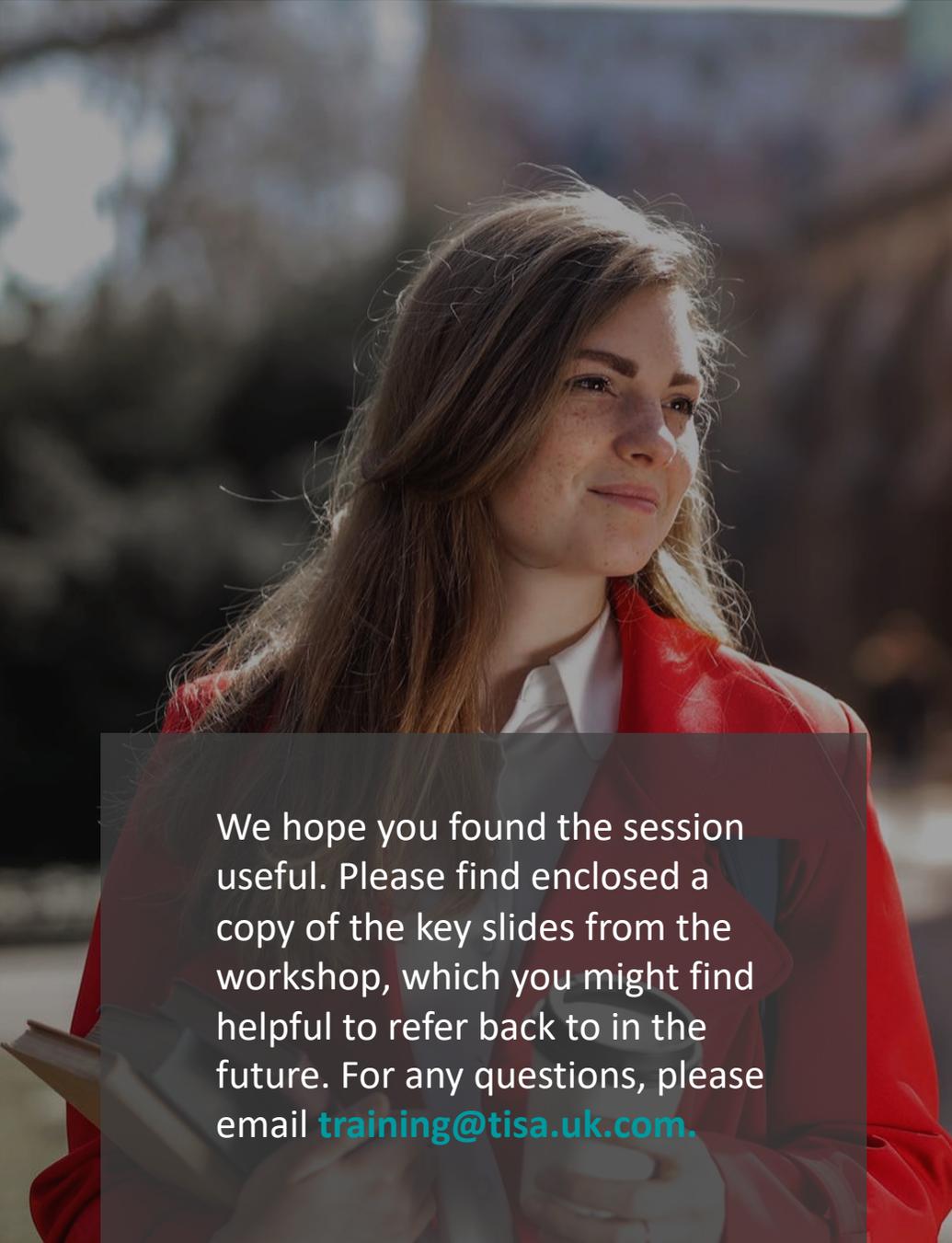




THE ESSENTIALS OF MONEY MANAGEMENT

COURSE SLIDES



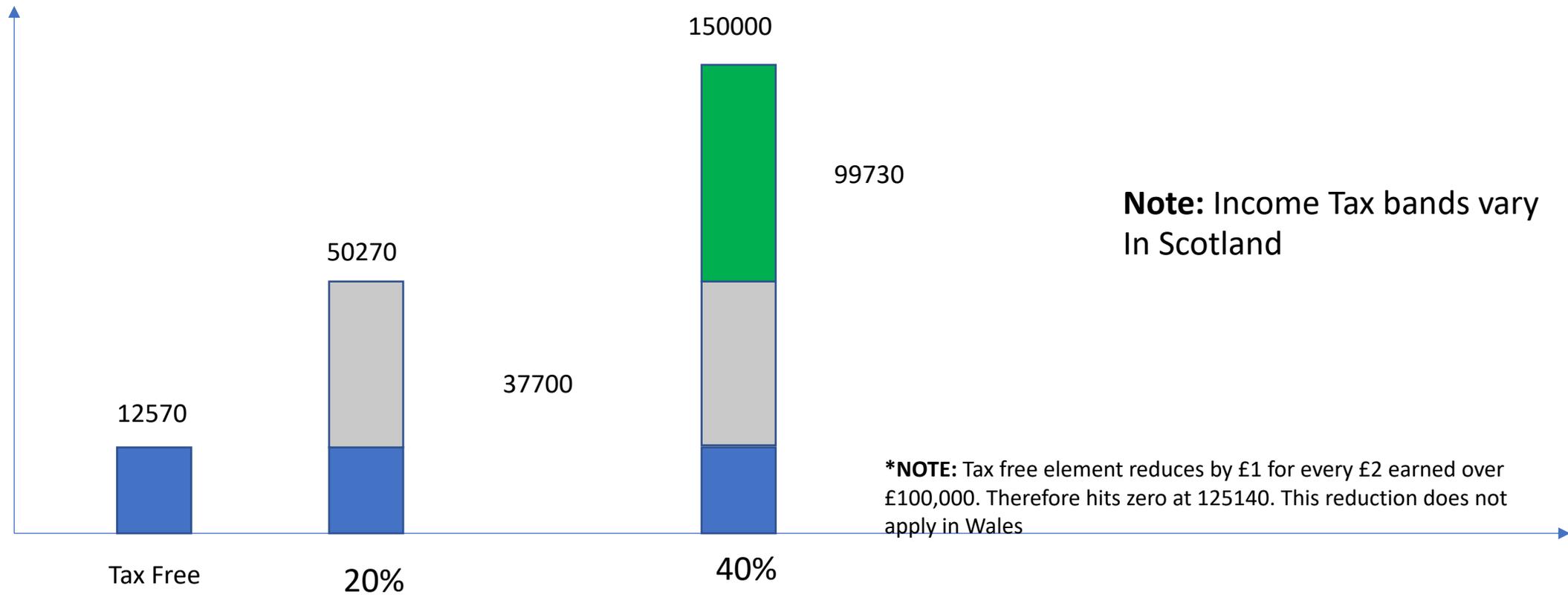
We hope you found the session useful. Please find enclosed a copy of the key slides from the workshop, which you might find helpful to refer back to in the future. For any questions, please email training@tisa.uk.com.



