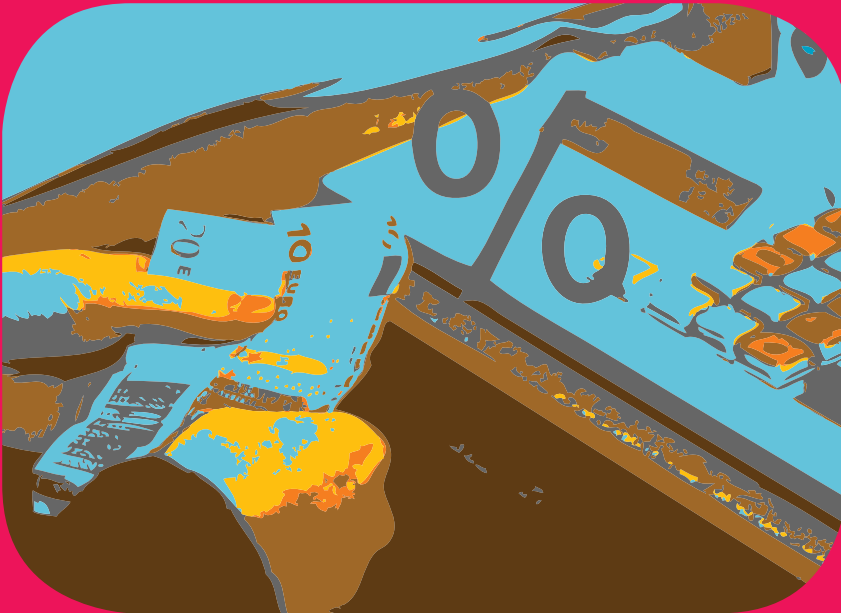


Borrowing Money



The worksheets in this chapter are based on the following areas:

- reading and understanding financial terms,
- understanding percentages,
- calculating percentages, and
- using calculators.

For help with the worksheets, you can:

- call the NALA Freephone support line at 1800 20 20 65 on Monday to Friday between 10am and 4pm, or
- check out the Really Useful Guide to Words and Numbers Web site on www.rug.ie.

Reading: Bank Leaflets

Ireland Bank **Benefits** Credit Card

There's never been a better time to take out a credit card, with our superb value for money plus all the convenience and flexibility you can expect from, Ireland Bank.

- 0% APR fixed for your first 6 months' purchases gives you flexibility to buy now and pay interest 6 months later.
- Transfer your credit card balance from another bank to Ireland Bank and you can avail of a transfer rate of 2.9% APR fixed for a full year. This is the only card in Ireland to offer such a low rate for a full 12 months.
- Enjoy up to 56 days' interest free credit by simply clearing your balance in full by the due date each month.
- Use it for purchases in over 40,000 shops in Ireland and 33 million outlets worldwide, with 24 hours a day access to ATMs.
- You can set up a direct debit to make paying your credit card bill easier.

Reading: Bank Leaflets

Answer the following questions by ticking true or false.
The first one is done for you.

- | | True | False |
|--|--------------------------|-------------------------------------|
| 1. AIB are offering a Benifits credit card. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 2. There is 0% APR fixed for 6 months. | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. If you transfer your balance from another credit card, you can get a transfer rate of 2.9% APR. | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. If you clear your credit card balance on time, you will get 56 days' free credit. | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. This credit card can be used worldwide. | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. The bank will not allow you to set up a direct debit to pay your credit card bill. | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. This credit card can be used in only 10,000 shops in Ireland. | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. You can use this credit card in an ATM. | <input type="checkbox"/> | <input type="checkbox"/> |

Reading: Banking Words

When reading leaflets at the bank, you will find some new words to do with money and finance. Here are a few common ones.

APR: This stands for Annual Percentage Rate. This is a percentage that shows the amount of interest and other fees a person pays each year to receive a loan.

Interest Rate: The percentage that a person receives on their savings or pays on their loans.

Direct Debit: A way of paying bills regularly by giving permission to a company to take money straight from your bank or building society account on a date agreed by the company. For example, you may pay your ESB bill by direct debit from your account every month.

Overdraft: A facility from the bank that lets you access more money than you have in your account. You are charged interest by the bank for having an overdraft.

Try this quiz on these financial terms.

1. The letters APR stand for _____ .
2. The extra percentage you pay on a loan is called the _____ .
3. When you take out more money than you have in your account, this is called an _____ .
4. You can pay your bills every month using a _____ .

Speaking: Terms and Conditions

Sometimes, leaflets and forms at the bank have some 'terms and conditions'. This is the small print on the bottom of the forms and leaflets. Here is some information on overdrafts.

