



Becoming financially independent.

An introduction to important things to know about Money!



Including

Student bank accounts

Overdrafts

Credit cards

Employment, Tax and National Employment.

Employment Rights

Fraud Protection



Student bank accounts

- The main difference between an ordinary current and a student bank account is that the latter allows you to have 0% /interest free overdraft. Which means you are permitted to take more money out than you actually have up to an agreed amount (max £3000) and you don't have to pay any extra fees/interest on it.
- But it ISNT free money. You **do have to pay it back** at some agreed point, usually when you have graduated.
- You can only have ONE student bank account. It is expected that the Maintenance loan is paid into this account.
- Pick your student account carefully, don't just go for the best giveaways! This is a good place to compare what is being offered by each bank in 2020-

<https://www.savethestudent.org/money/student-banking/student-bank-accounts.html#bank-accounts>



Credit Cards

- **Credit cards** offer you a line of **credit** that can be used to make purchases, balance transfers and/or cash advances, requiring you to pay back the loan amount in the future. Usually customers are given 56 days interest free and then interest (APR) will be added to the amount you have borrowed
- You will receive a monthly statement which tells you what needs to be paid back each month. You can pay the minimum amount back, above the minimum amount or the whole balance in full.
- Interest will be added if you don't pay it off in full.
- Your credit score will be negatively affected if you miss a payment.



Credit Cards

- If you spend more than your credit limit (usually £500-1500 for students) then you will be penalised.
- Extra interest is often added if you use the credit card to take money out of an ATM.
- Choose a credit card with 0% on purchases to save you paying any interest, though make sure you know when the 0% offer ends.
- When the offer ends it is possible to transfer the balance (at no charge) to another credit card with 0% interest on purchases.
- **YOU SHOULD BE FINANCIALLY STABLE AND HAVE THE FINANCES TO PAY OFF A CREDIT CARD BEFORE CONSIDERING TO GET ONE, IT IS THE QUICKEST WAY MANY GET THEMSELVES INTO DEBT THEY CANNOT PAY**

The Annual Percentage Rate (APR) is the cost of a loan (i.e. the original loan plus the interest and any set-up fees) over the course of one year. The higher the APR, the more expensive the cost of borrowing.

APR

Example:

If you borrowed **£1,000** with 29.9% APR and paid this back over one year, you would be borrowing **£1,299** (£1,000 loan + £299 interest and set-up fees)

Task- Pros & Cons of credit cards

Pros

Cons



Employment

- You should be paid at least minimum wage- £6.45 for workers aged 18-20, £4.15 for apprentices.
- You may pay Income Tax on your wages-as a single person, if you earn over £10,400 the basic rate of tax is 20%. This will be deducted from your wage each month. Income tax pays for services run by the state, roads, education, health etc
- When you turned 16 you will have received a National Insurance card and number.If you earn over £183 per week, you will also be deducted National Insurance payments from your wages. This is your contribution towards aspects of state social security that you or your family may need to claim throughout your life, for example unemployment benefits and free healthcare.
- The amount of tax and NI you pay depends on how much you earn, your personal and employment status



Employment Rights-

Employment contract

Number of working hours

Minimum wage

Sick pay entitlement

Holiday entitlement

Rests and breaks entitlements

Maternity/ Paternity rights

Flexible working allowances

Working for an agency

Zero hours contract rights

For help and advice on all of these matters go here-<https://www.citizensadvice.org.uk/work/rights-at-work/>



Financial Fraud

As you become more financially independent you must make yourself aware of the different methods of financial fraud and how to protect yourself and your money. Fraud can take a variety of forms including phishing, boiler rooms, mortgage fraud, insurance fraud, carousel fraud and identity theft.

Identity theft is becoming very common. It is when someone steals personal details about someone living or dead, such as their bank account number, email account password or copies of their utility bills. This information can then be used to commit identity fraud, where criminals impersonate someone using the stolen information to obtain financial services or access existing accounts. There are many sad stories in the media about people losing thousands of pounds in this way.



Financial Fraud Protection

New and improving technology give the fraudsters the edge, but you can help keep yourself safe by-

1. Don't give out any financial information to anybody, particularly over telephone or email. Your bank will never ring or email and expect you to give out your full passwords .
2. Never click on hyperlinks in emails or open attachments that have been sent from unknown sources.
3. Use tough to crack passwords of at least 8 characters including upper and lower case and symbols.
4. Always shred statements or other information that has sensitive data on it. Don't just throw it away in your household waste bin.
5. Install antivirus and spyware software and turn on auto-updating feature.