
- Ask him/her to put their name & address in the correct spaces.
- Ask him/her what they want to borrow and write this figure next to 'Amount of loan'.
- Tell them the interest will be 10% and write this figure next to 'Interest'.
- There are no other charges - so fill in the total 'Cost of credit'.
- Add the interest to the amount they said they want to borrow and write this figure down under 'Total amount repayable'.
- Ask him/her what they can afford each month and write this figure at 'Instalment'.
- Divide this figure into the total amount repayable (roughly or with a calculator) and work out that the agreement will therefore be over X months.
- Ask them to sign the contract.
- Finish by telling them that this is basically what financial institutions should do when they apply for a loan – if any of these bits are missing, the company may have acted illegally and they should seek advice about their rights.

Exercise

Exercise

This is what your agreement should contain

Ms Smart
Smartown

Lender: Mr. Moneybags
Address: Moneytown

Amount of loan	€500	
Interest 10%	+ €5	Total Cost of credit = €5
Total amount repayable	€505	
Instalment	€50	
Term of loan	11months	

10 days to change your mind

No costs or penalities will be charged

Signed: MR. Moneybags **Signed:** MS. Smart

Exercise

This is what your agreement should contain

Date: / /

Name: ______________________________

Address: ______________________________

Lender: ______________________________

Address: ______________________________

Amount of loan €

Interest _____ % € ______

Total amount repayable

Instalment €

Term of loan

Total Cost of credit = € _____

Waiver: 10 days to change your mind

No costs or penalities will be charged

Signed: ***Signed:***

Reading a credit agreement

Look at the agreement and point out where the following information is.

Date	*Waiver*
Repayment schedule	*Number of repayments*
Total cost of credit	*Amount of each instalment*
Total amount repayable	*Where the borrower signs*

Other suggested activities

Combine information from previous sessions to enhance learning.
Ask questions about spending habits, budgets, types of credit and responsibility when doing exercises.

1. Role play a scenario where a person is asked questions about why they want to borrow money.

   Advice agencies should be included – perhaps students could be shown/find websites (e.g. MABS / Financial Regulator) – another option is to record and play back one of the many radio or TV ads for credit and pause it – they all mention the Financial Regulator for example. Some adverts spend as long giving the "small print" as advertising the product! TV ones are good as they have the mortgage 'health warning' at the bottom

2. Work out budgets and calendars to include various loan amounts. Then introduce an unforeseen change in circumstances for example a new baby or an illness. Create a new budget, discuss ways that a person could deal with the situation.

3. Explain the various terms and conditions on credit agreements

4. Discuss
   - Why some people may borrow money even though they cannot afford to pay it back.
   - Retail therapy, what is it?
   - Rising costs of interest and the effect this has on people's finances.
   - Advertising effects in general; on children and on the family.
   - Where you can go for advice on money problems, insurance, social welfare, getting a loan etc. Have a list of agencies ready for the students (available at the back of this pack).

5. Find an example of an official agreement and point out the relevant information on it.

Wordsearch

To borrow or not to borrow?

Find the words from the box at the bottom of the page in the grid below.

n	r	r	s	f	s	i	n	t	e	r	e	s	t	r
w	e	n	e	x	i	n	s	e	g	r	a	h	c	o
w	v	y	c	d	x	t	o	p	w	u	k	w	l	t
d	i	l	u	x	n	f	j	i	l	e	g	a	l	n
i	a	s	r	m	p	e	o	n	t	a	s	h	i	a
b	w	v	i	s	j	e	l	j	r	i	a	y	t	r
n	o	i	t	a	c	i	l	p	p	a	d	n	k	a
n	j	r	y	i	t	a	c	t	o	z	e	n	s	u
r	q	s	r	i	r	o	n	g	e	m	v	t	o	g
z	v	l	d	o	n	c	x	t	e	r	c	d	u	c
d	y	e	z	t	w	n	g	e	r	r	m	c	a	f
u	r	r	r	r	h	e	r	m	z	y	l	s	n	u
c	d	a	e	p	w	g	r	v	l	f	b	l	j	i
k	c	m	d	q	a	a	p	h	v	q	g	c	l	x
t	i	h	o	p	j	b	a	g	p	d	v	y	o	k

~~Agreement~~	Application	Borrower	Charges
Conditions	Contract	Credit	Guarantor
Interest	Legal	Lender	Security
Terms	Waiver		

Notes

Know your income

employee

tax certificate

assistance

dependants

paye

means test

Aim

To look at the factors in the tax and social welfare system that affect personal finance.

Objectives

- Explore the basic concepts of the taxation system in Ireland.
- Recognise and understand key words associated with personal tax.
- Be familiar with a payslip.
- Introduce basic social welfare entitlements.
- Raise awareness of rights and access to information on personal tax and social welfare.

KEY Words

PAYE PRSI Employer Employee Tax Credits
Deductions SRCOP Tax Certificate
Gross Net Means Test FIS
Dependants Assistance Benefit

Exercise

This exercise should encourage students to become more familiar with the keywords associated with tax and understand how to read a payslip.

Notes

Know your income

Income is money coming in.

Income is the money that we have to live on. In general we get income from paid employment. If we do not have an income we may get assistance from the Government. This assistance comes from social welfare entitlements.

Deductions

A deduction means to take something away.

Tax

If we are working, we have to pay tax on our income.
Tax is deducted from our income and paid to the Government.

Revenue

The tax that we pay to the Government is called revenue.
The Government gets revenue to pay for things in the country.
This is the Government's income.

Who do you work for?

Self Employed

If you work for yourself you are called *self employed*.
You are responsible for paying tax and PRSI from your income to the Government.

Employed

If you are working for someone else you are known as *employed and you are called an employee*.
The person that employs you is the *employer*.

The employer has to make sure that you pay two things to the Government;

- Tax
- PRSI - social insurance and the health levy

The employer will make these deductions from your wages each week or month depending on how you are paid.

What are these deductions and where do they go?

Tax

If we are working as an employee you pay tax under the PAYE system. This means **P**ay **A**s **Y**ou **E**arn (PAYE).
This is a percentage of the money we earn. This money goes to a Government fund. This fund is used to pay for things like education, roads and health services in the country. We will see how the percentage is worked out later on.

Pay Related Social Insurance (PRSI)

Another deduction from our wages is called PRSI.
This means **P**ay **R**elated **S**ocial **I**nsurance (PRSI).
The amount you pay is called a contribution.
Your PRSI contribution is made up of Social Insurance and the Health Contribution. This means that some of the money you pay for PRSI goes to social insurance and some contributes to public health services.

Social Insurance

This helps to pay for Social Welfare benefits and pensions.
This is paid by you and also the person that you are working for (your employer).
This means that you pay a percentage from your wages and the employer has to pay a percentage from their own money.

Health Contribution

The health contribution goes to the Department of Health and Children to help pay for health and childcare services in the country.
You do not pay the health levy if you have a medical card.

Classes of PRSI

People pay different rates of PRSI depending on their circumstances. These are called classes of PRSI. A lot of people are on class A PRSI.
People who work for themselves are self employed. They are on class S PRSI.
The different classes of PRSI entitle you to different benefits.

Rates of PRSI

This year, 2007, the rate for social insurance is 6%.
The rate for the health levy is 2%.
That means that you may have to pay a total of 8% PRSI on your income.
The first €127 euro is exempt from PRSI. This means you do not pay PRSI on this amount. You pay PRSI on the remaining money.

Employer's PRSI

The employer must pay an amount equal to 10.75% of your wages to the Government for you from their own money.

Exemption

An exemption means that you do not have to do something.
If your income is below a certain level you do not have to pay tax or PRSI.
This is a tax exemption.

There are other ways that we have to pay tax, for example;

- If you have a car you have to pay car tax, this tax helps to pay for the maintenance of the roads.
- If you have savings or investments over a certain amount you have to pay tax; this is called Deposit interest retention (DIRT) tax.
- If you buy a house or property, sometimes you must pay tax. This tax is called Stamp Duty.

Gross Pay and Net Pay

If you are a single person offered a job with a salary of €26,000, how much will you be earning a week?

There are 52 weeks in the year so we divide €26,000 by 52 to get one week's pay.

$$\frac{€26{,}000}{52} = €500$$

Therefore you would get €500 per week.
This is called your gross pay.

However, when you get your wage from the job it will be less than €500, why is this?

Gross pay means that no tax has been taken away.
Tax has to be deducted from your gross wage.

When tax is taken away it is called your net pay.
Net pay is the wages that you get after your taxes have been deducted, in this example, net pay is €437.85

Gross Pay	€500.00
Deductions	- 62.15
Net Pay	€437.85

Net pay is the money that you get to take home often called 'take home pay'.
This is the money that you can budget with and pay your bills with.

Certificate of Tax Credits and Standard Rate Cut-off Point (SRCOP)

How does the employer know how much tax to pay for you?
The Revenue Commissioners will send you and your employer a Certificate of Tax Credits and Standard Rate Cut-off Point (SRCOP) each year.

If you do not have a Certificate of Tax, your employer will have to charge you 'emergency tax'. This is a high rate of tax that you are charged until the employer has your details.

You can claim back the extra money that you paid on emergency tax.
It is usually paid back to you in your wages when your employer has your Tax Certificate.

What is on a Tax Certificate?

There are three main things to look at on your tax certificate, these are;

1. Tax Credits
2. Rate of tax you have to pay
3. Standard rate cut-off point (SRCOP)

INCOME TAX - PAY AS YOU EARN

NOTICE OF DETERMINATION OF TAX CREDITS AND STANDARD RATE CUT-OFF POINT

FOR THE YEAR 1 JANUARY 2007 TO 31 DECEMBER AND FOLLOWING YEARS

Tax Credits 1	Self	Spouse
PAYE Tax Credit	1760.00	
Gross Tax Credits	1760.00	0.00
Tax Credits Reduced By		
Net Tax Credits	1760.00	0.00
Standard Rate of Tax (%) 2	20	

Standard Rate Cut-Off Point (SRCOP) 3	
Standard Rate Band	34000.00
Gross SRCOP	34000.00
SRCOP Reduced by	
Net SRCOP	3400.00
Higher Rate of Tax (%)	41

What does this mean for you?

1. Tax credits

A tax credit is an amount of money that is given to reduce your tax bill. This means that your tax bill will be less. You will pay less tax to the Government.

Employees get a basic personal tax credit. Depending on your personal circumstances, you will get other credits. For example, if you are single, married, widowed or in a one parent family, different credits are given.

There is a list of credits that you may qualify for, you have to check with your Tax or Revenue Office if you think you qualify for credits.
A useful source of information is the leaflet IT1 produced by the Revenue Commissioners (the address is at the back of the pack).

2. What is a rate of tax?

In Ireland there are two rates of tax. There is the standard rate and the higher rate. These are percentages. The standard rate is 20%. The higher rate is 41%, in 2007.

3. Standard Rate Cut-off Point (SRCOP)

Your **SRCOP** tells you the amount of money that has to be taxed at a standard rate. This amount of money is called your 'cut-off point'.

Your rate of tax, changes from the standard rate to the higher rate when you earn over the SRCOP amount.

The standard rate cut off point (SRCOP) tells you the amount of money that can be taxed at the standard rate of 20%.

Any money over this amount has to be taxed at a higher rate of 41%.

In 2007, a single person has a **SRCOP** of €34,000.
This means that they can earn up to €34,000 at the standard rate of 20% tax.
€34,000 is the cut off point.
Any money that they earn over this amount will be taxed at 41%.

The cut off point used to be called the tax band.
Some people still call it by its old name.

This is an example of different wages for a single person and their standard rate cut off point (SRCOP).

The SRCOP for a single person in 2007 is €34,000, we will not include tax credits for these examples.

a. If the SRCOP is €34,000 and a single person earns €34,000 they will pay the standard rate of tax of 20% on all of their income.

€34,000 x 20% = Tax

b. If the SRCOP is €34,000 and a single person earns €30,000 then they will pay the standard rate of 20% tax on all of their income.
They have stayed under the tax band limit of €34,000

€30,000 x 20% = Tax

c. If a single person earns €37,000 they have gone over the SRCOP for the standard rate of tax.

They will pay 20% on €34,000 and 41% on €3,000.

This is because they are earning more then the SRCOP limit for the standard rate of tax of 20%, and the remaining €3,000 is taxed at the higher rate of 41%.

