EAL activities

Jigsaw reading

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| GROUP A  Age  In many modern economies, people from the age of about 25 start to save for their future. They will be likely to have secured permanent employment and be in a position to start saving. The amount a person will save is influenced by the amount of support a government gives its citizens in terms of old-age pensions and healthcare provision. If people have to fund their own healthcare and pensions, they will have to save more during their working life. |
| GROUP B  Attitude to saving  As every person is different, each has a different attitude to saving. For example, in the USA and the UK many consumers borrow to fund expenditure by using credit cards to make purchases or by getting loans to buy large items such as cars. In other countries, such as Japan, the use of credit cards is low. The Chinese also tend to be cautious and conservative with money, so like to save for a ‘rainy day’ (unforeseen circumstances). |
| GROUP C  Consumer and business confidence  If people and firms have confidence in the performance of the economy, the level of savings will usually fall as people will be more willing to spend money. Savings tend to rise during recessions when consumers are feeling less optimistic about the future. |
| GROUP D  Interest rates  A rise in interest rates means that people with existing debts have higher repayments to make to the lender. This will reduce their level of spending in other areas. At the same time, people may save more in a bank to take advantage of the higher rate of return. When interest rates are low, people have a disincentive to save and may choose to spend their money instead or find an alternative means of increasing the value of their savings – purchasing shares in a firm, for example. |