

MATHS TREATS

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CONSUMER LITERACY

Consumer literacy is the knowledge, skills, and disposition to make informed decisions about the purchase of goods and services. As an individual, you can receive and spend money. Income can come from many sources including employment income, interest from savings, investment income and government payments. If you spend less than you earn then you can make decisions about what to do with the money you have saved. You can use mathematics to help decide between different products and services to ensure you get ‘value for money’.

‘BEST’ BUYS



Some businesses such as supermarkets might sell the same product but offer it in different sizes such as rice which can be bought in a 500 g, 1 kg, 2 kg, or 5 kg pack. Many businesses sell products or services that are similar but not identical such as clothing, take away, and mobile phone plans. In some cases, there may be noticeable differences between the products or services but in other cases the only obvious difference might be the brand. Sometimes products or services are offered on sale (e.g., sales discount) or in a special bundle.

ACTIVITY

Investigate and compare the prices and features for several different everyday products and services. You might like to use a spreadsheet or table to organise your information. Use the internet to identify the prices and features of each product. For example, how would you compare the prices and ‘value’ for different chocolate bars? Cans of tomatoes? Scooters? What is the purpose of the purchase? What product features would compare? What measurements and ratios would you use? Is product quality important? What factors would you consider in order to choose between the different consumer products or services?

SAVINGS DECISIONS



People sometimes put money into a savings product with a financial institution (often banks or building societies) to keep the money ‘safe’ and earn interest. Savings products include savings accounts, money market accounts, and term deposits. Some financial institutions have a physical and online presence whereas some may only be available online.

ACTIVITY

Investigate and compare several different savings products and weigh up the advantages and disadvantages of each. You might like to use a spreadsheet or table to organise your information. Which savings product offers the best interest rate? Is there a base interest rate and bonus interest rate? Are there special conditions to receive the highest interest rate? What impact would a difference in interest rate have over a period of 5 years? Is there a minimum or maximum amount to be deposited? Do you need to deposit a certain amount of money each month? Do you need to have a certain number of transactions to qualify? Do you need to leave the money in for a fixed amount of time? How safe will your money be? What factors would you consider in order to choose between the different savings products?

REFERENCES AND FURTHER READING

www.ozbargain.com.au/wiki/list_of_price_comparison_sites

www.apra.gov.au/register-of-authorized-deposit-taking-institutions

www.apra.gov.au/list-of-authorized-deposit-taking-institutions-covered-under-financial-claims-scheme

Images: Leadbeater possum - Steve Kuitert, others from iStockphoto.