Key Terms

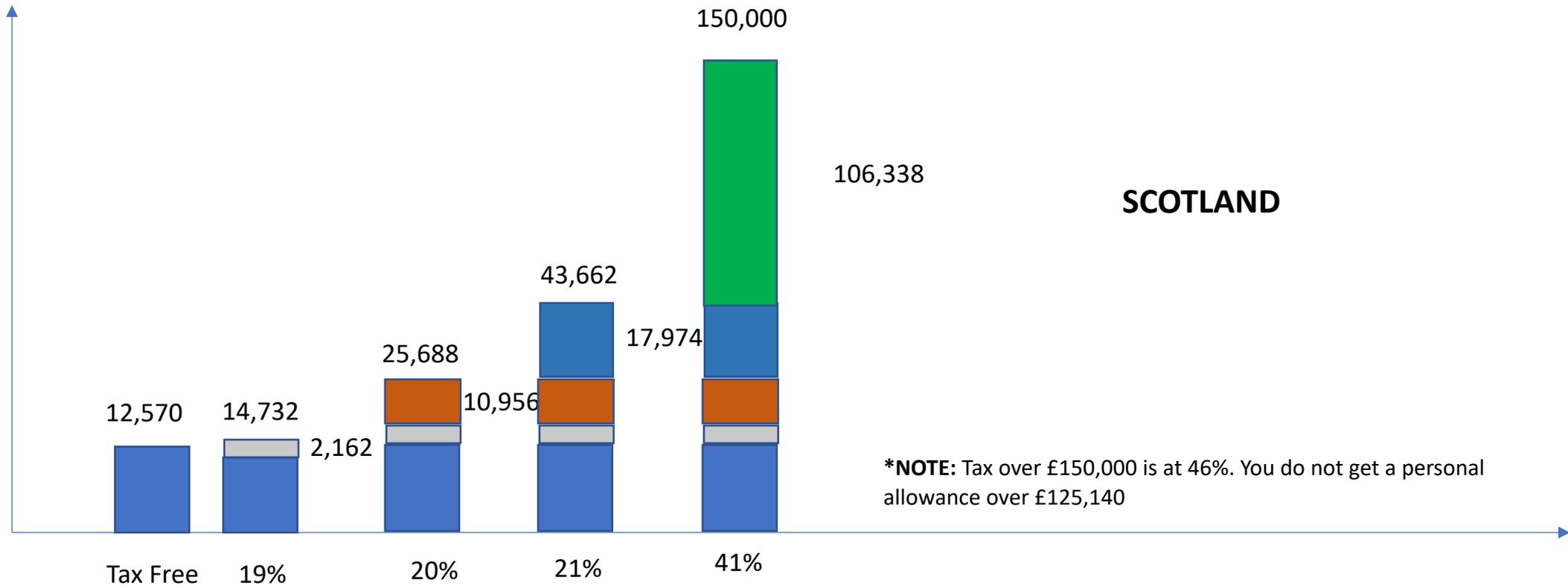
PAY SLIP

- **Gross Pay** – The amount paid to you by your employer before any deductions are made. Normally 1/12 of your annual salary if paid monthly e.g.
- **Pension** – A deduction based on your gross pay which goes towards building up a savings pot to enable payments to be made in retirement, in addition to the state pension.
- **Gross Pay for Tax** – The amount of your salary that is being taxed. Generally, this will be your gross pay less any pension you are paying into which is deducted before any tax is applied.
- **Tax** – the amount of money deducted from your ‘taxable’ pay and paid to HM Revenue and customs
- **National Insurance** – A further type of tax deduction made which builds up your entitlement to benefits such state pension & sick pay. Based on your gross salary
- **Net Pay** – what you finally receive in your bank account after all the deductions
- **Tax Code** – Represents the amount of tax free element of your pay. Provided by HMRC and reviewed annually
- **NI Number** – A unique code to you issued by HM Revenue and Customs and used throughout your life. In the form of 2 letters, 6 numbers and 1 letter.
- **Employer Contribution** – Additional contributions towards your retirement savings pot made by the employer

