Money and income

Currency

A

The money used in a country – euros, dollars, yen, etc. – is its **currency**. Money in **notes (banknotes)** and **coins** is called **cash**. Most money, however, consists of **bank deposits**: money that people and organizations have in bank accounts. Most of this is **on paper** – existing in theory only – and only about ten per cent of it exists in the form of cash in the bank.

BrE: note or banknote; AmE: bill

Personal finance

B

All the money a person receives or **earns** as payment is his or her **income**. This can include:

- a **salary**: money paid monthly by an employer, or **wages**: money paid by the day or the hour, usually received weekly **overtime**: money received for working extra hours **commission**:
- money paid to salespeople and agents – a certain percentage of the income the employee
- generates a **bonus**: extra money given for meeting a target or for good financial results **fees**: money paid to professional people such as lawyers and architects **social security**: money
- paid by the government to unemployed and sick people a **pension**: money paid by a
- company or the government to a retired person.
- Salaries and wages are often paid after deductions such as social security charges and
- pension contributions.

Amounts of money that people have to **spend** regularly are **outgoings**. These often include:

- **living expenses**: money spent on everyday needs such as food, clothes and public transport **bills**: requests for the payment of money owed for services such as electricity, gas and
- telephone connections **rent**: the money paid for the use of a house or flat a **mortgage**: repayments of money borrowed to buy a house or flat **health insurance**: financial protection
- against medical expenses for sickness or accidental injuries **tax**: money paid to finance government spending.
- A financial plan, showing how much money a person or organization expects to earn and spend is called a **budget**.
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BrE: social security; AmE: welfare BrE: flat; AmE: apartment

Planned monthly budget for next year€()			
Income		**Outgoings**	
Salary (after deductions)	3,250	Rent	900
Commission (average)	600	Bills	250
		Living expenses	1,200
		Health insurance	130
		Tax	800
Total	**3,850**	Total	**3,280**

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1.1 Complete the sentences with words from the box. Look at A and B opposite to help you

commission	bonus	currency	earn	mortgage	tax
overtime	pension	rent	salary	social security	

1 After I lost my job, I was living on _____ for three months. This was difficult, because the amount was much lower than the _____ I had before.

2 I used to work as a salesperson, but I wasn't very successful, so I didn't _____ Much_____.

3 If the company makes 10% more than last year, we'll all get a _____ at the end of the year.

4 It'll take me at least 25 years to repay the _____ on my house.

5 Many European countries now have the same _____, the euro.

6 My wages aren't very good, so I do a lot of _____.

7 Nearly 40% of everything I earn goes to the government as _____.

8 The owner has just increased the _____ on our flat by 15%.

9 When I retire, my _____ will be 60% of my final salary.

1.2 Are the following statements true or false? Find reasons for your answers in A and B opposite.

1 Bank deposits are not classified as money.
2 People earning wages get paid more often than people earning a salary.
3 People working on commission always get paid the same amount.
4 When you stop working at the end of your career, you receive a pension.
5 Most people pay a rent and a mortgage.

Over to you

Do you know what the average income is in your country, and in your job, or the one you are studying for? How important is salary in your choice of career?

LIVEWORKSHEETS