TRACE A PLACE

MONEY, MONEY, MONEY ....

(HEY, BIG SPENDER ....)

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(HEY, BIG SPENDER ....)

When you are thinking of buying something, there are a few ways that you can go about it.

(1) CASH:

Paying cash means that you pay the money for the item and then you get to take it home. This is probably the simplest way of buying anything and the amount the item costs is all you will have to pay.

But, if the article that you want is expensive or you haven't got the money with you at the time there are other ways of buying something.

(2) CHEQUE ACCOUNTS:

Cheques are quite useful for paying bills and accounts by post. But, you must actually have the amount of money that you write a cheque for, in your cheque a/c. Some people make the mistake of thinking that you can write a cheque and pay the money into the bank later. Bank people get very angry about this.

If you do write a cheque and you haven't got the money in the bank to pay the amount, this cheque will "bounce" - that is, the person you paid it to will not be able to cash it. This means that they will probably not be very happy with you either!

To start a cheque account, you can go to your bank and talk to someone about it. Banks charge a fee for operating a cheque account.

Also, most cheque accounts do not earn you any interest. Interest is the amount of money paid to you by the bank when you have money in a Savings Account. This is the payment for them "borrowing your money".

(3) CREDIT:

Buying on credit means that you get to take the thing that you want home, and use it while you are still paying for it. In this case, at a particular time each month, an account is sent to you saying the total amount that you owe. This account usually says that you can pay the amount in full by a certain date or pay a smaller amount by a certain date. If you make the smaller payment, then you will be charged extra for the "loan" of the money. This is the credit charge. NOT ALL STORES will let you buy on credit.

CREDIT CARDS:

The big Department Stores like John Martins, Myers etc. sometimes issue "credit cards" that you can use in that shop. But, to get one of these, you must have an interview with someone who will try to find out whether you are a "good risk". This means that they will try to find out whether you can afford to pay for items that you place on credit. Usually, if you don't have a job or don't earn very much money, a credit card will not be given to you. If you do buy on credit, be careful that you can afford to pay for the things that you take home.

BANKCARD:

This is a form of credit card which is given out by banks instead of shops. These cards allow you to buy things when you don't have enough money with you and to pay for them later. You must inquire as to whether the shop you want to buy from accepts bankcard payments - if they don't, you cannot use your card.

Bankcard usually sets a limit to how much you can spend each month. Remember, you do have to pay the money back.

You will receive an account telling you how much you owe every month. Again, you have the choice of paying all the money back straight away or paying a minimum or small amount by a certain date. If you pay the minimum amount, then you will be charged "interest".

Interest is a certain amount of money that you will have to pay to the bank as well as the amount that you owe them. This is the charge for using the bank's money to buy things.

It's not a good idea to have money owing to Bankcard for a long period of time because this will be very expensive.

To obtain a Bankcard, you must go to your bank and ask about it - you will have to discuss how much money you have in the bank and how much you get before they may give you one.

PERSONAL LOANS:

These are usually loans up to a few thousand dollars. Security for the loan may be asked for. Security is something of value that the bank or finance company keeps until you pay back the loan. This may be the ownership papers to your car, or a life insurance policy for example. If you don't pay back the loan you may lose your car or whatever you put up as security.

You can get personal loans from -

Life Assurance Offices if you have a Life Insurance Policy with the company;

Finance Companies;

Banks

Cost: When you take out a loan, you must pay interest on this money. Remember that interest is extra money that you will have to pay out as well as the amount of money that you borrowed. Interest rates can vary from place to place so look around to see which one is lower.

You can work out how much interest you will have to pay like this -

Step One: HOW MUCH ARE YOU BORROWING? $1,200

Step Two: HOW MUCH IS THE INTEREST RATE? 9.0%

Step Three: HOW LONG IS THE LOAN FOR? 1 Year

Step Four: $\frac{\$1,200}{1} \times \frac{9.0}{100} = \$108$

The amount of interest you will pay on this loan will be $108 for the year.

Step Five: HOW MUCH WILL I HAVE TO PAY BACK ALTOGETHER?...

$1,200 (Loan)
+ $ 108 (Int)
$1,308 (Total)

The quicker that you pay the loan back, the less interest you will have to pay. So, think about how long you need to pay off the loan before you take one out.

Banks and finance companies do not give personal loans to everyone that asks. You must have an interview with someone and if you haven't got anything you can use as security for the loan, you may not get one. Make sure you can afford to pay this loan back.

HIRE PURCHASE OR CONSUMER MORTGAGE

This means that you sign some papers to say that you will pay for the thing you are buying over a period of time. You will have to pay a set amount each week or month. If you don't pay this amount then the people who are lending you the money can take the thing that you are buying (a car for example) and sell it. They must give you seven days notice that this is going to happen.

Interest will be charged on the money that you owe. This can be a very expensive way to buy something. It is not a good idea to buy things on hire purchase when you don't get very much money.

If you do get into trouble with hire purchase or consumer mortgage payments, it's a good idea to talk to someone about your rights. You can go to the Department of Public and Consumer Affairs, 2nd Floor, 25 Grenfell Street, Adelaide to talk about these things if you wish.

LAY-BY:

With a lay-by you are asked to pay an amount of money (usually 20% of what the thing costs) which is called a deposit. Then, the thing that you are buying remains in the shop until you have finished paying all of the money for it. Lay-bys are a cheap way of buying things over a period of time. You don't pay any interest on lay-bys.

But, the money must be all paid by a set time or the store can put the thing you were buying, say a jumper for example, back on the shelf and sell it. If this happens you will lose the money that you have paid towards it, including the 20% deposit.

Always read the lay-by envelope or card carefully to see how often you must pay some money to the shop.

THE IMPORTANCE OF A GOOD CREDIT RECORD

If you know that you are not going to be able to pay a bill that is due in the near futury - say in two weeks time - do something about it. You can go and see someone in the place where you owe money. If you do it before the time to pay the people will often let you pay the amount over a longer period of time.

If you don't do this, you may lose money and the thing that you were buying. Also, it means that you will have a bad credit record and people will be less keen to lend you money in the future.

Remember: If you don't get very much money, be careful about borrowing in any of these ways.

Credit does not mean that you get something without paying for it - you will have to pay for it at some stage.