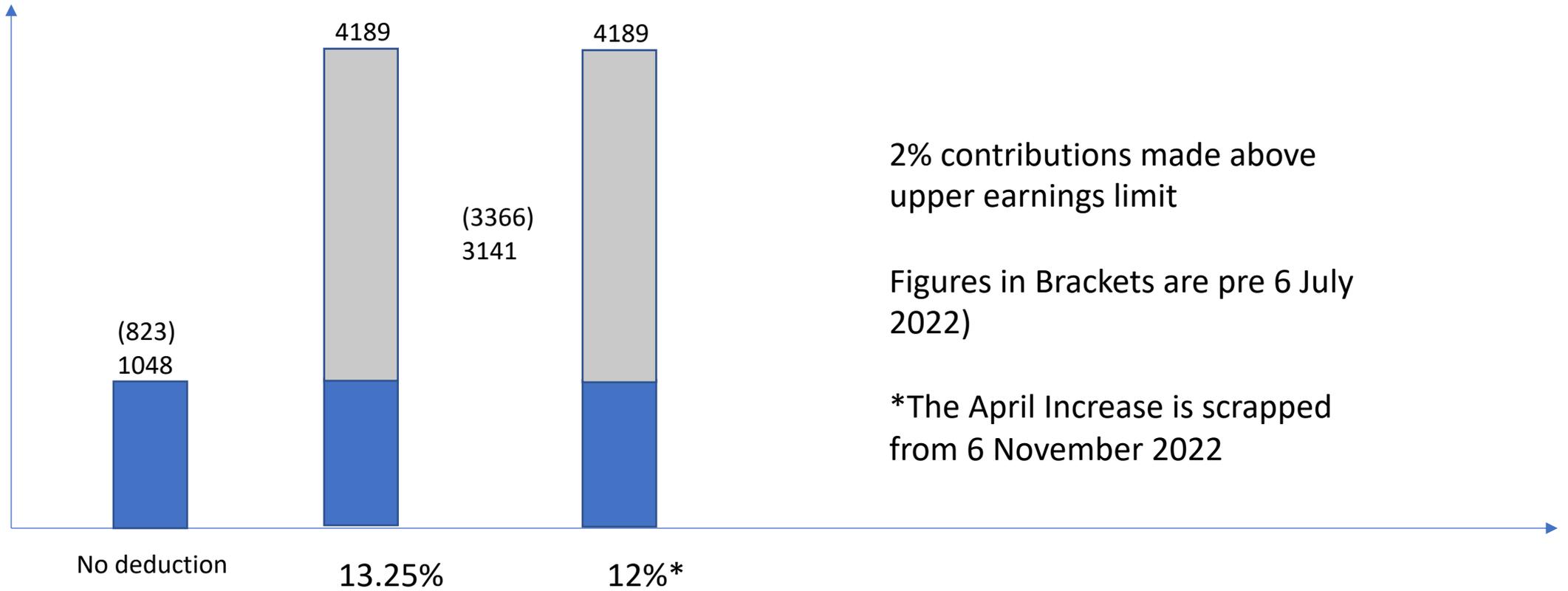


TAX levels 2022/23

No change from 2021/22



TAX levels 2022/23



National Insurance levels 2022/23 (per month)

1. Sort Code

C. The unique reference to identify a particular bank

4. Cheque

B. Written instruction to pay the named person or business a certain sum of money.

Contains the signature of the account holder as evidence of authorisation.

7. Debit Transactions

E. Shows which items are taking money out of the account.

10. Standing Order

H. Automatic payments are made but you have control over what is sent and when. The receiver has no idea when to expect it or how much it will be for. Will not happen if insufficient funds are in the account

2. Credit Transactions

G. Shows which items are adding money into the account

5. International Bank Account Number (IBAN)

I. Unique identifier for the bank account internationally. Allows you to make and receive payments around the world

8. Bank Giro Credit

A. Paper slip to a bank, instructing to credit a certain sum of money into that account. e.g. when paying in a cheque or cash into an account at a branch.

3. Direct Credit

D. A payment directly from one account to another by a person or business. Also known as Faster Payment

6. Account number

J. The unique number, usually 8 or 9 digits used to identify a specific account at a bank

9. Direct Debit

F. An instruction, authorised by you for an organisation to collect money from you, generally on a regular basis and for the same amount. Great for ensuring bills get paid every month, e.g. Utility. Relies on you ensuring there are sufficient funds when the payment is taken.



Importance of Checking Your Statement

Many ways in which money can be moved in and out of your account

- Direct transfer, direct debits, standing orders, transaction fees, currency conversion costs

Unexpected transactions

- Spot fraud transactions

Incorrect amounts

- Higher charge via direct debit

Overdraft charges – unauthorised fees and interest rate

- The fact that you are overdrawn. The fees impact on balance available

Check payments have been received – eg Salary, universal credit

Budgeting purposes

- Managing the amount available to spend

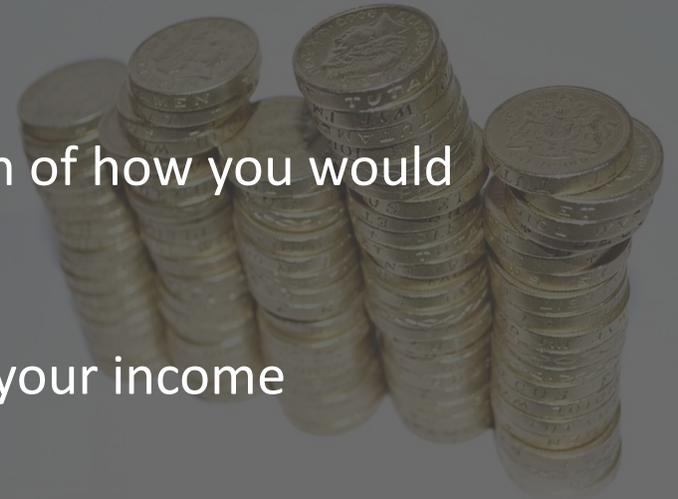


The Benefits of Budgeting

What is budgeting?

The Process of producing a plan of how you would spend your money

Balancing your outgoings with your income



Benefits:

- Uncover incorrect transactions and Frauds
- You won't spend money you don't have
- Won't incur unnecessary charges
- Help you achieve longer term goals
- Prepare you for financial emergencies, unexpected costs
- Wellbeing – less worry and more sleep!