They went over their cut off point by €3,000.

€34,000 x 20%	=	Tax
€3,000 x 41%	=	Tax
		Total tax

Gross tax

The tax that is worked out above is called your gross tax, we've ignored your tax credits. When you take your tax credits away from this gross tax figure you get the real tax amount.

Net tax

Net tax is the tax that is taken from your wages. This is your net tax.

How to read your credits and standard rate cut-off point

On your tax credit certificate for the year, you will see your tax credits and your SRCOP. This is the cut off point for paying tax at the standard rate.

On your tax certificate your credits and your SRCOP will be broken down into yearly, monthly and weekly amounts to make it easy for you to calculate your tax.

If you were a single person with a tax credit of €3,520 and a SRCOP of €34,000 a year, this is what your break down would look like on your tax certificate:

Tax credits			SRCOP		
Yearly	Monthly	Weekly	Yearly	Monthly	Weekly
3520	293	67.69	34,000	2833.33	653.85

Let's look at the example of a single person earning €26,000 a year. We will look at the way tax is deducted by the week.

We know that the weekly gross wage is €500 - that is €26,000 divided by 52 weeks.

1. Look at the weekly SRCOP on the table.
   It is €653.85.
   This means that this person can earn €653.85 each week at the standard rate of tax.
   The standard rate of tax is 20%.

2. The €500 gross wage is less than the SRCOP of €653.85 so the 20% standard rate of tax applies to it.

3. Calculate 20% of €500 to get the gross tax.
€500 x 20% = €100.
Gross tax equals €100.

4. Now we have to take away the tax credit to get the net tax figure.
Look at the weekly tax credit on the table.
The weekly tax credit on the table is €67.69.
Gross tax – credits = net tax.
€100 – €67.69 = €32.31 net tax.
€32.31 is the PAYE tax that is deducted from €500.

5. PRSI has also to be deducted.
The percentage is usually small; about 8% on average.
Look at your wage of €500.
There is an exemption on the first €127.
This means there is no PRSI due to be paid on this €127.

€500 - €127 = €373
€373 x 8% = €29.84
PRSI = €29.84
The PRSI due on the wage is **€29.84**

6. Add your PAYE and PRSI together:

PAYE	€32.31
+ PRSI	€29.84
Net Tax	**€62.15**

This is the total tax and PRSI that is due to be deducted from your wages.

7. Your wages are €500 gross so you must take away €61.31 tax to get your net wages.

€500 – €62.15 = €437.85 net wages

€437.85 is your net wages after PAYE and PRSI has been deducted.

Gross wage x % rate of tax = Gross PAYE tax
Gross tax – tax credit = Net PAYE tax
Gross wage – (Net PAYE tax + PRSI) = Net wage

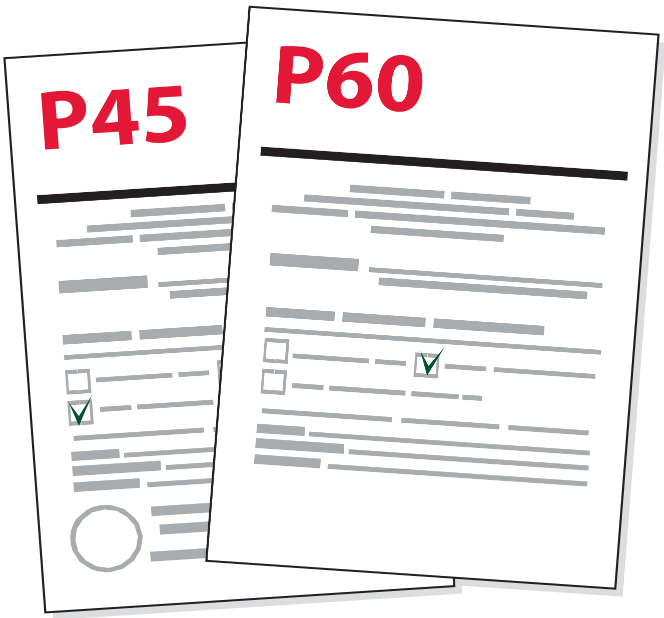
Three very important Ps.

A P60 and a P45 are the names of two important documents that you receive from your employer and that show details of the tax you're paid.

P60 is a form that is given to you at the end of the year by your employer. It shows details of your pay and the tax and PRSI that you have paid.

P45 is the form that is given to you when you leave a job. It gives details of all tax and PRSI paid by you up to the day you leave your job.
This is a very important document because your new employer needs it to calculate your tax properly. If you do not have a new job to go to then you will need your P45 to claim benefits from the Government.

PPS Number This is your Personal Public Service number.
This number is given to you by the Government.
Everybody in the country has one.
This number identifies you. You need this number for tax and social welfare benefits.
You can get a pps number from your local social welfare office.



Exercise

Here is a payslip for Ms. Smart She works for a bank called Money Bags. She gets paid weekly.

EMPLOYEER NAME:	MONEY BAGS
EMPLOYEE NAME:	**Ms. Smart**
WEEK NO.	**20**
PPS NO.	**1234567M**
DATE	**18/05/06**

SRCOP **€653.85**		Tax credits **€67.69**	PRSI Class **A**	
Payment per hour	Hours	Value	Deductions	
€14.29	**35**	**€500**	TAX PRSI EE	**€32.31** **€29.84**
Gross Pay		**€500**	Total Deductions	**€62.15**
Net Pay				**€437.85**

Payslip exercise

When you work for somebody you are entitled to a payslip each time you get paid.

This is a page giving details of your wages.

- This explains to you how much money you have earned.
- It shows you any deductions that have been made to your wages.
- This means that you can see exactly how much money was taken from your wages for tax, for PRSI, and for any other deduction such as a pension or health care scheme.

Tax and PRSI are the only amounts that an employer can deduct from your wages without your permission.
No other deductions, for example pensions or money you may owe to your employer can be deducted unless you say so.

On the pay slip, find the following things:

- Employer's name
- Employee name
- Date
- PPS number
- The week number. (There are 52 weeks in the year, the week number tells you which week you are being paid for).
- Payments – your wage per hour
- Hours worked
- Deductions – your PAYE, PRSI and possible others if you choose, such as a pension.
- SRCOP
- Credits
- PRSI class
- Deductions – your PAYE and PRSI.

Social Welfare

The social welfare system makes sure that if you can not provide an income for you or your family you will be given a basic amount from the State each week. You may be entitled to a benefit payment or an assistance payment. This depends on your circumstances. You may be entitled to a pension payment if you are over 66 years old.

You are entitled to benefit payment when you have paid a certain amount of PRSI contributions.
You will then qualify to get payment for a certain amount of weeks while you are not working.
Examples of benefit are;

- Jobseeker's Benefit (JB), when you have finished working.
- Disability Benefit (DB), when you cannot work because you are ill.

When the time limit on benefit has ended, you must then claim assistance payment.

An assistance payment is worked out by a means test.
'Means' are anything that can be used to live on:

- Savings are means, land or property other than your home are also means. Maintenance payments are means. Any income from work is means.
- A means test is when all your income and anything that you have that you can live on is added together. This is an assessment of all your income.

The social welfare inspector will then check if you have enough money to live on. If you don't have enough you will qualify for an assistance payment.

The amount of money that you receive weekly on assistance is decided by the amount of means that you have.
If have no means then you qualify for the total weekly amount.

If you qualify for a payment you are called a qualifying adult. You must be 18 years old to qualify.
If you are married your husband or wife will be called your spouse.
Your children that are still at school are also called your dependants. They are your dependants when you claim welfare.
The payment that you receive will be made up of a weekly personal payment for the qualifying adult, payment for the dependant adult and payment for child dependants.

An example of this weekly breakdown in 2007 is

Jobseeker's Assistance (JA)

Personal payment rate	€185.80
Rate for adult dependant	€123.30
Rate for each child dependant	€22.00

Child benefit

This is a payment that is given to each family every month. It is not means tested. It does not matter how much you earn you will qualify for this payment when you have dependant children.

There are many different types of payments.

You have to qualify for a payment and there are different rules for qualifying for each one.
You must contact your local Social Welfare office if you wish to apply or to find out if you qualify.

If you qualify for a payment you may still be able to work while receiveing a payment. You may have to pay tax on your payment and your wage.
The Back to Work scheme is a way of going back to work and keeping some of your payment for a few years. The payment is tax free.

You can get information on different schemes by contacting the *jobs facilitator* in the local Social Welfare office.

Citizens Information Centre (CIC)

The Citizens Information Centre (CIC) will also be able to assist you. They are an information service that is independent.

Citizens Information

Family Income Supplement (FIS)

Another payment available for families that are earning a low income is Family Income Supplement (FIS).
This payment will top up your income to a certain amount depending on the number of children that you have. This payment is not taxable.
This means that you will not pay tax on this amount. It is tax free.

Other suggested activities

- Use the text as a reading exercise if appropriate. Create comprehensions from the text.
- Practise filling in social welfare forms.
- Familiarise students with P60 forms and P45 forms (all can be obtained from your local tax office)
- Practise calculating the different tax rates for different amounts.
- Find the website of the Irish Taxation Instutue and see what tax credits are available

Discuss

- Places you can go to make enquiries about social welfare, tax and back to work initiatives.
- The tax system in Ireland – Is it fair?

Role play

- Phone your tax office looking for a tax certificate.
- Explain a pay slip to someone who can't understand where the 'net wage' comes from.

Notes

Wordsearch

Find the words from the box at the bottom of the page in the grid below.

e	v	h	i	h	z	z	t	x	e
h	m	s	k	v	j	i	a	c	e
t	r	p	e	g	f	t	n	f	m
p	a	h	l	e	l	a	d	y	p
p	h	t	n	o	t	n	e	y	l
o	e	e	e	s	y	d	k	p	o
n	b	s	i	g	b	e	u	a	y
t	i	s	i	k	g	g	r	y	e
f	s	g	r	o	s	s	o	e	e
a	a	w	j	p	x	l	g	m	b

assistance	benefit	employee	employer
fis	gross	net	paye
prsi	tax		

Accounts

current

lodgement

direct debit

overdraft

laser

standing order

Aim

This section should enable students to gain information about financial institutions and some of the services that they offer.

Objectives

At the end of this section students will be able to:

- Understand the various products and services provided by the financial institutions and the cost implications of same.
- Approach financial institutions in a more informed way.
- Identify the differences between various types of accounts, products and services.
- Recognise the various questions that should be asked before requesting or buying a financial product or service.

KEY Words

Account Deposit Current Transaction Statement Identity

e-banking Lodgement Withdrawal Fees Charges

Overdraft Direct debit Standing order

Exercise

The sample activity aims to provide students with the following:

- A visual picture of a bank statement.
- An opportunity to identify the various transactions on a statement.
- An opportunity to calculate expenditure and income from the statement.

Having an account

Banks, building societies, credit unions and post offices offer financial services.

They all offer different type of products, this is what makes them different from each other:

- People used to use the credit unions to save weekly and borrow small amounts of money.
- The post office was used for the services it offers and for saving accounts.
- Building societies used to be seen only as somewhere to go for a mortgage.
- Banks were seen as a catch all where you could save and borrow and use as a place to keep your money safe but be able to use it on a daily basis.

Now all the financial services have expanded. For example:

- You can pay most of your bills in the post office. Credit unions offer special budget accounts with the Money Advice and Budgeting Service (MABS) which you can use to manage your bills.
- Building societies offer personal loans and current accounts, which we will look at later
- Banks have also expanded and offer different types of accounts to suit your needs.

You are able to open accounts in all the financial institutions.

There are generally two types of accounts:

1. A **deposit account**: you can open a deposit account with most financial institutions. You can save money in your deposit account and you can earn interest on your savings. You can access this money whenever you want to.
   You can get your wages from work put straight into this account for you.

2. A **current account** can be opened in a bank and building society. This is different to a deposit account because it offers more service to you. With a current account you can pay your bills, have an overdraft facility, and use a debit card. There are other services but you have to ask each institution what they offer. We will look at all the services later in this chapter.

Opening a Bank Account

To open a bank account you have to provide proof of who you are. This is called proof of identity or ID.

Since 1994, the law has become very strict about the type of identity that you give to the bank.

This is because the Government are trying to stop money laundering.

