TOPIC 3a

Where can we store money?

This topic helps you to:

- ► understand the places where money can be stored;
- ► explore the advantages and disadvantages of each.

Storing money

We do not always spend all of our money. We can store what is left over, and there are different ways to do this.

Chloe works at weekends and earns £30. She spends £20 each week and has £10 left over.

She needs to find somewhere to store her money safely.

Where can we store money in a house?

An obvious place to store money is where we live. Where might be the safest place to hide money in a house?

- ► Under the bed?
- ► In a locked box?
- ► Under the floorboards?

There are problems with storing money in these sorts of places unless it is small change.

Chloe puts £10 under her bed. Three weeks later, she has forgotten where she put it!

Money left lying around in a house can be forgotten, mistakenly thrown away, or stolen by burglars.

A locked box, for example, is no problem for a burglar: they can steal the box and find a way to open it later.

Should we carry our money with us?

We might also think about keeping our money with us at all times:

- ► In a jacket pocket?
- ► In a purse, bag or wallet?

Chloe starts storing all her leftover money in her bag.

After some months she has £100 with her, and feels nervous about carrying so much cash.

We all need to carry *some* cash; it helps us to pay for everyday items. After buying items, it is important to check we were given the right change, and to keep our receipts.

But carrying lots of money can make us feel unsafe. What if we leave our jacket or bag somewhere while it is full of money?

Who can store our money for us?

A safe way to store your money is to ask a BANK, BUILDING SOCIETY or CREDIT UNION to look after it.

These organisations can all store money for you, after you open an 'account' with them. The money is stored as an electronic balance.

Banks

A bank looks after your spare cash, but uses these money 'deposits' to lend to people who want loans.

A person who takes out a loan has to pay the bank 'interest' on what they borrowed. They pay back more than they borrowed, and so the bank makes money (or 'profit').

Most banks have 'branches' across the country, where people can use their services. Others are online only.

Online Activity

Use ACTIVITY 3A to consider where we might store money in different situations.

Building societies and credit unions

A building society, like a bank, takes deposits from savers and lends money to borrowers. But building societies share their profits with account holders.

Credit unions also share their profits, and they are run by their members. Members of credit unions all share a 'common bond', such as working for the same company.

What accounts can we use?

When you open an account, you become a customer of the organisation.

A SAVINGS ACCOUNT lets our money grow by earning interest, as with Chloe.

A CURRENT ACCOUNT is for storing and managing the money we use every day.

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Look at the 'Other bank accounts' PowerPoint to learn about different accounts.

How do we know our money is safe?

Because banks, building societies and credit unions store our money electronically, it is much harder for the money to be lost or stolen.

But what if they go out of business?

Your money is still safe.

The Financial Services Compensation Scheme (FSCS) covers people's money held in an account up to a large amount.

FACT FIND

Explore the FSCS website to find out how much money is protected.

Next time . . .

- How does a current account work?
- How do we deposit and withdraw money, and keep track of it?

Earning interest

While borrowers *pay* interest, savers *earn* interest on the money they store.

Banks, building societies and credit unions can afford to pay interest on savers' accounts because of their profits from loans.

Chloe opens a savings account at a bank to store the money she saves.

Watch Chloe earns interest to see how her money earns *more* money.