

1 Money and income

A 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

B 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