Money laundering is hiding money that has been earned from crime or illegal activities.

It is now necessary for everyone to produce proof of identity and proof of address. You will need two separate documents for this.
The best types to use are those that have been issued by an authority, like a passport or a letter received from the Government like a tax certificate.

Financial Regulator

The Financial Regulator is the independent 'watchdog' for the country.

- They watch and make sure that financial services are doing the right thing.
- They provide us with independent information so that we can make informed decisions about our finances.

There is a list of acceptable forms of identity that has been produced by the Financial Regulator in this pack. You must ask the bank what form of identity they require from you to open an account. If you do not have the identities that they need, always ask to speak to a manager because there may be other ways of proving your identity.

To find out more information on the Financial Regulator log on to **www.ifsra.ie**

Account Terms

Transaction

Every time you use one of the services offered by the institution you are making a transaction. A transaction is an activity taking place on your account.

For example, you may be putting money into your account or taking money out.

Lodgements and Withdrawals

When you put money into your account it is called lodging money or making a lodgement.

When you take money from your account it is called withdrawing money or making a withdrawal.

"I would like to ***lodge*** €10 ***into*** my account please"

"I would like to ***withdraw*** €10 ***from*** my account please"

Fees and Charges

- You must pay fees and charges to have an account.
- You have to pay an annual charge for every account you have.
- You must pay an annual charge for your bank cards.
- You may have to pay for every cheque you write from your account.
- You may have to pay a fee for making transaction on your account.

All the financial institutions have different fees and charges. This is one of the ways that they compete with each other.

You must ask about fees and charges before you decide on the type of account that you want. Shop around, some institutions don't charge any fees or charges.

Remember to read the small print because there may be hidden charges.

These are some of the things that financial institutions can offer you.

Personal Identification Number (PIN)

PIN means Personal Identity Number. You must never give this number to anyone or let anyone see you using this number.
This gives you access to your account.

Cash card

This is a plastic card that you can use to access money outside the bank. You put the card into the Automatic Telling Machine (ATM). Many people call this the 'hole in the wall'. You will have a code with your card this is your PIN code. This gives you access to your account when you put in your code. You can withdraw money from your account through the machine. Some machines also allow you to lodge money, pay bills and top-up your phone.

Debit card

This is an cash card but it also has a 'laser' facility which allows you to pay for items, goods and services with the card.
The card is accepted by the seller and the amount of the goods are deducted from your bank account. It is withdrawn from your account.
This type of card is often called a laser card. It is possible to use this card abroad if you ask for it to be adapted to include this service in the bank.
It is not the same as a credit card because you can only spend as much as you have in your account. It is useful if you cannot get to a bank or an ATM machine.

Direct debit

A direct debit is a service that sends money from your account to another account. You have to set up this service giving details to the bank of the account that is receiving the money. An example of this is a mortgage account. Usually the institution that gave you a mortgage will insist on a direct debit for payment. Each month they contact your bank requesting the amount that they need for your mortgage.

*You can also pay a lot of bills by direct debit. However you may not know how much is needed to pay your bills if it is something like phone or ESB because the amount can change each month. If you do not have enough money in your account to pay the direct debit you may be charged a fee by the bank.
Some banks charge up to €12 for each missed payment.*

Standing Order

This is a service that also sends money from your account to another account. The difference between this service and a direct debit is that you decide the fixed amount to go and when it goes. If you pay your bills this way you may or may not cover the full amount when it falls due.

Overdraft facility

An overdraft is a service provided by the bank for you in case you do not have enough money in your account. An amount is agreed on with the bank and if your account runs out you can spend this agreed amount.
This is like borrowing from the bank. You must pay back this money with interest if you do not keep to the Terms and Conditions of the agreement. This is one of the most expensive forms of borrowing.

Cheque book

This service allows you to give money from your account to someone else in the form of a cheque and not cash. You write out the amount that want to give and the name of who you are giving the money to. The person who receives the cheque lodges the cheque into their account. The amount on the cheque is not taken from your account until they do this. A cheque can be held and not lodged for about six months and is still valid. After this it goes out of date or is said to be 'stale'.

Statement

This is a record of the transactions that took place on your account during a particular time. Some statements are monthly, some are quarterly and some are annually. There is a credit side and a debit side on your statement.
The credit side is money going into your account.
The debit side shows money going out of your account.
When your account is in credit it means you have money in it.
When your account is in debit you have no money in it and you owe the bank money. On your statement you will see CR for credit and DR for debit.
Some statements will show OD if you have overdrawn from your account. This means that you have taken more money from your account than you had in it. You now owe the bank money and are using your overdraft.

€10 cr = €10 in your account

€10 dr = €10 taken out of your account

€10 od = €10 overdrawn and owed to the bank

Telephone banking

You can access some accounts by phone 24 hours a day.
You have to check with each financial institution if they offer this service.
This service may allow you to:

- check your balance
- transfer money
- pay bills
- question things on your account without ever having to go into the bank.

You will get a PIN code that you use to securely access your account by phone.

Banking on-line or e-banking

You can access some accounts through the internet.
You have to check with your financial institution if they offer this service.
This allows you to see transactions that you make on your account as you are making them.
Like phone banking, you can:

- check your balance
- transfer money
- pay bills.

However you must do all of the transactions your self with your computer. You get a PIN code which is private for your account. You may also get a user ID to access your account. You will be asked various personal questions like your date of birth or phone number. This is so that no one can access your account on line and withdraw your money.

These two forms of banking are very suitable for people who find it difficult to get to the bank during their opening hours.

! *These two forms of banking are very suitable for people who find it difficult to get to the bank during their opening hours.*

Paying bills

You can pay your bills in a lot of ways depending on which way suits your lifestyle.

Always remember that you need to get a receipt or have proof of payment for any bill you pay.

- If you send cash in the post it could be lost or stolen and there will be no record of you ever sending it. Never send cash by post. Always pay cash by hand and ask for a receipt.
- If you pay by cheque, fill in the cheque stub to show who the cheque was made out to and how much is was for.
- If a cheque is in dispute then you can cancel a cheque before it is cashed by contacting your bank.

BillPay in the post office

You can pay for most bills at the post office. You can bring your bills with you and can pay them by cash or cheque.

Household budget

This is a service provided by the Department of Social and Family Affairs (DSFA). A percentage of your social welfare is deducted and the Department pays your bills for you. The main bills that they can pay are housing, rent/mortgage, gas and electricity.

Budget accounts

Many companies like ESB and Bord Gáis, offer a system that allows you to pay the same amount of money each month towards your bill. They calculate it by looking at your bills from last year and working out an average payment.
(By dividing the annual amount by 12.)
The service tells you approximately how much you need to pay each month.
At the end of the year:

- You may be in credit meaning you have paid over the amount you owe and will be able to get a refund.
- You may have a debit balance which means that you will owe some more.

Some budget account operate over ten months of the year instead of twelve, this gives you two free months each year with no payment.
The advantage of a budget account is that you pay a set amount weekly or monthly to your account. This makes budgeting easier because you know how much money has to go out.

Financial Services Ombudsman

This is an independent service that investigates complaints from people about the financial services they are using. They only investigate a complaint about an issue that the person feels has not been dealt with properly by the financial service provider.

If you cannot solve a problem between you and your financial service provider the financial ombudsman can get involved and see what the problem is.

This service is free for the person making the complaint.

Your complaint must be in writing. The address is in this pack or you can fill in an online complaint form by logging on to **www.financialombudsman.ie** and going to the 'Making a complaint' section.

Notes

NALA Bank

NALA Bank
Address
Phone number: 011-123456
Fax number: 011- 654321
Email: info@nalabank.ie
Web: www.nalabank.ie

Sort code 60 50 40

Account statement

Account name Your name
Your address

Account number: 2468

Date today

DATE	DETAILS	DEBIT €	CREDIT €	BALANCE €
05 JAN	Opening balance			100 cr
05 JAN	Cheque no.10	200		300
09 JAN	Lodgement		500	800
12JAN	ATM withdrawal	150		650
12 Jan	Laser card	100		550
15 JAN	DD Home loan	500		50
16 JAN	Lodgement		500	550
21 JAN	ATM Withdrawal	300		250
24 JAN	S.O Eircom	25		225
27 JAN	DD ESB	105		120
29 JAN	Cheque no. 12	75		45
31 JAN	Lodgement		500	545
31 JAN	Balance			**545 CR**

Exercise

What is the account number on this account?

____

What is the bank's sort code on this account?

____

How many withdrawals were made from the account in January?

____

What is the total cost of all the withdrawals from the account?

____

How many lodgements were made to the account?

____

How much money in total was lodged to the account?

____

How many cheques were cashed?

____

What were the numbers on the cheques?

____

What was the balance at the beginning of the month?

____

What was the balance at the end of the month?

____

Can you name the bills that were paid by direct debit?

____

Who was the standing order set up for?

____

Wordsearch

Accounts

Find the words from the box at the bottom of the page in the grid below.

c	q	q	y	s	d	t	a	f	r
r	n	b	s	t	e	n	c	e	o
e	l	v	d	a	p	e	c	e	l
d	x	m	c	t	o	r	o	s	n
i	t	y	h	e	s	r	u	w	y
t	u	u	a	m	i	u	n	l	z
q	s	m	r	e	t	c	t	o	x
e	s	k	g	n	z	e	b	n	p
a	v	u	e	t	k	a	x	h	x
w	n	g	s	d	e	b	i	t	u

account	charges	credit	current
debit	deposit	fees	statement

Wordsearch

Accounts

Find the words from the box at the bottom of the page in the grid below.

s	r	t	e	s	a	f	m	g	t	s	d	t	s	a
p	t	k	n	t	e	d	c	f	x	i	r	n	j	c
e	a	a	n	e	e	g	a	k	r	t	e	e	t	c
k	b	a	n	p	m	r	r	e	e	g	s	m	r	o
f	x	a	o	d	d	e	c	a	s	f	a	e	a	u
l	v	s	n	r	i	t	t	e	h	l	l	g	n	n
r	i	e	e	k	d	n	e	a	u	c	l	d	s	t
t	e	v	e	e	i	f	g	i	t	m	e	o	a	d
y	o	n	b	t	l	n	x	o	w	s	e	l	c	h
m	f	i	i	s	x	c	g	p	r	j	x	o	t	y
b	t	i	d	e	n	t	i	t	y	d	m	a	i	j
t	n	e	r	r	u	c	z	t	i	d	e	u	o	h
h	y	f	i	g	y	w	u	x	z	s	w	r	n	n
x	v	d	f	s	e	d	r	j	b	t	w	s	o	d
k	l	r	g	b	l	a	w	a	r	d	h	t	i	w

~~account~~	charges	current	deposit
direct debit	ebanking	fees	identity
laser	lodgement	overdraft	standing order
statement	transaction	withdrawal	

Other suggested activities

1. Role play a person would like to open a bank account. The clerk in the bank must give details of the different accounts and the forms of identity that is required to open an account.

2. Write a letter to the Financial Services Ombudsman making a complaint against a bank that refuses to allow you open an account because of your proof of identity.

3. IT Skills:

   - Internet

   Look up various financial institutions on the internet to see the different forms of banking that they offer.

   Look up the Financial Regulator and the Financial Ombudsman

   - Excel

   Devise different bank statements for different people, for example savings account and current account.

   Practice calculations and prepare a monthly budget.

4. Use the text as a reading comprehension if appropriate. Create different comprehension exercises from the text.

You can get this form from Banks, Building Societies or Credit Unions.

This form is for people who do not have a driving license or a passport. It must be signed by a Garda.

Form ML10 for establishing identity for persons without a driving licence or passport

Criminal Justice Act, 1994 (as amended)   ML 10
RESIDENT PERSONAL CUSTOMERS: CERTIFICATION OF IDENTITY

SECTION 1 DECLARATION BY APPLICANT

Name ____

Address ____

____

Please sign in a Garda Station in the presence of a Garda.

I declare that I do not hold a current passport or driving licence.

Signature of applicant ______________________________

If the applicant is unable to sign, a parent/guardian should sign here ______________________________

SECTION 2 CERTIFICATE OF IDENTITY

Please have this Section completed at a Garda Station by a member of An Garda Síochána.

I certify that I have satisfied myself as to the identity of the applicant who has signed Section 1 above in my presence.
I also certify that the photograph (on the back of which I have signed my name and affixed the Station Stamp) supplied with this application is a true likeness of the applicant.