For and against a Store/Credit Card

For

- Get goods now
- Funds held can be put towards other things
- Having one can improve your Credit Score
- 'special offers for holders'

Against

- Temptation to over spend
- Potential to significantly over pay for goods through not managing payments
- Increase chance of getting into debt
- Possible negative impact on Credit score



Personal Savings Allowance

You pay tax on standard savings. A personal Savings allowance allows for some of that savings to earn a return tax free. The current values 2022/23:

Cash - **£1,000**. This means that a basic rate tax payer can earn £1,000 of interest before you pay any tax. At an interest rate of 1% you would need **£100,000** of savings!

Dividend interest - **£2,000**. anything above this level would attract 8.5% tax for a basic rate tax payer. Following the example above, you would need over **£40,000** of investments offering a return of 5% to exceed the £2,000 limit. So where can you protect your savings still further from the tax man?



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What is a Credit rating?

An assessment of a person's likelihood of paying back money they have borrowed or credit they have been given.

In the form of a number where the higher the number the higher the likelihood they will pay back on time

Banks and lenders use it to assess whether to lend or not.

Example firms include Experian, Equifax but many new firms now on the market. Many offer free monitoring too



TISA

Useful terms used in insurance



- **EXCESS** - The first portion of a loss or claim which is borne by the insured. An excess can be either voluntary to obtain premium benefit or imposed for underwriting reasons.
- **NO CLAIMS BONUS** - A rebate of premium given to an insured person by an insurer where no claims have been made by that insured. Very common in motor insurance.
- **EXCLUSIONS** - Provisions in a policy that excludes the insurer's liability in certain circumstances or for specified types of loss.
- **COOLING OFF PERIOD** – A period of time to allow the person to consider what they are purchasing before it starts or is non-refundable. In this time generally the product can be cancelled without cost or with only postage. 14 days the default.
- **INSURANCE PREMIUM TAX** – Additional amount paid as a tax on general insurance such as motor, home and Pet
- **COVER NOTE** - A temporary insurance document provided by the insurer or broker to the insured, confirming details of the cover that is in place before the actual policy documents are provided. In the case of Motor Insurance it also acts as a temporary Certificate.
- **ENDORSEMENT** - A policy wording that extends or restricts the cover provided, or that requires compliance with stated conditions. Appears on a Policy Schedule.
- **COOLING OFF PERIOD** – A period of time to allow the person to consider what they are purchasing before it starts or is non-refundable. In this time generally the product can be cancelled without cost or with only postage. 14 days the default.



You can compare prices for almost everything you want to buy using online comparison sites

Comparethemarket.com

Confused.com

Quotezone.co.uk

Uswitch.com

Gocompare.com

Compare-savingsaccounts.com.com

Moneysupermarket.com

Bills-witchers.com

Shopping around - Again

Consider

- There are many comparison sites
- There are also some providers who do not use them
- Moneysavingexpert.com site offers many hints and tips and highlights offers – Martin Lewis show?
- Compare – utilities, broadband, life insurance, savings accounts, car & home insurance.....and Mortgages

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Savings By Numbers (April 2022)

11.5M

The number of people in UK with less than £100 in savings

30% recommended maximum percentage of Salary to spend on Housing costs

5.5% expected inflation rate by 2023

10%
no savings at all

£13,000
minimum amount to live on in retirement

6.5% projected savings percentage next year

£9,400
Maximum current State Pension

£2481 average savings of a 18-24 year old

50/30/20 rule budgeting method. Essentials, discretionary, save

2.5-3% average cash savings rate for the next 12 months



Further Reading

- **Money and Pensions Service (MaPS) – [www. MAPS.org.uk](http://www.MAPS.org.uk)**
 - Talk money week every November
 - UK strategy for Financial Wellbeing
- **Take Five – Stopfraud.org.uk**
 - UK finance developed
 - Campaign offering advice on preventing email, phone or online fraud.
 - Toolkit to share with friends to spread the message
- **Joes Journey – Joes-journey.co.uk**
 - Similar guide to this course
 - Simple and friendly
- **Money Helper – Moneyhelper.org.uk**
 - MaPS sponsored impartial free guidance on money matters
 - Benefits
 - Money trouble
 - Savings
 - Pensions
- **Citizens advice - <https://www.citizensadvice.org.uk/>** Offer help with many financial related things including:
 - Available grants
 - If you having trouble paying living costs
 - What benefits you might be entitled to