

KIC:

If I were to give you £100, how would you spend it?



How do we spend money and what do we spend money on?



The difference between a want and a need

Key question: can you determine which of these factors are wants and which are needs?

A need is something that is going to help us survive.

A want is something that an individual desires, but would be able to live without.



How you can be better with money?

Challenge: can you incorporate some of these tips into your own life?





Key question:

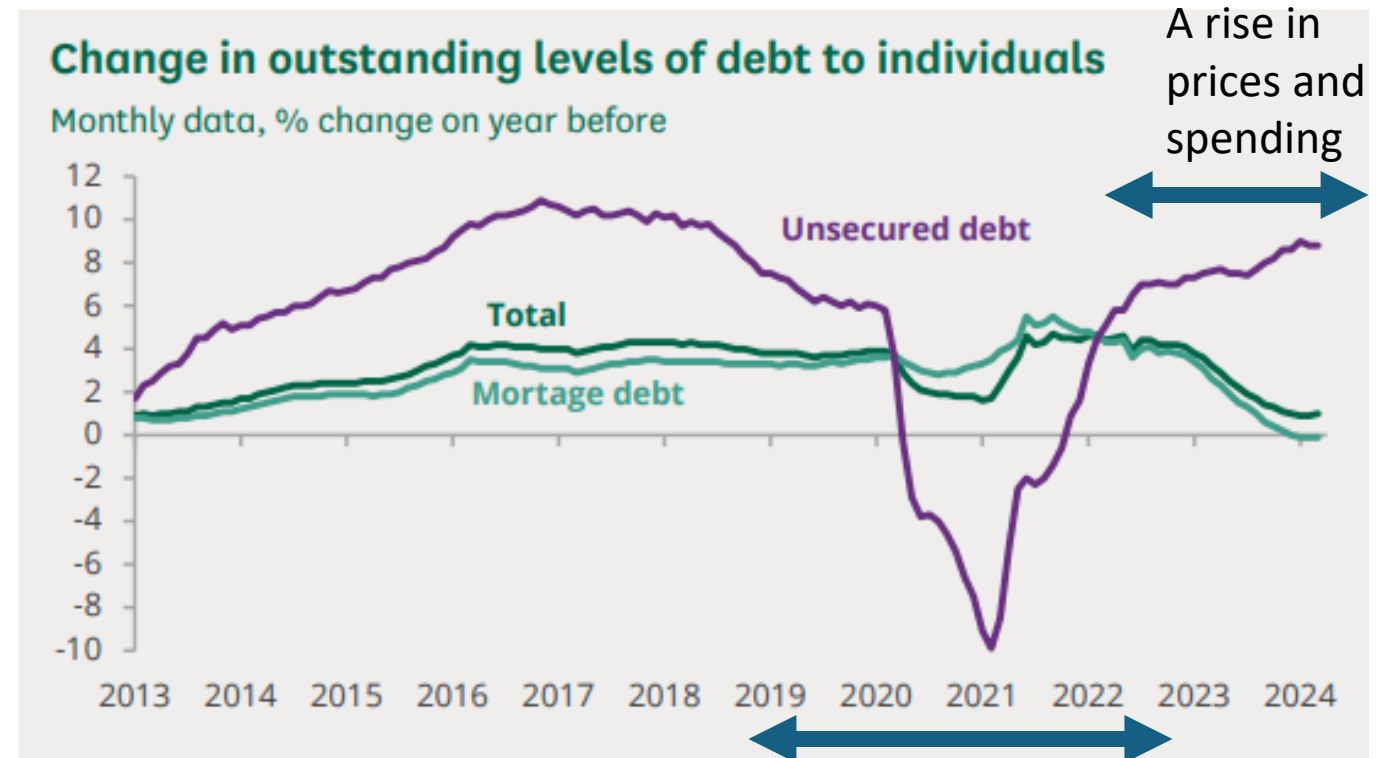
Is all the money that we
spend our own money or
borrowed?

Where does UK citizens debt mainly come from?

Unsecured debt – does not have any major assets attached to it.