Garda Station Stamp

Signature of the Garda ______________________

Name (in block letters) ______________________

Rank ______________________________

Garda Number ______________________ Date ________________

Garda Station ______________________________

Telephone Number (including Area Code) ______________________

Warning: A person who provides false or misleading information for the purposes of establishing identity under Section 32 of the Criminal Justice Act, 1994 shall be guilty of an offence.

When IOU

debtor

consequences

creditor

arrears

court

summons

Aim

The aim of this section is to examine the causes and effects of debt and provide options to respond to situations of debt.

Objectives

By the end of this section students will be able to:

- Recognise the key words associated with debt.
- Identify and understand the causes and effects of debt.
- Demonstrate how to respond to situations of debt.

KEY Words

Arrears Creditor Debtor Legal

Summons Order Court Emotions Register

Judgement Consequences Instalment

Exercise

The sample exercise provides an opportunity for students to demonstrate how they would respond to a situation of debt in a practical and informed manner.

Notes

When IOU

A lot of people have debts. Anyone who has a mortgage or a loan has a debt. If are in debt to someone, then you owe someone something.

Try and answer the questions below.

What happens if you owe money to someone and you cannot pay it back as you have agreed?

How would you feel?

What would you do?

How could you help yourself in this situation?

How could you prevent this situation from happening to you?

These are all very difficult questions to answer. Let's look at some facts about debt and ways of helping yourself if you experience debt.
Look back at your answers when you have finished the section to see if you would answer any different.

Emotional effects of debt

These are the typical stages people go through when they are experiencing a problem repaying debts.

1. **Shock** – realising that the money owed cannot be paid back.
2. **Denial** – pretending that there is no problem – not opening letters, not thinking about it.
3. **Anger** – feeling angry that this is happening.
4. **Guilt** – feeling guilty that this has been allowed to happen, feeling like a failure.
5. **Embarrassment** – feeling embarrassed about the problem, becoming isolated.
6. **Bargaining** – looking for a way out of the situation – where to get the money from.
7. **Trapped** – feeling that there is no easy way out.
8. **Fear** – fear of losing something important like the family home, electricity or gas supply or essential goods.
9. **Acceptance** – realising that there is a problem and seeking a solution

Let's look at how and why people get into situations where they cannot afford to pay back all of their debt.

Here is a list of some reasons why a person might get into debt. As you can see, in many cases the reason is not the person's fault.

Causes of debt

Illness Sickness may cause a loss of income if a person can't work. There may also be medical costs and other costs involved, such as child care.

Unemployment There is less income coming into the household to pay for things.

New baby More money is needed for a new baby and possibly for childcare.

An unexpected change of circumstances A person may be involved in an accident and be unable to work.

Increase in interest rates The cost of repaying mortgages and loans may go up – there may not be enough money to meet these increased repayments.

Not budgeting By failing to be aware of money coming in and money going out, a person may take on more commitments than they can actually afford to repay -this can result in over-borrowing.

Irresponsible lending This can happen where money is lent to a person even though s/he does not have the income to repay it –this can sometimes happen where a person does not give a lender the full details about their circumstances. Although most of these reasons are outside of a person's control, the effects are very personal and very often a person suffers in silence. Being in debt can be a lonely and frightening place to be.

Possible consequences of being in debt.

Loss

- **Eviction/repossession –** possible loss of the family home
- **Disconnection –** possible loss of electricity, gas or telephone supply
- **Breakdown –** possible loss of relationships
- **Credit rating –** possible loss of borrowing options

Health

- **Illness –** experience of stress, worry
- **Depression/Despair –** experience of shame, embarrassment

Legal

- **Proceedings –** receipt of summonses, court orders
- **Costs –** added interest, court costs

Underline all of the emotions that Penny felt in the story.

Penny had a job with enough money to pay all of her bills.

Penny liked to shop. It made her feel happy.

She used her credit card a lot when she shopped.

She sometimes spent more then she could pay back in a month.

Her credit card balance had interest on it. She wasn't worried because she always managed to pay something back.

One day, Penny fell on the street. She broke her leg. She was frustrated because she could not work for eight weeks. Penny had to claim sickness payment from the government. She now had €300 less each week to spend.

Penny became very worried and anxious about her bills. She had to pay for her rent, food and electricity, but she had loans as well.

She used her credit card to pay for her shopping and some bills.

When the credit card bill came in it was very high. Penny was shocked - she could not afford to pay the balance due.

The following month the card had to be used again.

This time the bill was double the amount and interest had been added on.

The credit card company wanted payment.

Penny was frightened that they would take her to court. Penny borrowed money from family and friends. Now she owed lots of people money.

Penny avoided these people because she was so embarrassed about her situation.

Penny stopped opening her letters as she was in denial.

Life felt different now, Penny felt threatened, anxious, unhappy and lonely.

Vicious circle

Look at the effects of being in debt.

These can make the situation worse and cause the amount of debt to increase.

Here is an example

If the ESB supply is disconnected, a person may not be able to cook or heat their home. This may mean that 'take-aways' have to be bought.
This means that food will cost more than it would normally.
Money may need to be borrowed from somewhere to get reconnected.
Now someone else is owed money.

Here is another example

A person who is stressed may become ill and have to give up work
The illness may mean that medical costs, such doctor's fees and prescriptions have to be paid.
Not being able to work however, means that less income is coming in to pay these costs.
This means that money may need to be borrowed to meet these costs.
This means more debts.

It is a downward spiral and it can be very difficult to climb back up.

How debt can get out of control

Usually you will miss a payment and the creditor will begin asking why?

You may try to borrow money from someone else to make the payment.

Now you owe money to your loan and to someone else, what will happen next month?

You have now got multiple debts. You owe more than one debt.

The creditor will get in touch and most people promise to pay even though they know that they cannot.

The payment is due you can't pay, another payment is missed and you have broken your promise with the creditor.

How do you feel at this stage? Depressed, frustrated, angry, guilty? These are not nice emotions to feel.

At this stage your creditor may take legal action because you have broken a contract.

Panic sets in and there is financial chaos.

You have to suffer the consequences of not paying back the money, this may be loss of furniture, or your home or being ordered by the court to pay back a set amount each week.

You relationships may breakdown. There can be family problems. Some people suffer mental breakdowns.

Steps to get out of debt

Step one – Calculate

The first thing you must do to begin to get out of debt is work out how much money you have going out and how much you have coming in. Do your budget!

- How much do you need to live on each week?
- How much is left over for all of your debts?

Step two – Decision time

If there is more money going out then coming in ask yourself:

- What things are important for me?
- Where is my money going to?
- Can you reduce any spending?
- Can you increase your income? Perhaps you qualify for social welfare or maybe you can take on more work?

Step three – Prioritise

- Make a list of all your debts and all of the amounts that you owe beside them. If you are not sure of how much you owe, the lenders can tell you.
- Write down the amount that should be paid each month.
- Write down the amount that is in arrears. This means the total amount of payments that you have missed.
- Write down the interest rate of each one so that you can see which is the most expensive.
- Leave a space to fill in how much you can afford to pay back each month

Name Of Debt	Total owed to lender	Payment due each month	Arrears due	Arrears repayments	Interest Rate	Total
My credit card	€3000	€150	€500	€50	15%	€200
My mortgage	€100,000	€500	€500	€50	4.5%	€550
My car loan	€2500	€110	€330	€50	8.5%	€160
My personal loan	€1000	€50	€150	€35	9%	€85
My credit Union loan	€350	€40	€30	€5	9%	€45
My friends money	€50		€50	Talk and make plan	0%	

! *If you would like help to assist you in any situation of debt you can make an appointment to talk to a money adviser in a Money Advice and Budgeting Service (MABS). There is a service for every area. The service is free and confidential. There is a list of all services in this pack.*

You have to decide which debts are most important to pay first.
These are your priority debts. Priority debts are where your home, fuel supply, goods or freedom are at risk if you do not make the payments. Examples of priority debts are rent, mortgage, ESB, gas, TV licence and court instalment orders.

Other debts are called secondary debts. Secondary debts are where your home, fuel supply, goods or freedom are **not** immediately at risk even if you do not make the payments. Examples of secondary debts are credit card debts, personal loans, credit union loans and moneylender loans. These debts can become priority debts however if a court instalment order has been made – we will look at the legal process later.

Step four – Make Contact

Now that you can clearly see how much you owe and to who, you need to make contact with all the creditors.

First you must contact them to tell them that you are having **problems** and that you need some **time** to work out exactly how much you can afford to pay them back. It is a good idea to ask the creditor to stop interest being added to the account to give you a chance to pay back the debt.

It is best if you write to all creditors and make sure you keep a copy for yourself.

Step five – Sharing

Divide up the money you will have to pay back your debts each month between your creditors. In some cases, such as your rent or mortgage, you may also have to pay back the instalment that you agreed to in the beginning.

For example your mortgage is €500 per month.

You missed one payment so you are now €500 in arrears.

You have to pay back your monthly instalment of €500 per month plus something towards your arrears.

You have €200 each month to pay towards the arrears on all of your debts.

Let's say that you decide to put €50 of this towards your mortgage arrears of €500.

You must now pay back a total of €550 each month to your mortgage lender.

Providing no interest is added on, it will take 10 months to pay back your arrears of €500. €50 x 10 months = €500

You should mark your budget calendar to show when you will finish paying back the money.

You should do the same with all of your arrears. Decide how much you can give them and calculate how long it will take to pay them back.

Step six – Make an offer

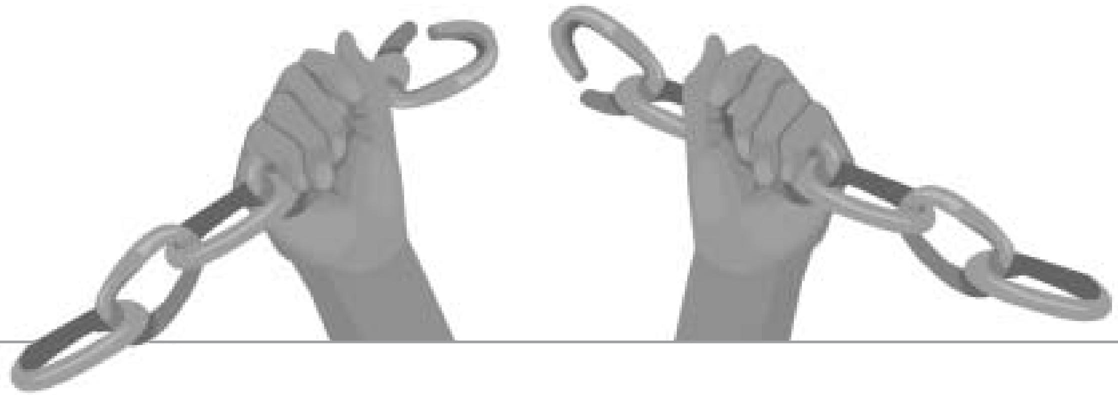
The second letter will be an **offer of a payment** that you know you can afford to pay. Ask the creditor to reply to you in writing so that you have an agreement in writing.

Step seven – Break the cycle

As soon as you can, begin saving money to use if things ever go wrong again.

Read all letters sent to you by your creditors.

Get advice before the problem goes too far.



Letter asking for time to sort out financial situation

My address
My town
My county

Date

My Loans Ltd.
Loantown

Account number 0123456

Dear Sir/Madam,
I am writing with regard to the above account.

I am having financial difficulties at present.
I am trying to find a solution to my problems. I am working out my budget to see how much I can afford to pay to all of my creditors.

It would be a great help to me if you could allow me some time to work things out and not try to recover the money due.
It would also help if you could stop interest charges being added onto my account during this time.

I will get back to you with a realistic proposal as soon as I can.

I would like to take this opportunity to thank you in advance.

Yours sincerely

Ms. Penny Cents

My address
My town
My county

Date

My Loans Ltd.
Loantown

Account number: 0123456

Dear Sir/Madam,

I am writing to you to inform you that I have examined my financial situation and I can realistically afford to pay you € x per month/week

If my circumstances change for the better I will be in a position to increase this amount. I will contact you immediately.

I hope that this proposal will be acceptable to you.
I would be grateful if you could hold any interest or charges being added to my account so that my difficulty may be resolved more easily.