Overdrafts*

An overdraft is a great way of handling cash flow problems you may have now. Anytime you need it, an overdraft is there for you.

Terms and Conditions

*There is a fee of €25.30 charged for an overdraft.

*You must be aged over 18 to get of an overdraft.

*Students need permission from a parent to get an overdraft.

Imagine you are a bank manager. A man called Tom rings the bank to find out about overdrafts. Fill in the answers you might give to his questions.

Hi. My name is Tom Farrelly. I want to find out about overdrafts?

You say: _____

Is there a charge for an overdraft?

You say: _____

I am a student. Can I get an overdraft?

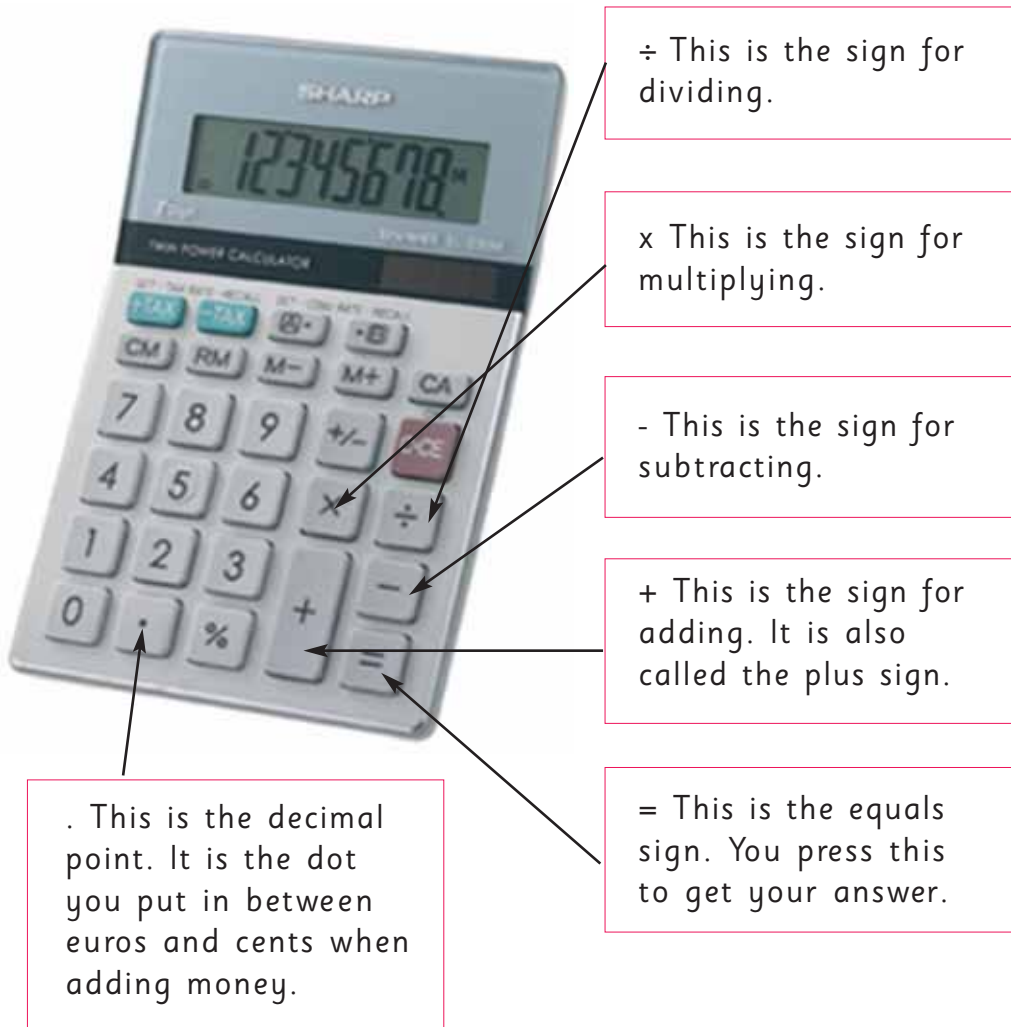
You say: _____

Are there any other terms and conditions on overdrafts?

You say: _____

Numeracy: Calculators

Using a calculator can help you when you have to work out numbers and money in everyday life. Here are the main buttons you need to know and what they do.



Use your calculator to find the answers to these sums. Type in the sum the way it is written down here, using the buttons on your calculator.

