**TASK 1 Paying for items we buy** (goods and services - also known as **products**)

There are many ways to pay for the things we **need and want** to buy. Here are a few suggestions.

Investigate what these words mean and **complete** the table. The first one is done for you.

|  |  |  |  |
| --- | --- | --- | --- |
| TERM | | DEFINITION | IMAGE & SOURCE |
| 1 | Cash | **Money in the form of coins or notes**  Source: Google Search | Source: Google Images |
| 2 | Debit Card – Contactless |  |  |
| 3 | Debit Card – Chip and PIN |  |  |
| 4 | Apple Pay |  |  |
| 5 | Pingit |  |  |
| 6 | Cheque |  |  |
| 7 | Store card |  |  |

**TASK 2 How to pay for goods or services?**

From the following list, **identify** how you **could pay for each item and justify ie, say why you would use that method of payment.**

The first one is done for you. Try to use a **different method** for each.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **ITEM**  **PRICE £** | **Bottle of water**  Price – 60p | **Holiday for 4 to Majorca (Thomson’s Travel Agency)**  Price – £494 ***per person*** | ***Supreme Being***  **T-shirt from eBay website**  Price – £95 | **‘Family shop’ from Asda supermarket**  Price – £45 | **John Lewis sofa**  Price – £549 | **Cinema trip for 1 adults and 1 child**  Price – £22.20 |
| **Method** | **Cash** |  |  |  |  |  |
| *Justification* | *It is a small amount to pay and customers are likely to have small ‘change’ with them* |  |  |  |  |  |

**Reminder**: Cash, Debit Card (contactless **AND** Chip and Pin), Apple Pay, Pingit, Cheque, Store Card

**TASK 3 How to pay for large purchases**

When buying goods and services, **an exchange process** takes place:

The seller supplies the product to the customer in exchange for payment from the customer.

There are times when we would like to **purchase** (buy) an item although we may not have enough ‘money’ to pay for it immediately. We may have to borrow the money if we want or need it now. (*We could of course, save money regularly and buy it at a later sta*ge).

There are **several ways** to pay for more **expensive purchases eg,** a wedding, a car, a new house, a 4K TV.

* Using an **online source**, find out what the following terms mean. Remember to quote your source of information.
* What are the costs associated with the method? (Hint – interest rates are a cost)
* What are the benefits of using this method?).

|  |  |  |  |
| --- | --- | --- | --- |
| METHOD | Definition/Source | Benefits of this method | Costs of this method |
| Bank Loan |  |  |  |
| Mortgage |  |  |  |
| Hire Purchase |  |  |  |

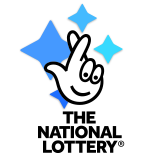
**Hint**: Length of time to pay back, when can you use the item, interest rate charged, when does the item belong to you?

**TASK 4 What would you do if …?**

You have received a sudden **windfall** of £20, 000.

(a **large** sum of money that is won or received **unexpectedly)**

* You have to **decide how to deal** with this money.
  + What can you do with this windfall to make it **grow in value**? (ie, make it worth more). You have some **options** to choose from and **can use more than one**:



1. Put the money in a safe and don’t tell anyone the code
2. Start a small business
3. Put the £20, 000 in a bank or building society
4. Buy lottery tickets
5. See a Financial Advisor to be given advice on what to do

|  |  |
| --- | --- |
| With this **windfall**, I have decided to: | My reasons are: |
|  |  |
|  |  |
|  |  |

**TASK 5 Why save?**

Explore some of the main reasons that people save. This could range from saving up for something specific or putting aside money ‘just in case’.

* You could **ASK** family, friends and teachers:

**If they save:**  **WHY they save WHERE they save WHAT they save FOR HOW LONG they save FOR**

Ask **at least 3 people** and record your findings**.** (This is called **primary or field research**,as you are finding out by asking people directly).

* Setting the **challenge**
  + You would like to save for the following items:
    - A school trip to New York; which will happen in **February 2022** - £650
    - A birthday present for **2 months** time - £10
    - New clothes for a **Christmas** Dance - £50

CREATE a realistic **savings plan** to help you pay for these purchases. You get an **allowance of £10 per week** and you have **additional income of £5 a week** from dog walking. How long will it take in order to **save up** for the item? Can you afford to pay for the items? If not, which will you give up? What other sources of income could you use to help you save money? (*Refer to* ***page 9*** *for an example*)

**TASK 6 Completing the Report *\*THIS IS TO BE HANDED IN OR EMAILED TO YOUR TEACHER***

By now you have found out a lot about:

|  |  |  |
| --- | --- | --- |
| * SAVINGS | * INVESTMENTS | * BORROWING |

You now need to create a REPORT for the teacher that will:

**OUTLINE** the **costs and benefits** of **Saving**, **Investing** and **Borrowing**. This means giving a summary of your findings.

You can **choose** how to report on your new knowledge by producing **ONE** of the following to show the **costs and benefits** of **Savings**, **Investments** and **Borrowing** money.

* **MIND MAP/POSTER**
* **PRESENTATION SOFTWARE (MS PowerPoint, Prezi or similar to make an *EFFECTIVE presentation*)**
* **A NEWS REPORT FOR A TEEN MAGAZINE (MS Publisher, MS Word or similar DTP software)**