Can you please respond to me in writing.

I look forward to hearing from you.

Yours sincerely

Ms. Penny Cents

Legal procedures to recover debt for the creditor

• Civil Summons

This is the first legal document a person receives when a creditor takes legal action. In a summons, the creditor, or more normally their solicitor, lists the amount of money they believe is owed and who owes it. In some cases there may be two people who owe the same debt, where there is a guarantor for example. In these cases, both people will be sent a summons.

A summons is not a court order – this means that at this stage the creditor is claiming the money but a court has not made any decision or order. This is why the summons is sometimes called an 'initial' summons although on the form it is actually called a 'civil summons'

If you are the person who receives a summons, you have three main options at this stage:

- You can either defend the claim if you believe that you do not owe the money. You should only defend the claim if you believe the amount that is being claimed is incorrect or if you believe that you do not owe the money at all. If you believe there is good reason to defend the claim, there are two parts of the summons that you need to fill in and return – you need to send one to the court and one to the creditor or their solicitor, whoever is named on the form; this part of the form is called the 'Notice of Intention to Defend'.
- You can ignore it completely; if you choose to do nothing, then the likelihood is that the creditor's solicitor will apply to the court for a 'Judgement' against you. When this happens, you may receive a letter from the court telling you that this has happened - this letter is called a 'Decree'; in some cases you may not receive this letter at all and some weeks or months will go by before you receive another summons called a 'Debtor's Summons' (see below) – it is important to seek advice at this stage

! *This section is to be used as a guide only – it should not be taken as legal advice. Legal advice should always be sought where legal proceedings are being taken with regard to a debt – See contacts and agencies at the back of the pack for where to get legal advice if necessary*

- You can agree that you owe the money, contact the creditor and ask for more time to pay. Providing you send the creditor's solicitor details of your budget and show them what you can actually afford every week or month, they will normally agree to accept your offer – again it is important to seek advice if you are not sure what to do (see below)

• Judgement

In most cases where a person receives a summons in respect of a debt, it is generally the case that they 'can't pay' rather than 'won't pay'.
As we said above, if you do not object to the amount that is owed, the creditor can apply to the court for a judgment against you – this means that a court is now saying you owe the money claimed.

You may receive a document at this stage from the court telling you this – this document is called a 'Decree'.
However there is no requirement to do this, so there may be a judgement against you for the debt, that you don't even know about.

• Enforcement

Once they have obtained a judgement against you, a creditor can take steps to get back their money from you – this is called 'enforcement' of the debt.
The first stage of this enforcement process in most cases is that the creditor issues what is called a 'Debtor's Summons' – this is sometimes referred to as an 'Examination Summons'.

• Debtor's Summons/Examination Summons

This is a different type of summons from the Civil, or Initial Summons we talked about earlier.
At this stage remember the court has already made an order (a judgement) that you owe the debt. Now the creditor is trying to enforce that debt.
The Debtor's Summons requires you to appear in court on a given date (this will be given in the summons) to answer questions put to you by the creditor about your finances – for legal purposes, your finances are called your 'means'.
When your case is heard in court it is called a 'hearing'.
A hearing where you will be asked questions about your finances is called an 'examination' hearing.

The Debtor's Summons contains a space for you to fill in your income and expenses – you should send these details back in as much detail as you can to both the creditor and the court.
It is also a good idea to attach a short letter explaining your circumstances. Providing you give a full picture of your situation to the court, the judge will normally only order you to pay what you can afford either weekly or monthly.
If you ignore the summons and don't provide the judge or the court with your financial details, an instalment order will be made on the basis of what the creditor asks for –this could be more than you can afford.
This is why it is so important that you send in your details and attend the hearing on the date you are given

- **Instalment Order**

The amount that the court orders you to pay every week or month at the examination hearing is called **an instalment order.**
Sometimes the judge may order a person to pay back the debt in one go though this is unusual.

- **Committal Summons**

The reason it is so important to give the court your financial details and attend court at the examination stage, is that once an instalment order is made it becomes an order of the court.
If you do not pay the weekly or monthly amounts stated on the instalment order, a creditor can summons you to attend court to explain why. This summons is very serious –it is called a 'Committal Summons'.
Again you must attend court on the date given in the summons –again you should send your financial details to both the creditor and the court before that date.
It is also vital that you bring these details with you on the date of the hearing. This is your final opportunity to explain to a judge why you didn't keep up the instalments the court had ordered you to pay.
The judge has the power to reduce the instalments to an amount that you can afford – s/he can't do this if you don't provide any details of your circumstances.

- **Committal Order**

If you do not attend the court on the hearing date given in the committal summons, you are likely to be held **in contempt** of a court order. This is very serious. It means that the court will make what is called a 'Committal Order' at this hearing–this means that a **warrant for your arrest** will be issued and sent to the Gardai. The Gardai are then obliged to call on you to arrest you and to take you to prison. Even when you are released from prison after the term ordered by the court, you will still owe your debt to the creditor.

- **Variation summons**

Where an instalment order has been made that is too much for you to pay, you can apply yourself to the court to vary the instalment order to a weekly or monthly amount that you can actually afford .You have to do this yourself by filling in an application form to vary the instalment order. The court office may help you to fill out the forms if you ask the people there. Another option is to seek advice as to what to do (see below) – this is generally a good idea anyway.

- **Judgement mortgage**

In some cases, a creditor may apply to the court to put what is called a judgement on your property.
This means that if you sell your property at some stage in the future, the debt will be paid back from the sale before you get the balance of the money.

SEEK ADVICE

- It is very important to get advice if there're any legal proceedings being taken against you.
- It is also very important not to ignore any letters sent to you.
- Just because you don't read the letters doesn't mean that the actions will not happen!

If you tell the court and your creditor at any stage that you are having difficulties and provide both with details of your budget, you will only ever be ordered to pay what you can afford – if you are not sure how to go about this, get help from one of the agencies listed at the back of this guide.

Exercise

You have three different things to do in this exercise.

1. You have been sent two letters in the post. Get the details from the letters and fill in the table.

   You have worked out your budget and you know you have €60 each month disposable income after you have paid all your bills and living expenses.

   This is to be divided up to pay back your arrears each month.

2. How long will it take to pay back your arrears? Use your calendar.

3. Write two letters to each creditor.
   (a) Asking for time, and
   (b) Making an offer.

Exercise

Name Of debt	Total owed to lender	Payment due each month	Arrears due	Interest Rate	How much can I pay back each month to my arrears
My credit card					
My mortgage					

Exercise

My Mortgage,
Head office,
Main road,
Anytown,

Date.

Account no. 123456

Balance owing on your account €105,000 @ 5% fixed rate.

Dear account holder,

We are writing to you concerning the arrears that are due on your account.

We have not received a payment for two months.

The agreed monthly instalment of €150 has not been received.

Please send payment to above address immediately quoting your reference/ account number.

Alternatively you can make payment in your local branch.

Should you have any difficulty in meeting this request please contact us immediately on 09876543210

If payment has been made in the last few days, please disregard this letter.

Yours sincerely

Mr. Bank official

Exercise

My Credit Card
Head Office
Any street
Anytown

Date

Account 13579 ABC

Balance owing €850 @15%

Dear account holder,

The last two payments on your credit card account have not been received and a late fee has been applied. As described in the terms and conditions, a minimum payment is required on a monthly basis.

The minimum payment of €55 must be paid immediately.

Please forward payment of €55 by post. Remember to put your account details on the cheque to the above address.

Alternatively you can use BillPay by presenting your card or bank giro slip from your statement at any of the 1,000 ServicePlus Post Offices.

Should you have any difficulty in meeting this request please contact us immediately on freephone 1800 000 000.

Our specialists are available to assist you Monday to Friday 9am to 6pm.

If payment has been made in the last few days, please disregard this letter.

Yours Sincerely

Ms. Manager

Exercise

Other suggested activities

Combine information from previous session to enhance learning. Ask questions about budgets, and using the calendar.

1. Role play a scenario where a person is in debt and is asking a friend to help set up a strategy to deal with it.

2. Letter writing: Practice writing different types of letters to different types of creditors. Use old bills that students can use to find account numbers and balances.

3. Using the list of agencies ask students to pick a town on a map of Ireland and to find the agency for that town. Learners should write the details of the name and address of each agency.

4. Numeracy: Practice breaking down different amounts of money and dividing it up between creditors.

5. Discuss
    - Organisation skills are important for coping with debt. Why?
    - How can budgeting and using a calendar help prevent debt?
    - Anyone can get into debt. Discuss.
    - What kind of things could financial institutions do to help people stay out of debt?

Are you covered?

premium

no claims bonus

protection

payment lapse

term policy

Aim

To create an awareness of the different types of insurance cover so as to make informed decisions.

Objectives

- Explore different types of insurance
- Recognise and understand key words associated with insurance
- Increase personal confidence and knowledge when buying insurance
- Raise personal awareness of rights and access to information on insurance products.

KEY Words

Premium	Term	Cover	Policy
Payment	Protection	NCD	Term Policy
Whole of life policy	Lapse	Broker	

Exercise

This exercise should test the students knowledge on the meaning of keywords associated with insurance.

Notes

INSURANCE

What is insurance

Insurance is protection against the financial loss or damage of something important to you, or against damage or injury that you cause to someone else and for which you are liable.

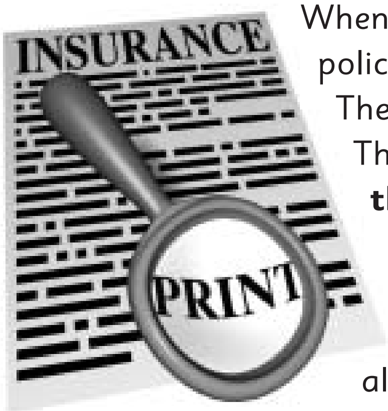
To insure is to give you protection against something that might happen to you or to protect something that you place a great value on. You insure things that you cannot afford to lose.

Risk

To be at risk means that there is a possible chance that something dangerous or threatening may happen. For example if your life was at risk then there was a chance that you may lose your life. We can insure items against the risk of something happening to them.

! Taking out insurance won't prevent things happening but it can pay for some of the costs of replacing or repairing things that are important to you.

Insurance policy



When we insure something we have to take out an insurance policy. The person buying the insurance is called **the Insured**. The company that is selling you the insurance is called **the Insurer**.

An insurance policy is a legal contract with the details of what you want insured and for how much. It will also tell you the terms and conditions of your insurance.

Most insurance policies cover your items for a year. At the end of each year you may be able to renew it, depending on the type of policy you have.

Certificate of Insurance

When your application form, called a **Proposal Form** has been submitted and approved, you will receive a **Certificate of Insurance**. This shows all the details of your insurance policy.

1. This is **how long** the policy is for.
2. **The value** of the policy.
3. **The cost** to you for the policy.
4. **Who** the policy is for.

NALA Insurance

POLICY DETAILS

Policy Number		12345
Period of Cover	From	09 May 2007 1
	To	09 May 2008

INSURED DETAILS

Name	**Joe Bloggs**
Address	123 Street Co. Dublin 4

VEHICLE INSURED

Registration No.	**1234D07**
Model	Mazda-323
Year of Manufacture	2007
Value	€12,000 2
Cover	Third Party, Fire & Theft

PRICE

Cost of Policy	**€850**
Service Charge	**€70**
Total Due	**€920** 3

Premium

To insure something you have to pay money. This money is called a premium and is worked out annually.
Usually there is a choice of payment plans so you can spread the annual premium over every week or month of the year.

For example:
If you pay €20 a month for life insurance then your premium is €240 per year. That is €20 x 12 months. **Make sure you check your policy**

Lapse in Policy

This means that a payment has not been paid on a policy.
If payment is not received, then the insurance company can cancel the policy. If the policy is cancelled no claim can be made.

It is very important to make sure that all of your payments are made on time. Some companies give a certain number of extra days to pay your premium after the due date. You have to check with the company to see how many extra days they give, if any.

Excess

If you make a claim on your insurance, then there is usually an amount called an excess that you must first pay yourself before the insurance company will pay you anything. If the amount you claim is less than the excess you will not be paid anything.

For example:
If your policy has a €150 excess and you make a claim for €500 you have to pay for the first €150 of the claim yourself and then the insurance company will pay €350.