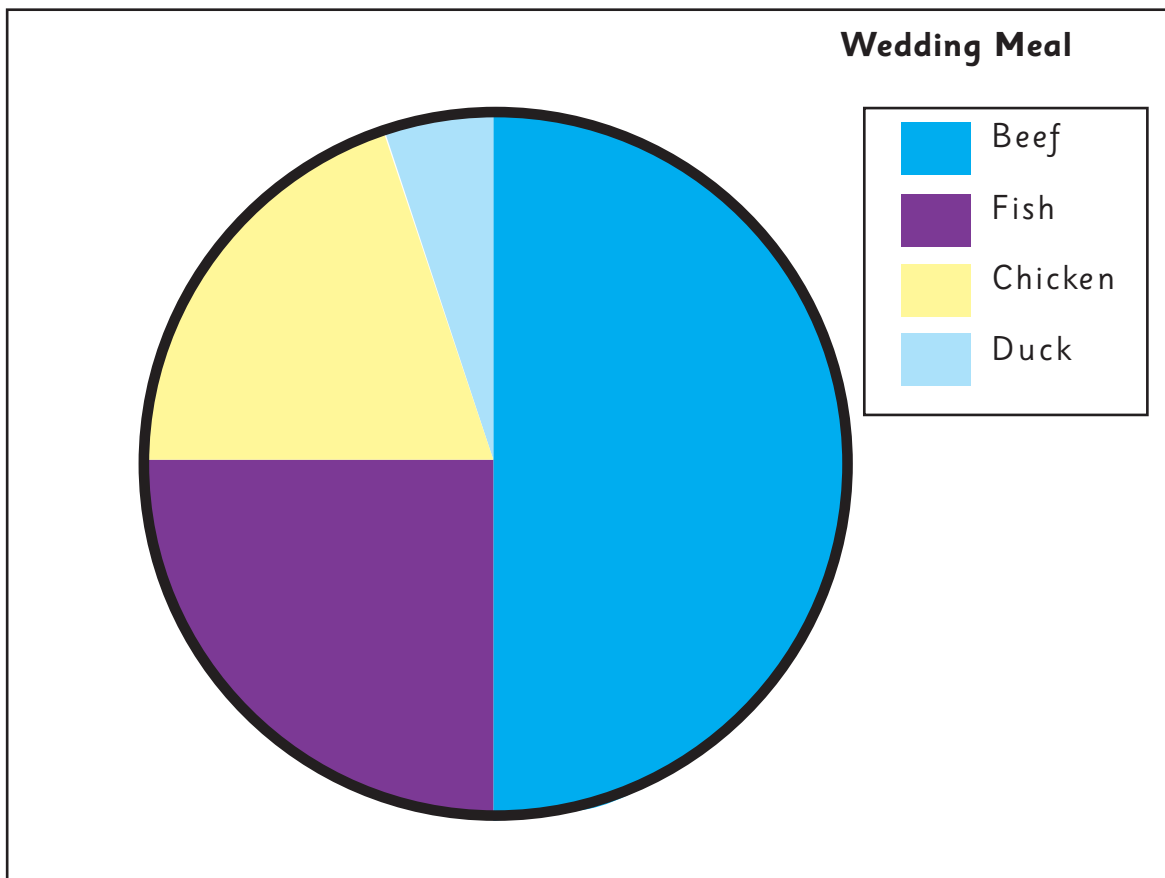
- | | | |
|-------------------------|--------------------------|-------------------------|
| 1. $21 + 30 =$ _____ | 4. $80 \div 10 =$ _____ | 7. $100 + 5 =$ _____ |
| 2. $11 - 1 =$ _____ | 5. $8 \div 4 =$ _____ | 8. $100 \div 5 =$ _____ |
| 3. $2 \times 3 =$ _____ | 6. $8 \times 40 =$ _____ | 9. $35 + 82 =$ _____ |

Numeracy: Percentages

Imagine if you divided a cake into 100 equal pieces. Each of these pieces is one percent of the cake. 25 pieces is 25 per cent of the cake. We normally use the symbol **%**, instead of writing the word 'percent'.

Imagine if 100 people are asked to a wedding. The choice for the meal is beef, fish, chicken or duck.

But what per cent of people are eating which meal?



- 50 guests are having beef - So **50%** or **half** are having beef.
- 25 guests are having fish – So **25%** or a **quarter** are having fish.
- 20 guests are having chicken - So **20%** are eating chicken.
- 5 guests are having duck - So **5%** of the guests are having duck.

Numeracy: Percentages

Sometimes, you see items on sale that have a percentage discount off the original price. Let's say the normal price of these jumpers is €80.