E.G a home. Unsecured debt includes; shopping, household bills, student loans, credit card bills.

Mortgage debt – a debt that has been voluntarily agreed by the owner of a house, to purchase the property.

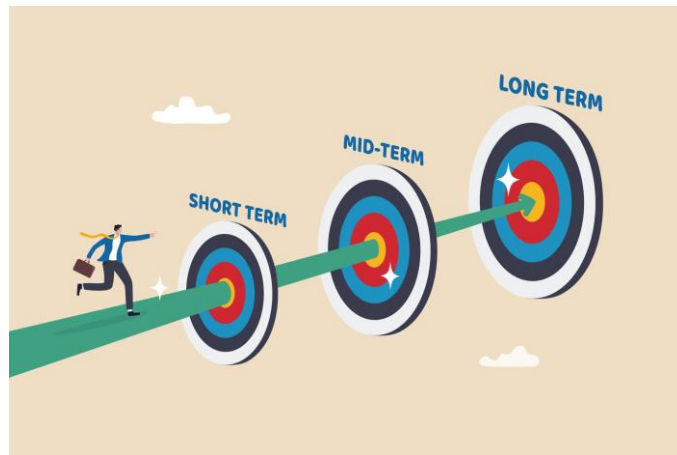


Source: [Bank of England database, series LPMB72K, LPMVTYI, LPMB4TC](#)

A dip in unsecured debt due to the pandemic.

Credit Cards and Overdrafts

Think about: Is the money we spend actually our own?



Loans, credit cards and interest

Think about: Do we spend money that is actually ours?



Loan –

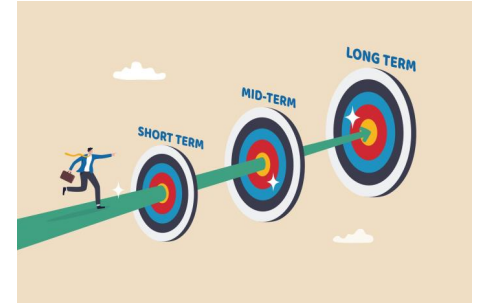
A one off payment of preapproved credit agreed for you by the bank, which has to be paid back, with interest and some banks charge you for using the money as well.

Credit card/ overdraft –

Borrowing a pre agreed sum of money from the bank each month, so that you can spend more then the money you earn each month.

Interest -

A % of money that you have to pay back on top of what you've borrowed.