Market Value

Market value is the amount that a buyer would be willing to pay for an item and a seller would be willing to accept for the item.

When you are insuring something you insure the item at the price you paid, or for the amount it is worth. If you need to claim to replace the item, the Insurer will usually give you the market value at the time of the loss, for that item. You may not be able to replace exactly what you have insured with a new item, but you will get the amount that the item is worth at the date of the loss.

For example:

If you bought a car for €2,500, you would insure it for that value. If you continued to insure the car for five years and it was then stolen, you would not get €2,500 from the insurer, but you would get the amount that the car was worth at the time it was stolen, which in most cases would be a lot less.

New for old policy

This is a type of policy that will cover the replacement of damaged or stolen items of any age, with brand new items.

For example:

If you insured the contents of your house and those contents were then stolen you will be given enough money to replace the old items with new ones. Even if your television was three years old, you would get enough money to buy a similar, new television.

Policy Conditions

These set out under what circumstances the insurance company will pay for a claim. Most insurance companies make it a **condition** that you, the Insured, must take care to protect your possessions

For example:
If your car was stolen, because you had left the keys in the ignition, the insurance company would probably refuse to pay your claim.

Exclusions

The parts of an insurance policy that set out the exceptions to what the insurance company will otherwise insure under the policy.

For example:
Travel Insurance

What is covered:
If you die during your trip the Insurer will pay €3000 towards the cost of returning your body or ashes home.

Exclusions:
The Insurer will not pay for any claims arising from suicide.

Loss Assessor

If you suffer a large loss such as flood or fire damage to your house, you can, after first contacting the insurance company, contact a 'Loss Assessor'. This person works for you to calculate the cost of the damage caused. The Loss Assessor represents you, the Insured, and will try to reach an agreement with the insurance company or its representative called the 'Loss Adjuster' over the amount to be paid to you.

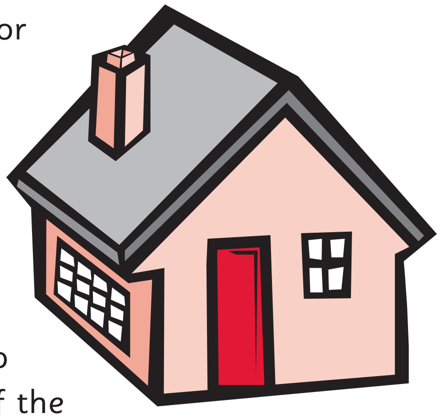
Sum Insured

This is the total, maximum amount that you can claim under your policy.

You should check with the insurance company each year to make sure that your **Sum Insured** covers the value of your items.

For example:

You have insured the contents of your house for €10,000. €10,000 is now your Sum Insured.



This year, you spent an extra €5,000 on furniture for your house.

The contents of your house are now valued at €15,000.

But, if you didn't increase your Sum Insured to €15,000, you are still only insured for part of the loss.

If anything happens to the contents of your house, the insurance company will not give you the full value of the loss.

Make sure you check your policy and know what you are buying.

Where can I get insurance?

You can buy insurance directly from insurance companies or through insurance intermediaries.

Insurance Company

An insurance company is a firm licensed to sell insurance to the public.

Insurance Intermediary

In general there are three types of insurance intermediary:

1. Insurance Broker – can sell policies from **5** different insurance companies.
2. Insurance Agent – can sell policies from up to **4** different insurance companies but for only one particular type of insurance.
3. Tied Insurance Agent – can only sell policies from **1** insurance company for one particular type of insurance.

Why insure?

We insure, to protect ourselves against the chance of financial loss from theft, loss, illness or injury. Without insurance we may not be able to pay for any loss or damage.

We can insure against the effects of a lot of events, for example; accident, illness, burglary, loss of income and even loss of life.

For example:
We take out travel insurance in case something goes wrong on holiday, we take out household contents insurance in case anything happens to the items in our home.

There are certain things that you have to insure:

- Your bank will require you to insure the cost of rebuilding your house if you want a mortgage,
- You have to have life insurance for the term of your mortgage in case you die before the mortgage has been paid in full, and
- You have to have third party car insurance if you want to drive a car.

Other things that you insure are a personal choice.

Are you taking a risk when you insure something?

We have to pay for insurance.
It is a risk because what you are insured for may never happen.
If you can afford insurance, it can give you financially security and peace of mind.

! You are paying for financial security and peace of mind.

What can I insure?

You can insure almost anything from your goods to your life.
You can only insure something which is at risk of causing you a financial loss.
The Insured must be 'out of pocket' if something happens to what is insured.

For example:

A Life Assurance Policy

There are four parties to this policy, the Insurer, the Policy owner (referred to as policyholder) the Life Assured and the Beneficiary.
Joe takes out a policy on his wife, Mary's life. He is the **Policy Owner**. He must pay the premium for the insurance.
Mary is the **Life Assured**. Her life is what is insured. Joe, as Policy Owner, must say who will get money from the Insurer when Mary dies.
Joe wants his son, Pat, to get the money if Mary dies. Pat is called the **Beneficiary** under the policy – he will benefit financially if his mother Mary dies.

In the case of life insurance policies where the Policy Owner (Joe) is not the Life Assured (Mary), he must show that he has an '**insurable interest**' in Mary's life. As he is Mary's husband he has an automatic insurable interest.

As a general rule close family members and business partners usually have an insurable interest in each other – you must show that you will suffer some kind of loss if the Life Assured dies.

You have an automatic insurable interest in your own life. Joe could take out a policy on his own life for the benefit of Mary. Joe is the Policy Owner and the Life Assured, but Mary is the Beneficiary – she gets the money under the policy when Joe dies.

!

Make sure the terms and conditions of your policy are fully explained to you and that you understand them, before you pay for anything. It is your responsibility to read your contract and understand all of it or ask questions if you don't understand it. Once you sign the contract (your policy) you are bound by the terms and conditions of it. A lot of insurance policies and in particular life policies have a "Cooling Off" period during which time you can cancel your policy without suffering any loss if you are unhappy with it or if you think it is unsuitable for you.

Steps before insuring

1. Decide if **you** need this insurance.
2. Ask the Insurer to tell you
   - The price of the insurance each week or on each instalment
   - The total that the insurance will cost you over the year.
   - Can you cancel the insurance later?
   - If so, will you get a refund?
3. Check other insurance policies to ensure you are picking the correct one.
4. Ask questions about the terms and conditions.
5. Go home and think about it before you commit to buying it.

Notes

Some examples of things that people insure:

You can insure goods like your house and the contents, a holiday, jewellery or anything that is financially worth a lot to you.

1. Loans

You can take out insurance to cover a loan, this insurance will help to pay for the loan if something happens to you and you are unable to pay the loan. You may receive a lump sum payment to cover the entire loan or the repayments as they are due.
This is a protection policy. Your reason for not being able to pay your loan must be included in the terms and conditions of the policy.

For example:

If you lose your job unexpectedly or become seriously ill you may be covered, but if you are sacked from your job, you may not be covered.

If you only have a short term loan and you think that you will be able to cover the payments, whatever happens, then you may not feel you need an insurance policy.

However if you take out a large loan over a long term you may think that it is worth paying insurance just in case anything unexpected happens in the future.

2. Home insurance

A home insurance policy may or may not include all of the following, you have to check and then choose what you want insured:

- Cover for your house if it is damaged or destroyed;
- Cover for damage or loss of contents, i.e. furniture;
- Cover for third parties - which means if anything happens to other people on your property, they can receive a payment;
- Cover for any individual item that is worth a lot. For example, expensive jewellery or art.

Important note:
You have to have mortgage protection and building insurance if you have a mortgage.

Mortgage protection

This is insurance that will pay off the loan on your house if you die. It only lasts for the term of your mortgage.

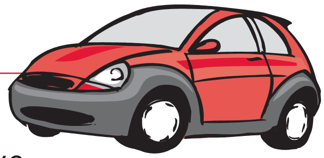
The premium for this insurance is usually fixed for the life of your mortgage. If it is fixed then the amount you pay will not change.

This protects the lender by making sure that the mortgage is paid off in full if you die. It ensures that your family are not left to pay for your mortgage. This type of insurance will pay off your mortgage if you die – there will not be any money left over to provide for your children or dependants – you need to take out a separate life policy for this.

Building Insurance

This will pay for the cost to re-build your house if it is destroyed or damaged. This does not cover the contents of the house; contents are covered separately. The cost of rebuilding your house is not the same as the market value of your house. E.g. your house may be worth €200,000 to buy but it may only cost €100,000 to build. You are only insured for the re-building cost.

3. Car insurance



If you have a car you must have third party car insurance to drive it. It is illegal not to have insurance on a car that you drive.

Important note:
To drive on roads, you must be insured for at least third party cover. This means that if anyone else suffers or is hurt because of damage you cause in your car, they will be covered.

You can choose between three types of car insurance cover

1. Third party cover,
2. Third party, fire and theft cover, and
3. Comprehensive cover.

Again you must ask yourself questions before you take any cover. Check the cost of the different types of cover and pick what suits your needs.

Third party cover

Third party cover is the cheapest type of insurance. It has the lowest premium. It will only cover someone else's damages caused by your driving. The damages may be to the person or to their property. You cannot claim for damage to your own car under this type of insurance policy.

Third party fire and theft cover

Third party fire and theft cover is more expensive than third party cover. It covers you for damage to others and also if your own car is stolen or damaged by fire. However you still cannot claim for accidental damage to your own car.

Comprehensive cover

This is the most expensive type of insurance. It is the best cover for your car. This covers you;

- for damage to others,
- if your car is stolen or damaged by fire,
- for any damage to your car even if it is your fault, and
- for the market value of your car if it is too badly damaged to be repaired.

If you have a new car then you may prefer comprehensive cover because it can be expensive to repair the damage, or replace a new car.

If your car is very old you must check if the cost of the comprehensive cover is worth it.

There are other benefits that can be included in comprehensive cover, such as;

- being insured to drive other people's cars,
- loan of a replacement car while yours is being fixed, and
- windscreen cover if you damage your windscreen.

However you must check the details of your policy with each insurance company or intermediary.

Cost of car insurance

The cost of car insurance varies depending on your circumstances and the type of cover that you want.

These are some of the things that the insurance company may look at when deciding the cost of your insurance:

- *Driving license*

  If you have a 'full driving license', then you have passed your driving test.

  If you do not have a full driving license, then you are a 'provisional driver'. This means that you have a provisional license. You have not yet passed your driving test.

  Insurance for a provisional driver is more expensive than it is for a fully licensed driver.

- *Your age*

  Insurance companies charge higher premiums for younger drivers and drivers over 65.

- *Your sex*

  Insurance companies charge higher premiums to male drivers.
  This is especially true for young, male drivers.

- *Your driving experience*

  Insurance companies look at how long you have been driving for.

- *Type of car*

  Insurance companies charge for the size of the car engine and the age of the car:
  - A new car can cost more to insure.
  - A car with a big engine will cost more to insure.
  - A car that is known as a target for theft will be more expensive to insure.

- *Driving Offences*

  Insurance companies will check to see if you have any penalty points or convictions for things like speeding, drink driving or dangerous driving. If you have been caught for any of these you will be charged a higher premium. Therefore it is important that you tell the insurance company of these when you are looking for insurance.

- *The amount you drive*

  Insurance companies will want to know how many miles you drive per year.

  They will also want to know if you will use the car for work, or if it is just for personal use. They may check if your work is a risk for driving. If claims have been made from a lot of people doing the same type of work as you then your premium may be high. If you sit behind a desk all day and do not use your car all day then you would not be a high risk.

  If you use your car for work then you are charged a commercial rate. Commercial means business. This is higher than a personal rate.

- *Your address*

  Insurance companies check if there have been a lot of claims from the area that you live in.
  People living in cities are charged higher premiums than people living in the countryside.

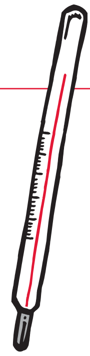
No Claims Bonus (NCB) (where applicable)

For every year that you do not make a claim on your policy, you will get a reduction on your premium. This is a No Claims Bonus (NCB).
The maximum discount that you are allowed is for five years.

NCB is very important in determining the price of your insurance.
You can lose your NCB if you claim for insurance but you can pay extra money to protect your NCB.

This is also known as No Claims Discount (NCD).