How much are they now with their percentage discount?



**50%
off**

50% off means half off the price. The jumper was €80 so it is now on sale for €40.

You always work out 50% by dividing by 2.



**25%
off**

25% off means a quarter off the price. The jumper was €80 so it is now on sale for €60.

You always work out 25% by dividing by 4.

All of these items have money off. See if you can work out the new price of each item.



Sofa - Was €100

50% off

Money off _____ Now _____



Chair - Was €50

50% off

Money off _____ Now _____



Kettle - Was €80

25% off

Money off _____ Now _____



Computer - Was €400

50% off

Money off _____ Now _____

Numeracy: Percentages

It is easier to work out discounts when there is 50% off or 25% off.

However, you may see these signs on shop windows showing different percentages off.



As you can see, there is 20% and 10% off. How do you work out how much money is off?

To work out 20%, multiply by .20 to find the saving. You can also use the % button on your calculator.

To work out 10%, multiply by .10 to find the saving. You can also use the % button on your calculator.

All of these items have a discount. Work out the new price of each item. The first one is done for you.

1. €100 table
10% off

Money off €10 Now €90

2. €80 skirt
10% off

Money off _____ Now _____

3. €200 curtains
10% off

Money off _____ Now _____

4. €20 book
10% off

Money off _____ Now _____

Numeracy: Borrowing Money

When you borrow money, you have to pay interest on it. How do you work it out? Let's say you borrow €500 at 10% APR and you pay back the loan after 1 year. This means that you owe €500 + 10% interest.

The interest is

$$\text{€}500 \times 0.10 = \text{€}50$$

So you owe

$$\text{€}500 + \text{€}50 = \text{€}550$$

Try and work out how much interest you will pay on these loans over 1 year. The first one is done for you.

1. €2000 at 10%

| | | | |
|--------------------|----------|----------------------|---------------------------|
| Loan Amount | x | Interest Rate | = Interest you pay |
| <u>€2000</u> | x | <u>0.1</u> | <u>= €200</u> |

2. €180 at 10%

| | | | |
|--------------------|----------|----------------------|---------------------------|
| Loan Amount | x | Interest Rate | = Interest you pay |
| _____ | x | _____ | = _____ |

3. €660 at 10%

| | | | |
|--------------------|----------|----------------------|---------------------------|
| Loan Amount | x | Interest Rate | = Interest you pay |
| _____ | x | _____ | = _____ |

4. €910 at 10%

| | | | |
|--------------------|----------|----------------------|---------------------------|
| Loan Amount | x | Interest Rate | = Interest you pay |
| _____ | x | _____ | = _____ |

5. €760 at 10%

| | | | |
|--------------------|----------|----------------------|---------------------------|
| Loan Amount | x | Interest Rate | = Interest you pay |
| _____ | x | _____ | = _____ |

Reading: Interest Rates

Banks have different interest rates for borrowing money. This means that it can be cheaper to get a loan from one bank than another.

Here are some advertisements from different banks taken on the same day. All of them offer different interest rates on a mortgage. **Scan the ads and answer the questions below.**

| | | |
|--|--|---|
|  Bank of Ireland → Variable mortgages from 4.7% A.P.R. |  First Active → Variable mortgages from 4.1% A.P.R. |  GUNNE Mortgage Solutions → Variable mortgages from 3.8% A.P.R. |
|  Expert property finance → Variable mortgages from 3.8% A.P.R. |  GMC mortgages → Variable mortgages from 3.8% A.P.R. |  permanent tsb → Variable mortgages from 4.6% A.P.R. |

1. What is the interest rate with permanent tsb?

2. Which bank has the highest interest rate shown?

3. What interest rate does First Active offer?

4. Which companies offer the lowest interest rates?

Sudoku

Sudoku is a fun and easy number puzzle. The grid below contains 3x3 boxes. **See if you can fill in the grid so that every row and columns contains the numbers 1 2 3 4 5 6 7 8 9.**

Every 3x3 box must also contain the numbers 1 2 3 4 5 6 7 8 9.
Some numbers have already been filled in for you.

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 9 | 6 | | 1 | | 4 | | 5 | 8 |
| | | 8 | 3 | | 5 | 6 | | |
| 2 | | 4 | | | | | | 1 |
| 8 | | | 4 | | 7 | | | 6 |
| | | 6 | | 5 | | 3 | 1 | |
| 7 | | | 9 | | 1 | | | 4 |
| 5 | | | | | | | | 2 |
| | | 7 | 2 | | 6 | 9 | | 5 |
| | 4 | | 5 | | 8 | | 7 | |