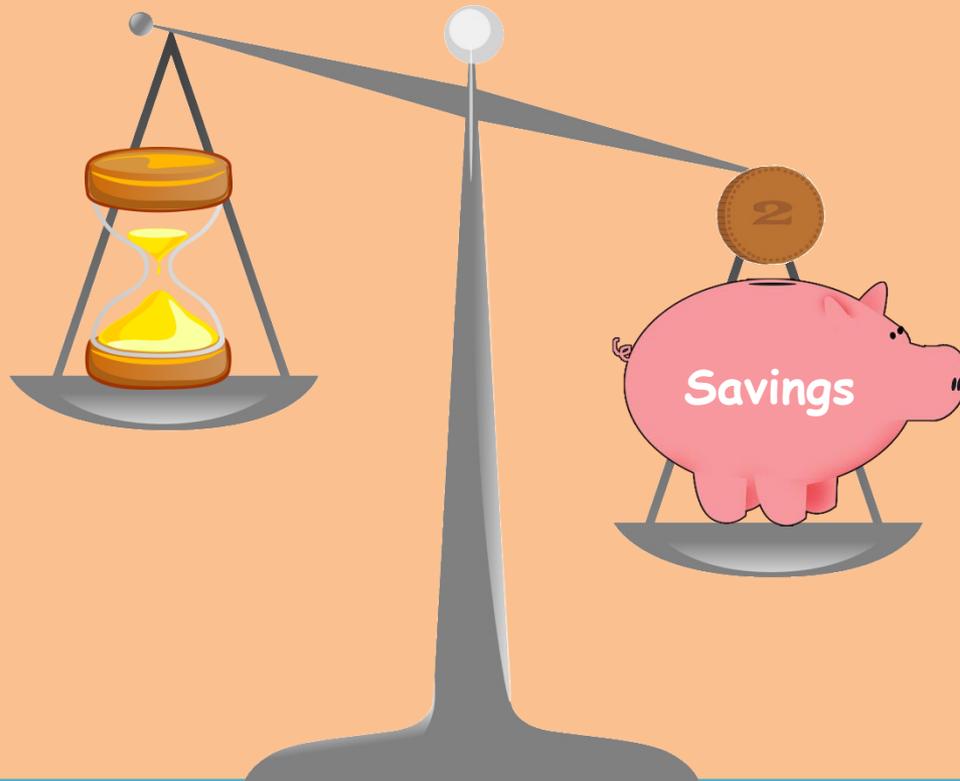


Borrowing and saving



Today we will learn...



- about the risks and consequences of borrowing money
- that it's important to think carefully and look at all of the information when thinking about borrowing money

The problem...

Dear Susie,

Can you give me some advice please. My children want me to buy the latest games console, but it costs £300. I don't have the money to buy it. I could borrow the money now or save up for it. Which do you think I should do?

Thank you

Nina



If we don't have the money?

Can we always have what we want?