4. Health Insurance



There are different types of health insurance that you can take out called **Health care plans.**

A health care plan can cover private medical expenses and other expenses that you may have if you become ill.

You very often hear companies advertising these plans.

Serious Illness insurance

You can take insurance out for a one time payment if you become ill. A doctor must confirm your illness in accordance with the terms and conditions of your policy. You will receive a lump sum payment if you get an illness that was covered by the policy that you took out. Your illness must be one of the illnesses listed in this policy.

This insurance is useful because it can provide an income for you to pay for additional expenses and improve your standard of living.

Income protection insurance

This is insurance that you can take out to protect your income if you become ill or are injured and you are totally unable to do your job.
If you do not have sick pay cover in your job or if you are self employed this insurance may be particularly important to have but you can also take out this policy if you are a PAYE employee who does have sick pay cover.
You can usually claim 75% of your wages.
You cannot claim immediately. You must wait for a certain period of time before you can make a claim. If the insurance company does agree to pay your claim it will be subject to review – the insurance company can check at intervals to see if you are still too sick or too injured to do your job.

Important note:

You have to decide what type of insurance you need.

- Do you have dependants who will suffer financially if you are ill?
- Will there be less income in the house if you become ill?
- Can you afford medical expenses if you become ill?

Always check different policies to see which one suits you.

You can claim back some of your medical insurance against your tax.

5. Life insurance and life assurance

Life insurance is usually taken out to make sure that your dependants have enough money to live on when you die.

Insurance is taking out a policy to cover something which **may** happen.
Assurance is taking out a policy to cover something which **will** happen. The risk is the '**when**' it will happen, e.g. Death.

Term policy

A term policy for life insurance is a policy that you take out over a certain amount of time.
You could take it out for five years or twenty five years depending on your circumstances.
If you die during the term of the policy a lump sum payment will be given to your dependants.
If you do not die before the term of the payment there will be no payment.
If you have very young children and you know that they will need money if you die then a term policy would be beneficial up to the age that the youngest child is able to look after themselves.
The premium that you pay is fixed, it will not change during the term of the policy.

A Whole of Life Policy: Life Assurance

A whole of life policy will pay out money to your dependant when you die. You must continue paying premiums until you die.
The premium is higher than a term policy.
The premium is not fixed so it may go up at any time. The cost of your insurance increases with your age.

Things the insurance company will want to know about you.

- They will ask your age because the premiums are higher the older you are.
- Your sex, premiums are cheaper for women as they tend to live longer than men.
- If you smoke, your premium will be much higher than a person who doesn't smoke. This is because people who smoke tend to die earlier.
- Your medical condition and also your family history of illness.

- Your occupation, this is your work or job. If you are working in a dangerous job then your premium may be higher.

Do not lie on your policy because all of the facts will be checked when your insurance is claimed.

If you have lied then your insurance company will not have to pay out. You must tell your insurance company of all of your medical conditions.

For example:

If you are a smoker and you said that you were not, when you die a doctor's report will probably state that you were a smoker. The insurance company will have access to this report when it assesses the claim after your death to determine whether it will pay the claim. In some circumstances the insurance company will ask your doctor for a medical report about the state of your health before it decides to offer you a policy. It is the insurance company's choice at all times to ask for more medical information from your doctor before it decides to offer you an insurance policy.

Important note:

You also have a responsibility to tell the insurance company anything that you think is important for your insurance even if the insurance company does not ask you directly about it. You should always be honest in your answers.

✓ Tick the correct answer

To get insured is to get
- ☐ work
- ☐ protection
- ☐ money
- ☐ a loan

A premium is
- ☐ A date
- ☐ A country
- ☐ A payment
- ☐ A piece of fruit

A policy is a
- ☐ Polish word
- ☐ Legal contract
- ☐ Fish
- ☐ Loan

A Third party is
- ☐ Some one other than your self
- ☐ Name of a night club
- ☐ You and your parents

Mortgage protection
- ☐ Someone who looks after your mortgage
- ☐ A policy to pay your mortgage if you die
- ☐ A loan to pay your mortgage

Term life cover
- ☐ Name of a band
- ☐ Type of life insurance policy
- ☐ Type of car insurance policy

A broker
- ☐ A person who sells insurance
- ☐ A person who sells car brakes
- ☐ A person who is broke

Exercise

Key points to remember

- Make sure you know what you need.
- Ask yourself why you need insurance. This will help you decided the type that will suit you.
- Make sure to shop around and write down all of the quotes you get.
- Check the terms of the policy – ask questions!
- Make sure you can afford the policy
- Don't make a quick decision, go home and think about all of the options and the cost before you decide.
- Do not be pressursied to buy, make your own decision.

Notes

Buying car insurance?

Fill in the details when you contact companies for car insurance. When you have filled in the chart make your decision on the company and type of insurance that you want.

Name of company/broker Phone no.	NALA insurance (01)1234567			
Price of quotes				
Third party **Third party fire and theft** **Comprehensive**	€300 €400 €500			
List of benefits	Windscreen cover Driving other cars			
Can you pay instalments?	Yes			
Total cost of instalments	€25 more than the policy amount			
Deposit ?	No			
Other details	No			

Exercise

Wordsearch

Insurance

Find the words from the box at the bottom of the page in the grid below.

c	l	d	z	t	v	y	c	j	p	p	e	c	p	v
h	l	y	m	j	g	o	h	z	q	l	s	c	s	c
m	h	a	q	d	v	a	e	p	z	t	p	l	k	z
e	m	b	i	e	i	c	v	l	n	h	a	a	z	j
l	c	q	r	m	e	z	b	e	o	p	l	a	l	f
t	y	n	t	g	s	e	m	o	v	h	p	o	j	p
y	y	g	a	a	m	y	j	x	m	q	w	g	a	n
j	b	r	n	r	a	z	e	y	u	l	i	f	e	q
x	r	q	e	p	u	y	y	l	i	s	u	n	o	b
b	o	t	v	y	t	s	m	z	m	m	d	i	g	l
y	k	e	p	j	s	t	n	r	e	g	z	f	r	h
y	e	h	n	o	x	o	q	i	r	q	o	a	a	k
y	r	d	n	a	d	r	m	d	p	r	o	r	n	x
a	d	t	q	w	s	p	o	l	i	c	y	f	g	j
n	o	i	t	c	e	t	o	r	p	k	l	s	w	n

~~Bonus~~	Broker	Claims	Cover
Insurance	Lapse	Life	Payment
Policy	Premium	Protection	
Term	Whole		

Other suggested activities

- Use the text as a reading exercise if appropriate. Create comprehensions from the text.
- Create different family type scenarios and pick the appropriate insurance for each type.
- Familiarise students with the personal details section on insurance forms
- Familiarise with any data that may have to be supplied to an insurance company. E.g. different forms of identification, purchase receipts etc.

Discuss

- The price of insurance. Is it worth it?
- Car insurance, is it expensive?

Role play

- Phone call to insurance company for car insurance. Give out different scenarios and roles.
- Give different scenarios where
  1. A person buys insurance from a broker but does not understand what they bought. Highlight the effect of not asking questions and also buying something without really understanding the product.
  2. A person who buys insurance but doesn't really want the type offered and can't really afford it. Highlight the need to be assertive.
  3. A person who asks questions and buys the product that they want.

Glossary

Ability
This is your ability to make the repayments so it is based on your income

Account
A record of spending and income, provided by a bank, post office or building society

Annual
Every year

Applicant
A person who applies for something

APR
Annual Percentage Rate – a percentage to show the amount of interest and other fees a person pays each year to receive a loan

Arrangement fee
A fee that a bank or building society charges a customer for arranging a loan

Arrears
Money a person owes after it is due

Asset
Something owned

Available credit
The difference between a person's credit limit and the amount of money they have already borrowed or spent on their credit card

Balance
An amount of money, shown on a person's statement, that they have in their account or that they owe at any time

Balance transfer
An amount a person owes on one credit or store card that they can switch to another credit card

Balloon payment
A higher than normal final payment for a loan in return for lower regular repayments

Bankrupt
A situation of not having enough money to pay debts, declared by a court order

Bankruptcy
A type of order issued by a court when a person cannot pay their debts when they are due, which allows the person's property to be sold to raise money to pay their creditors

Basic bank account
A service from a bank or building society that only lets a person spend what they have in their account so there is no risk of becoming overdrawn and running up overdraft charges

Borrow
Get money that will be paid back

Breach of contract
An act that breaks a legal duty agreed in a contract

Budget
A plan of spending over a certain length of time, based on how much money a person has

Building society
An organisation owned by its members, who are some or all of the customers saving with or borrowing from the society

Calendar month
A period of time that starts on the first day of the month and ends on the last day, as opposed to starting in the middle of one month and ending in the middle of the next

Capital
An amount of money a person saves, invests or borrows, before interest or loss

Cash advance
A cash withdrawal using a credit card, for which a person may pay a fee as well as interest

Cashcard
Also known as an ATM card – a card that a person can use only at cash machines with a personal identification number (PIN) to withdraw cash, check their balance or print out a mini-statement

Cashflow
A record of all the money coming in minus all the payments as they are made, measured over a particular time

Charges
Fees and interest that a person must pay, for example when they borrow money or buy on credit

Charge card
A type of credit card often issued by a store to its customers so that they can buy goods from the store on credit

Cheque
A written order, addressed to a bank, instructing the bank to pay an amount of money to the person or organisation named on the cheque

Cheque guarantee card
A plastic card from a bank or building society that guarantees that the amount of money on a cheque (up to a certain limit) will be paid whether or not there is enough money in the account

Collateral
An asset offered to or needed by a lender as security for a loan, such as a house for a mortgage

Consumer
A person who buys a good or service

Contract
An agreement between two or more parties, which is usually written and is binding on everyone concerned

Credit
Money that a bank, building society or a credit card company has lent a person to buy goods or services

Credit agreement
A document that records the conditions on which a person receives credit

Credit card
A card that lets a person buy something 'on credit' and pay for it later

Credit card bill
A detailed statement each month of what a person has bought with their credit card and how much they need to pay back to their credit card company

Credit history
A history of how well a person has been able to repay debt; a poor credit history means that they may find it difficult to take out a loan

Credit limit
The highest amount a store card or credit card company will lend a person at any time

Credit outstanding
The amount of credit a person has not yet paid back

Credit rating
A score of a person's ability to repay debt such as loans and credit card bills

Credit reference agency
An organisation holding information on a person and their past record of paying back their debts, to which lenders may refer before they agree to give a loan

Credit risk
The risk that a person might not repay a loan or credit

Credit scoring
A system used by a lender to give a score to a potential borrower depending on the answers they give to a series of questions; the higher the score the lower the risk that the person will not repay their loan

Credit transfer
A way of automatically moving money from one bank account to another

Credit union
A non-profit organisation that makes loans to its members and encourages savings

Credited
A term to describe a person's account when money has been paid into it

Creditor
A person or company who is owed money

Current account
A bank or building society account that lets a person keep their money secure, but still write cheques and use an ATM card to get money

Debit
A payment from an account or the cost of buying goods or services

Debited
The result of money being taken out from an account

Debit card
A card that lets a person pay for goods and services and get money straight from their bank when a shop assistant swipes the card through a machine

Debt
Money owed to another person or to a company

Debt consolidation
Taking out a single loan to pay off a number of smaller, individual loans

Debtor
A person who owes money

Default
A failure to pay a debt on time

Dependability
This includes the length of time you've lived at your current address, if you have dependent children and a good history of employment.