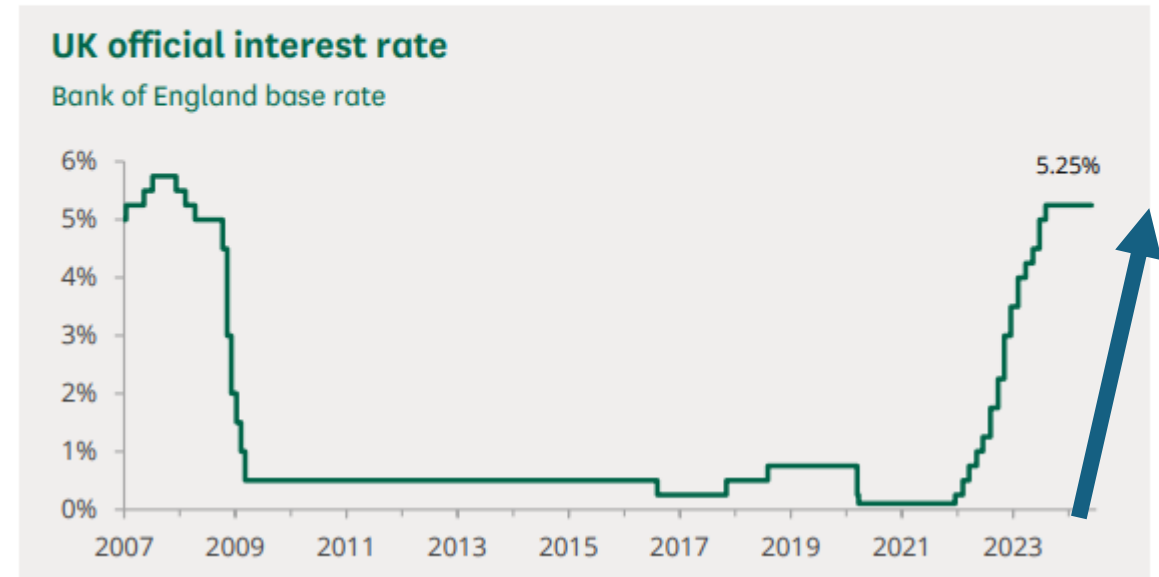
Interest rates

- An interest rate is the cost for borrowing money.
- Higher interest rates mean **higher payments on what you've borrowed**, meaning people must spend more.
- It also means that lenders get more return and potential borrowers find it is more expensive to take out a loan.

Interest rate rises in 2021 to 2024

When inflation began to rise in 2021, the Bank of England started increasing interest rates.

Between December 2021 and August 2023 the interest rate was raised 14 times, reaching 5.25% on 3 August 2023.²⁸



Source: Bank of England, [Interest rates and Bank Rate](#)

From 2021 – 2023 interest rates of risen and have reached 5.25%.

What is an overdraft?



What is a loan?





Do you think it's easy to get into debt?