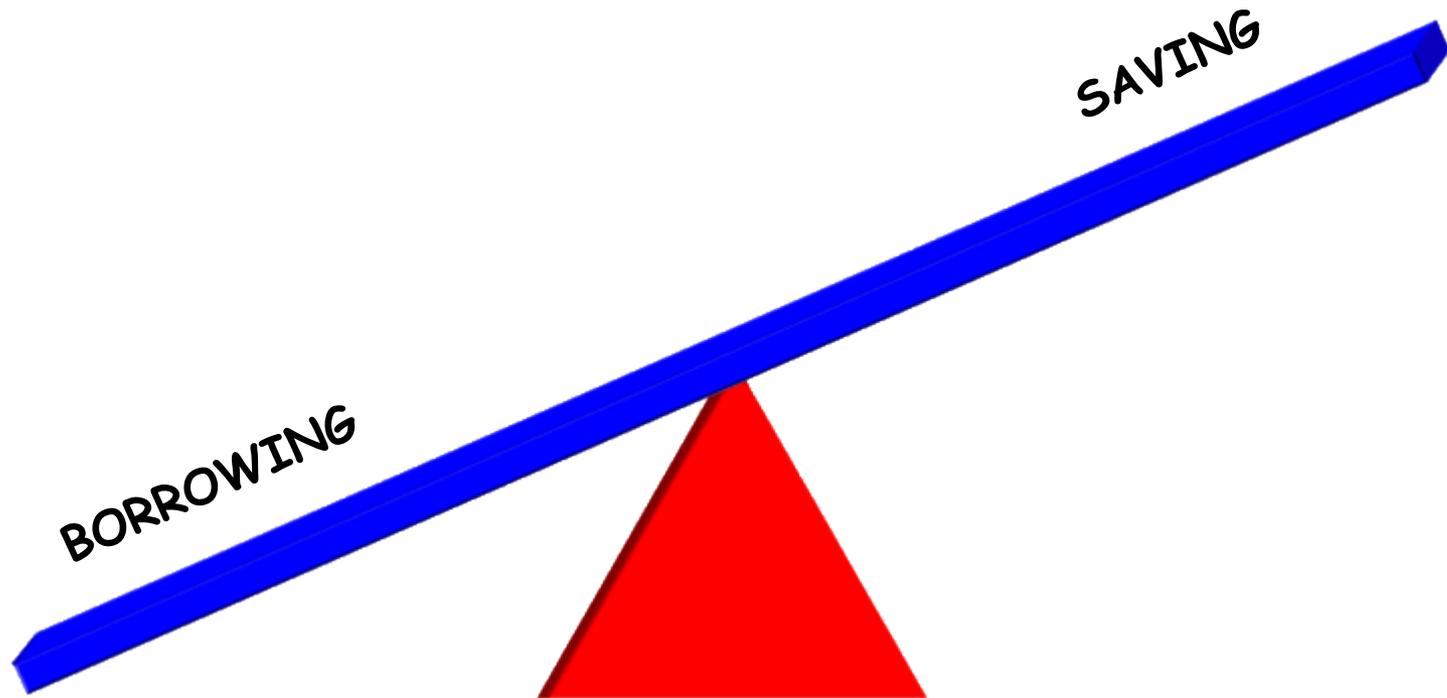


Can we always have what we want NOW?

SAVE or **BORROW?**

Borrowing = loan, debt, credit

Do I borrow or do I save?



Is borrowing a **good** or **bad** thing?

Can we afford to pay the money back?

It costs to borrow

When we borrow money we have to pay **interest**
The higher the interest rate the more we will pay

Borrow £100 with an interest rate of 10% per year
- pay back **£110**

Borrow £100 with an interest rate of 20% per year
- pay back **£120**

The **longer** we borrow for the **more** we will pay, if we borrow for a shorter time then we will pay less

Save now - buy later

When we save money we can 'earn' interest on the money we have in our account - the more we have saved the more we will earn

Save £100 at 2% interest per year and we will earn £2

Save £100 at 5% interest per year and we will earn £5

Good debt, bad debt

When we owe money it is called a DEBT

- Are there times when it might be a good idea to borrow money?
E.g. if we needed a car in order to get to work
- What are the risks of borrowing money?

Where can we borrow money from?

family and friends



credit card



a bank



a loan shark



payday loan
company



a credit union

High risk or low risk?

Thinking about borrowing and saving...

- "You can always have everything you want"
- "Saving money is useful"
- "Borrowing money allows us to have the things we want"
- "There is no point in saving money when you can just borrow it"
- "I don't worry about whether I can pay back the money I owe"
- "Some times borrowing money can be a good thing to do"
- "You should always think carefully before you borrow money"
- "Some lenders are riskier than others"

So today we have learnt...

- that borrowing money costs money
- how to work out how much interest we will have to pay on a loan
- about the risks of borrowing money