Dependant
Somebody who depends on another person for financial support, such as a child or an elderly relative

Deposit
Initial amount of money that a person pays to get something, for example a house or an electrical appliance bought through hire purchase

Deposit account
A type of savings account which pays interest without an ATM card or a cheque book

Deposit rate
The rate of interest that customers can earn on money they keep in a bank or building society deposit account

Depreciation
The drop in value of an asset due to wear and tear, age and whether it is going out of date, as recorded in an organisation's financial records

Direct debit
A method of paying bills regularly, by giving permission to a company or organisation to take money straight from a bank or building society account on a date specified by the company or organisation

Disposable income
Income available after a person pays tax, loans and buys basic goods and services

Duty
A tax charged by the Government

Electronic banking
A term describing different ways to manage money without talking to a person, for example by using an ATM card, the Internet and the telephone

Equity
The difference between the value of a person's property and the amount of mortgage they still have to pay

Estimate
A guide to the cost of a good or service, such as electricity

Fee
A sum of money a person pays for a service, such as getting a loan or taking out an insurance policy

Final demand
The last demand for payment before a company cuts off a service or begins legal action

Financial advisor
Somebody who studies a person's earnings, savings and spending and gives advice on how to manage or invest their money

Fixed interest rate
An interest rate that stays the same for a fixed time, no matter how other interest rates may go up or down

Fixed-rate mortgage
A type of mortgage for which a person pays a set amount of interest, so no matter how interest rates go up or down, the same monthly repayment is made

Forfeit
Lose a property or right for doing something wrong, such as not repaying a loan on time

Guaranteed interest rate
An interest rate that a person can be sure they will receive on particular savings

Guarantor
A person who agrees to pay the loan if the person who received the loan fails to pay

Hire purchase
A way to buy goods that involves getting them straight away but making regular payments for them over a fixed period of time

In credit
A situation where money is available in an account

Income
Money coming in, such as wages and social welfare payments

Income tax
A tax on personal or business income

Independent financial advisor
Somebody who advises on life insurance, pensions and investments who is not employed by a company selling such services

Instalment
A regular repayment for goods bought on credit or to pay back a loan

Interest
A fee a person receives if they save money, or pay if they borrow money, usually expressed as a percentage of the savings or the loan

Interest rate
The percentage that a person receives on their savings or pays on their loan

Interest-free credit
A loan, whether from a lending agency or a credit card company, on which a person pays no interest for a fixed period

Joint account
A bank account held by more than one person, usually by a married couple or by partners who live at the same address

Laser card
A type of debit card, issued by several Irish financial institutions

Loan agreement
A document that describes the conditions of a person's loan

Loan shark
A person who lends money and charges a very high rate of interest and does not hold a licence to lend money

Loyalty card
A card offered by supermarkets, shops and cafes to encourage people to shop there, by offering 'points' with each purchase or free goods after spending a certain amount of money

MasterCard
An international card payments organisation owned by banks worldwide, which provides credit cards

Monthly instalment
A payment each month, usually to pay back a loan

Mortgage
A loan to buy a property; if it is not paid back, the lending agency can take over the property

Mortgage adviser
A person who advises others on the best type of mortgage to choose

Mortgage broker
Somebody who assesses a person's mortgage needs, then finds and advises on a suitable mortgage lender

Mortgage arrears
Mortgage payments that a person owes after they are due

Mortgage repayment
A monthly payment to repay a loan for a property

Mortgage statement
A report that details payments, charges and the remaining balance of a mortgage

Net
An amount that is left after other amounts have been deducted

Net income
A person's income each week, month or year after tax, PRSI, union subscriptions or pensions have been deducted

Net interest
Interest from which tax has already been deducted

Notice
A period of time between a person telling a bank or building society that they would like to take out

Overdraft
A facility from a bank or building society that lets a person access more money than they have in their account, for a charge

PAYE
Pay As You Earn – tax paid when an employer deducts tax from their employee every time they pay them

Payee
The person who receives a payment

Penalty
A punishment for not obeying a law or rule or not sticking to the terms of a contract; might involve extra charges or interest

Penalty-free transfer
An option to transfer savings, such as a pension, to another scheme or different provider without having to pay any charges

Pension
An income a person receives from the State or a private company, or both,

after they retire; if a person has their own private pension, they cannot use any of their pension fund until they reach a minimum age, usually 50

Pension contribution
A payment, usually every month or every three months, into a pension scheme

Per annum
Each year

Personal allowance
The amount of income on which a person does not pay tax, depending on their age and whether they are married or have children

Personal loan
A loan taken out by a person to pay for anything they want

PIN
Personal Identification Number – a four-digit number that a person must keep secret and use to get money with an ATM card at an ATM machine

Policy
A plan, for savings or insurance, for which a person usually receives a written document

PPS Number
Personal Public Service Number – a unique reference number for each person in the State that identifies the person for all matters related to tax, social insurance and social welfare benefits

PRSA
Personal Retirement Savings Account – a savings account that a person pays into each month straight from their salary to build up their pension; if an employer does not already offer an occupational pension, they must allow their employees set up their own PRSA

PRSI
Pay Related Social Insurance – a payment from employers and most employees, depending on their earnings and type of work, that pays for certain social welfare payments and benefits

Quarterly statement
A statement that a person receives every three months (one quarter of the year)

Refund
As a noun, a repayment of part of an amount that a person has paid

Risk
Chance or uncertainty associated with offering loans and with certain investments

Savings account
An account in a bank, building society or post office, that allows a person to build up savings and interest. A person cannot usually access this account everyday

Schedule of payments
A list of payment amounts and the dates they are due

Security
Something of value that one person or organisation promises to allow a lender to sell to pay off any debt that the borrower cannot repay when repayments are due

Secured loan
A loan that is borrowed against a particular asset, known as security; if a person cannot make the repayments when they are due, the lender can take ownership of the asset

Short term
A period of time of up to five years in terms of savings and loans

Signatory
A person who signs a document, such as an application form or cheque

Sort code
A six-figure code that identifies a person's bank branch and is printed on bank statements

Standing order
A method of paying fixed amounts on a regular basis, for example into a pension fund, by allowing a company or other organisation to take money straight from a person's bank or building society account, depending on how much the person has in their account

Statement
A document from a bank or building society that shows recent payments into and from a person's account

Store card
A card available from a particular shop that lets a person buy goods from that shop on credit; like a credit card, payments are due each month

Take home pay
Earnings after tax, PRSI and other deductions

Tax code
A reference for different types of employees to tell how much income tax a person should pay in a certain period and how much of their pay is tax-free

Tax credit
The amount of income on which a person does not pay tax, including their personal allowance and tax relief for any mortgage or health insurance payments

Tax return
A form that a self-employed person must fill in to record their income and any allowances for the year and send in to the Revenue Commissioners on time to avoid penalties and fines

Transaction
Any payment into or out of a person's or company's account

Unauthorised overdraft charges
Fees that a person must pay if they take out more money than they have in their account without the permission of their bank or building society

Unsecured loan
A loan that is not backed by a particular asset; if a person does not pay back the loan, the lender cannot take any asset in return, but may still take the person to court

Utility bill
A bill for a utility, such as gas, electricity or the telephone

Variable interest rate
An interest rate that is likely to go up or down over time

VAT
Value added tax – a tax paid to the Government for most goods and services

Visa
An international card payments organisation owned by banks worldwide, which provides credit cards

Voluntary excess
A sum of money that an insured person agrees to pay for any loss, damage or injury before an insurance company will make any payments

Withdraw
Taking money out of an account

Contact details

askaboutmoney .com	www.askabout money.com	N/A	Online community that offers independent financial advice about Irish financial issues to all users.
Comhairle	www.citizens information.ie	7th Floor Hume House Ballsbridge Dublin 4 (01) 605 9000	The national agency responsible for supporting the provision of information, advice and advocacy to the public on the broad range of social and civil services.
Consumer Information Department		P.O. Box 9138 College Green Dublin 2 1890 777777 consumerinfo@ FinancialRegulator.ie	
Department of Social Welfare	www.welfare.ie	1890 66 22 44 1890 20 23 25 (Lo Call Leaflet Line)	The Irish Social Welfare System provides supports and services to people at various stages of their lives.
European Consumer Centre	www.ecic.ie	13A Upper O'Connell Street, Dublin 1 (01) 809 0600 info@eccdublin.ie	ECC Dublin provides free information on consumer rights in Europe and assists in cross-border disputes.
Financial Regulator	www.ifsra.ie	P.O. Box 9138 College Green Dublin 2 (01) 410 4000	The Financial Regulator is responsible for the regulation of all financial services firms in Ireland.

Financial Services Ombudsman	www.financialombudsman.ie	3rd Floor Lincoln House Lincoln Place Dublin 2 1890 88 20 90 01 662 0899 enquiries@financialombudsman.ie	The Financial Services Ombudsman is a statutory officer who deals independently with unresolved complaints from consumers about their individual dealings with all financial service providers. It is a free service.
FixMyTax .com	www.fixmytax.com	Patrick Lane & Co., Chartered Accountants and Registered Auditors, Unit 19, Block D, Butler's Court, 77 Sir John Rogerson's Quay, Dublin 2. 1850 211438 (01) 613 9880 pat@patricklane.com	Primarily for small and medium businesses and individuals needing assistance with their Irish Tax issues
The Insurance Information Service		Tel: 01 676 1914 Fax: 01 676 1943 iis@iif.ie	
Irish Credit Bureau	www.icb.ie	ICB House Newstead Clonskeagh Road Dublin 14 (01) 2600388	The bureau is an electronic library or database that contains information on the performance of credit agreements between financial institutions (i.e. banks and building societies) and borrowers (i.e. the citizen).
Irish Revenue	www.revenue.ie	**Dublin region:** 1890 33 34 25 **Border Midlands West Region:** 1890 77 74 25 **South West Region:** 1890 22 24 25 **East and Southeast Region:** 1890 44 44 25	The Revenue's mission is to serve the community by fairly and efficiently collecting taxes and duties and implementing import and export controls.

Irish Taxation Institute	www.taxireland.ie	First Floor Offices South Block Longboat Quay Grand Canal Harbour Dublin 2 (01) 663 1700 info@taxireland.ie	The Irish Taxation Institute (ITI) is the leading representative body for taxation affairs in Ireland. Produce guidance leaflets, such as "Understanding your taxes" which is a simple, easy to follow guide to the PAYE tax system.
Money Advice and Budgeting Service (MABS)	www.mabs.ie	Local offices nationally (01) 640 3133	MABS is a national, free, confidential and independent service for people in debt or in danger of getting into debt.
National Consumer Agency	www.consumerconnect.ie	4-5 Harcourt Road Dublin 2, Ireland 1890 432 432 ask@consumerconnect.ie	The NCA has been set up by the Irish government to be a powerful advocate on behalf of consumers. We will also have a leading role in consumer information, research, education and awareness.
National Traveller MABS	www.nattravellermabs.org	Unit 2, North Park, North Road Finglas, Dublin 11. (01) 8648510 nationaltraveller@mabs.ie	National Traveller MABS supports MABS services nationally on issues relating to the Traveller community.
Office of the Director of Consumer Affairs	www.odca.ie	4 Harcourt Road, Dublin 2 (01) 402 5555 odca@entemp.ie	The Director of Consumer Affairs is an independent statutory officer, responsible for providing advice and information to consumers, the regulation of credit intermediaries, the licensing of pawnbrokers and the enforcement of a wide range of consumer protection legislation.

Revenue Online Service	www.ros.ie	Revenue OnLine Service, 2nd Floor, Trident House, Blackrock, County Dublin	The Revenue Online Service (ROS) is the Irish Revenue's interactive facility offering business and individuals a quick, secure and cost effective method to manage their Tax Affairs online.
Shopping Bill.com	www.shopping bill.com	021 4773273 info@shoppingbill .com	ShoppingBill.com aims to save you time and money when you do your supermarket shopping. It's a professionally run, independent service and it's free.

What is NALA?

The National Adult Literacy Agency (NALA) is an independent membership organisation, concerned with developing policy, advocacy, research and offering advisory services in adult literacy work in Ireland. NALA was established in 1980 and has campaigned since then for the recognition of, and response to, the adult literacy issue in Ireland.

Making Cents is a pack to help tutors improve students' understanding of financial literacy, enabling them to make informed choices about their finances. It deals with common financial products and the terms and procedures which financial instituions apply.

However, please note that this pack is not a substitute for specialised money advice and it is imperative that tutors refer students to suitable agencies if advice or assistance with a personal financial situation is required.

National Adult Literacy Agency
76 Lower Gardiner Street
Dublin 1
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Fax: (01) 855 5475

An Áisíneacht Náisiúnta Litearthachta do Aosaigh
National Adult Literacy Agency

Websites:
NALA website: www.nala.ie
Literacy learning and tuition website: www.literacytools.ie
Read Write Now TV literacy series 5 website: www.readwritenow.ie
The Really Useful Guide to Words and Numbers website: www.rug.ie

Freephone support line: 1800 20 20 65

NALA Cork
Tel: (021) 427 8655
Fax: (021) 427 8665
Email: mmurray@nala.ie

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NDP
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