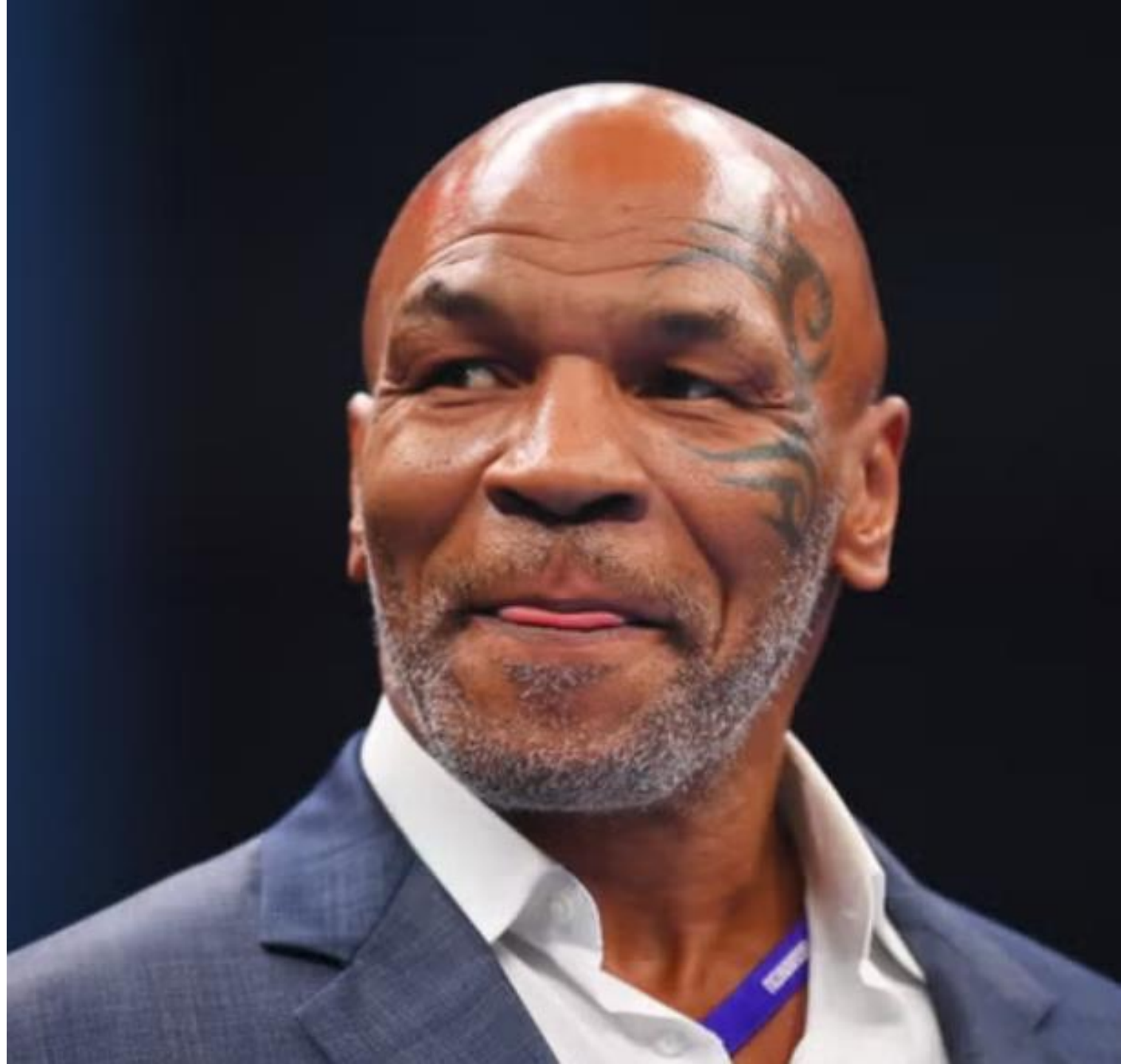
Yes

No

Mike Tyson

“I didn’t think I’d make it through my 30s”

- In 2003, *The New York Times* reported that heavyweight superstar Mike Tyson had officially filed for bankruptcy after years of financial struggles.
- Despite earning \$400m over the course of 20 years, court documents revealed **he spent \$400,000 a month to maintain his lifestyle**. From 1995 to 1997, he spent \$9m in legal fees. In total, the former heavyweight champion had **\$27m of debt in his bankruptcy filing**.



Lady Gaga

"I put everything in the show, and I actually went bankrupt," she told the Financial Times in a 2011"

- According to a CNBC [report](#), Lady Gaga was \$3 million in debt following her "Monster Ball" tour, which lasted from 2009 to 2011, and she didn't even realize it.
- "I remember I called everybody and said, 'Why is everyone saying I have no money? This is ridiculous, I have five number one singles' – and they said, 'Well, you're \$3M in debt.'"



Will Smith

- Smith became a millionaire almost overnight, and went on a spending spree. However, he was then given a \$2.8 million (£2.1 million) bill by the Internal Revenue Service (IRS), and had **to hand over practically everything he owned to pay off some of the debt.**
- Luckily, Smith landed the role as The Fresh Prince of Bel-Air about a year later, and managed to pay off the remainder, with the IRS charging him 70% on everything he earned. After three years, he was in the clear.

Internal Revenue Service:
Part of the US Treasury and in charge of
charging people for tax in America.



How you can be better with money?

Challenge: can you incorporate some of these tips into your own life?



- Put some of any money you receive into savings, instead of spending the whole lot.
- Create a list of things you want and categories them into wants and needs.
- Set mini goals for yourself.
- Set yourself a spending limit if you go out with your friends.
- Speak to a trusted adult who you feel would support you with your decisions.

How do I stick to a budget?

Challenge: Can you incorporate some of these tips into your own life?



- Focus the things you need first.
- Don't spend more than you have.
- Sleep on big purchases.
- Write down what you need to spend money on, how much it all costs and how much money you have.
- Keep looking back at the budget and keeping your eye on how much you spend.
- Space out the things you want to buy.

Sticking To A Budget

Budget: **£20.00**

Match ticket: **£10.00**

Matchday programme: **£5.00**

Drink: **£1.50**

Snacks: **£2.50**

Scarf: **£3.50**

Return taxi to the ground: **£10.00**

Return public transport ticket: **£2.00**

Benefits of having a SMART money personality



- Be able to support yourself and your family.
- Take part in activities that you want to do and socialise with friends.
- Develop a life time skill.
- Have a stable and comfortable life.
- Achieve your aspirations.

Reflect and Review –

I want you to consider what type of money personality you have.

Are there any aspects of spending that you could improve on?



I challenge you –

Can you save any money you receive or budget better at break / lunch time?

