

# Fundamentals to Financial Literacy: Facilitator Guide

## Overview

This lesson is designed to provide students with the underlying principles to managing their money. These underpin the learning points of the lessons in the Financial Literacy Curriculum. This hour-long is not designed to be content rich, it is about encouraging students to think about what is financially important to them now and in the future, approach their finances with diligence and build their confidence.

## Purpose

This session is about understanding the behaviours that they should exhibit to develop good financial discipline that will be important to them as they progress through life.

## Objectives

Students will be able to:

- ☐ Understand how to approach their own finances
- ☐ Consider their future goals
- ☐ Build their confidence with managing their own money

## Agenda

### Getting Started (5 min)

- When should I start?

### Fundamental Principles (50 min)

- Need vs want
- Understanding your priorities
- The savings challenge
- Keeping track of your budgets
- The power of doing your homework

### Wrap-up & Reflection (5 mins)

## Preparation / Materials Needed

- ☐ Chart Paper (for group discussions)
- ☐ Post-Its
- ☐ Marker pens
- ☐ Download the session PowerPoint

## Vocabulary

**Rainy day fund:** a pot (or multiple pots) of money saved to support you at a time of need.

**Budget:** a breakdown of the things you regularly spend money on in comparison to your regular income/allowance. The aim is to ensure your spending is not more than your income, and that you have awareness of your regular spend items and amounts. Putting together a budget can help with the prioritisation of your spend too.

**Balanced budget / good balance:** where a budget considers your needs now (daily spending), but also saves money for the long term (such as buying a house) as well as short term saving goals (such as a new gadget).

**Future Family:** the people who you would consider part of your future household and you would be financially supporting. This might include spouse/partner, children, parents.

**Deposit:** the amount of money that you would need to pay upfront to buy an item and typically applies to larger purchases such as a house or car. E.g. if a house costs £200,000 and you wanted to put a 20% deposit, this would mean an upfront payment of £40,000. The rest of the purchase amount (ie £160,000) is paid off by you in monthly repayments over an agreed period of time.

**Retirement:** the time after your working life, usually when you are in your 50s, 60s or 70s. Because you are no longer working in your retirement, you would need to rely on your pension to support you financially. This might be made up of a workplace pension and/or a state pension.

**Pension:** a regular payment that provides you with an income in retirement. This might be made up of a workplace pension (from your employer, made up of contributions made throughout your working life) and/or a state pension (from the government, which can be claimed upon reaching state pension age).

**Contract:** a formal agreement between a customer (e.g. you, if over 18 years old) and the company providing the product or service. You might see them for contract mobile phones. They are typically for a fixed time period and based on their terms and conditions. Once both sides have signed the contract, both are bound to those terms and conditions during the contract period. This means it's really important to know what you are signing up for and what commitments (such as money you have to pay) you are making.

# Teaching Guide

*This guide includes questions that you may wish to ask the students and some suggested answers. However, please feel free to tailor and adapt this accordingly when delivering.*

## Section 1: Getting Started (5 minutes)

Share the objectives of the session on the screen (slide 2)

Talk through slide 3 - when should I start? Students may be practicing some of the principles but they should be reassured if they aren't. This is all about learning and developing those skills. The overall message is that it is better to practise these skills as early as they can even if the amounts of money are small.

**Extension:** If the students have any specific questions about any of the areas on the list, ask them to write these down too. Allow students **3 minutes** to write down their ideas/questions and stick them on the wall.

## Section 2: Fundamental Principles (50 minutes)

### Activity 1 - Need vs Want (10 minutes)

As a group, ask the students what they think Need vs Want means. Talk through some ideas and ask them why they are considering their suggestions as 'a need', or 'a want'.

Ask students what other examples they can think of that can lure them into buying more than they need. Examples include Buy one get one free, multipack/bulk buy options, subscribe and save options.

Draw upon the different stages of life and ask how this may change their needs and wants.

Reassure students that there is **no right or wrong** answer, and that this is about the different perspectives that we look at personal situations. This is about understanding why they consider their things important.

### Activity 2 - Understanding your priorities (15 minutes)

This section is linked to the Need vs Want section but builds on it further. This now focuses on prioritising their money and ensuring they have a balance in the budgets.

Discuss what prioritising means to them. Ask the students what sorts of things might be included in their future plans in terms of budgeting. Ask what might be included in a balanced budget.

For example:

- **Now:** top priorities might include a new phone, going out money, cinema tickets, lunch money, latest tech, magazine subscriptions, video games, travelling
- **In 10 years:** top priorities might include mortgage/rent, food for family, bills, gym, car, restaurants, holidays, home contents, hobbies

The message here is that life will mean our challenges will evolve and therefore so will our priorities. This is also **individual** to each student and their life journeys so whilst it is good practice to consider their future goals, regular reviews will help them adapt to life changes.

### Activity 3 - The savings challenge (15 minutes)

It's important for students to understand the importance of saving. It is not only a goal to achieve but also a skill in achieving it.

Ask the students of things they feel they might need to save for? Walk through an example of what is meant by 'breaking it down'. For example, to save £300 in 12 months time would be £25 per month or about £6 per week.

Ask the students to consider the length of time it can take to achieve a target, so forward planning is really important. For example, to save for a deposit on a house, say £20,000, would mean £4,000 per year over 5 years or £10,000 over 2 years. The first option will be more manageable than the other, without impacting on their daily lives as much. The second scenario might also be stressful for some.

Walkthrough the different things people typically save for.

### Activity 4 - Keeping track of your budgets (10 minutes)

The key message here is that everyone should exercise financial control.

Ask the students to share any experiences of their own (if they would like to) with achieving a goal, and what they did to track their spend.

Here are some examples of keeping track of their spending:

- Setting up a simple spreadsheet recording the amount spent each month
- Some banking apps provide a feature which analyses spend
- Setting up a separate saver account to put their non day to day spending money into leaving just the amount to spend left.

Reassure students that whilst it's a good motivator to achieve a financial goal, they should not be disappointed to miss a target as many people often do.

### Activity 5 - The power of doing your homework (10 minutes)

This section is about students thinking about their options before making a purchase or before allowing a renewal to automatically renew.

Some examples of when services auto renew include car insurance, roadside assistance, product insurance.

The key message with such items is that whilst it is convenient to let them renew, it means we aren't always thinking about whether it is still the best offer or still meets our needs.

Students should consider the cut off dates to cancel such services...try not to leave it too late!

Ask the students if they know of any other way to carry out their own research before making a commitment.

For the activity, here are some examples:

- **New car** - check out the prices of similar cars, articles reviewing the car and model, other models which are similar but may be better value for money, car insurance cost, road tax cost, cost of parts or maintenance, safety certification, fuel efficiency.
- **House** - house energy efficiency rating, have a homebuyers survey done, prices of similar houses in the area, schools/colleges in the area, crime stats from local police force, transport accessibility and cost, cost of any repairs or upgrades, planning permission already granted.
- **Laptop** - other websites, promotions that might be available, active discount codes, other customer reviews - good and bad, industry reviews of the laptop (some even compare them to other laptops), similar makes and models which might be better value for money, in store/phone negotiations.

## Section 3: Wrap Up & Reflection (5 minutes)

Give students the opportunity to reflect on the principles discussed. How do they feel? More empowered? More confident? Overwhelmed?

Reassure students that this is a learning curve everyone goes through and that we don't always get it right. It is important to always be the one in control and to be diligent. Everyone makes mistakes! But it's important to learn from them.

Go through any questions and discuss what the answers to these might be.

If time, use the final slide as a reference for a discussion around the employability skills students have used or developed through the session.

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