

# Money and income

## Currency

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

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**.

BrE: social security; AmE: welfare BrE: flat; AmE: apartment

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

**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?