

GRADE 8 | 2024

Financial Literacy and Personal Finance

Economic and Management Sciences

CAPS ALIGNED

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1. Income and Expenses

Income is money you receive. Expenses are money you spend. A budget helps you manage both.

FORMULA: Surplus: $\text{Income} > \text{Expenses}$ (saving money)

Deficit: $\text{Income} < \text{Expenses}$ (spending more than you earn)

Break-even: $\text{Income} = \text{Expenses}$

2. Budget

A budget is a plan showing expected income and expenses for a period of time.

Steps to Create a Budget

- List all sources of income
- List all expected expenses (fixed and variable)
- Calculate if there is a surplus or deficit
- Adjust spending to stay within income

EXAMPLE: Simple budget

Income: Pocket money R200/month

Expenses: Lunch R80, transport R60, airtime R30, savings R30

Total expenses = R200. Budget is balanced (break-even).

3. Banking

- Savings account: keeps money safe and earns interest
- Cheque account (current account): for everyday transactions
- Interest: money the bank pays you for keeping savings there
- ATM (Automated Teller Machine): machine for cash withdrawals and deposits

4. Managing Debt

Debt is money you owe. Credit cards, loans, and store accounts are forms of debt.

- Always read terms and conditions before borrowing
- Interest makes debt grow - pay off debt as quickly as possible
- Avoid unnecessary debt - distinguish between needs and wants

TIP: Start saving early! R100 saved per month from age 15 grows significantly by the time you are 25.