

Unit 10 Spending and saving

About the unit

In this unit pupils extend their existing knowledge and understanding of money issues and personal finance. They learn the difference between needs and wants, and identify what influences spending habits. By calculating a small monthly budget they learn how to balance spending and examine spending problems, identifying strategies and giving advice about alleviating or managing these problems. They examine different methods of spending and saving, and the advantages and disadvantages of these.

This unit could follow on from unit 7 'Looking after my money'.

The activities in this unit are designed to be flexible so that they can be adapted for the class, the whole school or individual pupils. It is important to establish clear ground rules for these activities (see the *Teacher's handbook* for more details).

This unit supports the Every Child Matters aim 'achieve economic well-being'.

Where the unit fits in

This unit addresses the following aspects of the key stage 3 non-statutory framework for PSHE:

Developing confidence and responsibility and making the most of their abilities

1g learn what influences how we spend or save money and how to become competent at managing personal money

Breadth of opportunities

4d make real choices and decisions

4h find information and advice

Expectations

Expectations should be adapted according to the needs, age, key stage and maturity of the pupils. By the end of this unit most pupils should be able to:

- distinguish between needs and wants and reflect on factors that influence young people's spending
- calculate a simple budget and work out spending priorities, demonstrating strategies for dealing with problems and dilemmas related to personal finances
- identify and describe a range of methods of payment
- research and identify methods of spending money and some of the differences between them.

Teaching activities

1 Luxury or necessity?

Learning objectives	Possible teaching activities	Learning outcomes	Points to note
<p>Pupils should learn:</p> <ul style="list-style-type: none"> ■ to understand the difference between needs and wants ■ how to plan a budget that balances income and spending 	<ul style="list-style-type: none"> ■ To establish the pupils' existing knowledge of money and financial services, give them a quiz. Questions could include <i>What is debt?</i> and <i>What is an allowance?</i> ■ Discuss with the class words associated with money. Make a list, grouping the words under headings such as 'Money facts', 'Financial organisations', 'Attitudes towards money', and so on. Make a separate list of things they think they need to learn more about in relation to money and financial services. ■ Ask the pupils how they would spend an allowance of £50 a month. With the class, make a list of everything the pupils would buy. ■ Have a whole-class discussion about the definitions of the terms 'needs' and 'wants' or 'luxuries' and 'necessities'. Agree definitions as a class. ■ The pupils should look at their own and/or the class list and identify five needs (necessities) and five wants (luxuries). Ask them to work in groups to share their ideas and produce a definitive list of the top five needs for someone of their age with an allowance of £50 a month. Ask them to do the same with the top five wants. Ask the groups to feed back to the class, justifying their choices. Consider, as a class, whether the estimation of cost is realistic and how both needs and wants could be bought with £50. ■ Ask the pupils to develop a profile for a character of their own age with an allowance of £50 a month to cover all expenses. In groups, list the things their character might want to spend money on and put the items in categories, eg <i>snacks, sports and leisure, travel, etc.</i> Ask the pupils to estimate what each item would cost and add up the total. If the total is more than £50 ask the pupils to identify where savings could be made. They should establish a budget for their character that balances income and spending. (An example budget is included in Appendix 1.) 	<p>Pupils:</p> <ul style="list-style-type: none"> ■ understand the difference between needs and wants ■ calculate a simple budget and work out spending priorities ■ reflect on factors that influence spending 	<ul style="list-style-type: none"> ■ Money can be a sensitive issue and it is important to set ground rules for discussions throughout this unit. These rules could include 'avoid making personal statements or asking questions about an individual's circumstances'. Distancing techniques can be used, for example using fictional characters or scenarios. (See 'Setting ground rules' in Section 2 of the <i>Teacher's handbook</i> for more information.) ■ Throughout this unit links could be made to careers education/work-related learning in terms of finding out about career opportunities in the finance industry. ■ Link with mathematics: a key stage 3 resource, <i>Developing financial capability through mathematics and PSHE</i> (listed in 'Resources'), sets the task of planning a foreign holiday, including researching and calculating

Teaching activities

1 Luxury or necessity? (continued)

Learning objectives	Possible teaching activities	Learning outcomes	Points to note
Pupils should learn:	<ul style="list-style-type: none">■ Ask the pupils to consider what would happen if, one month, the character ran out of money and had to borrow a certain amount from someone. Ask the pupils to consider strategies for dealing with this, <i>eg cutting expenditure or changing priorities.</i>■ The activity could be extended and different budgets invented for different characters with a variety of interests or habits, <i>eg a girl who buys lots of make-up, someone who loves chocolate or someone who watches and plays a lot of sport.</i> Encourage the pupils to use real costs of local facilities and services to price these interests.■ Using their characters, ask the group to consider questions related to the budgets and characters, <i>eg are there ever times when luxuries become necessities – could a trendy pair of trainers ever be a necessity? Is there pressure on people to see some luxuries as necessities, eg designer clothes? What problems might this cause financially? Generally, is life more expensive for a girl or a boy of this age?</i>	Pupils:	<p>expenses. Although this is a mathematics resource, each lesson plan includes an activity linked to the relevant aspect of PSHE.</p> <ul style="list-style-type: none">■ Be aware that some religious groups have faith perspectives and/or beliefs about issues of personal finance.■ Pupils could research the actual cost of some wants, for example in groups as part of an internet search or as a homework assignment. They could find out the best deals for certain items, for example trainers or a mobile phone.■ Pupils could reflect on their own spending as a personal exercise after carrying out the fictional exercise.■ Using ICT: there are opportunities here to model income and expenditure of a typical teenager using ICT software (for example a spreadsheet). You could

Teaching activities

1 Luxury or necessity? (continued)

Learning objectives	Possible teaching activities	Learning outcomes	Points to note
Pupils should learn:		Pupils:	<p>create one of these for individual and/or class use. Many pupils will be able to modify the model to allow for variables such as mobile phone charges and annual subscriptions.</p> <ul style="list-style-type: none">■ Link with mathematics: Ma2 1e, 3a.

Teaching activities

2 What influences spending?

Learning objectives	Possible teaching activities	Learning outcomes	Points to note
<p>Pupils should learn:</p>		<p>Pupils:</p>	
<ul style="list-style-type: none"> ■ to identify some of the influences on young people's spending 	<ul style="list-style-type: none"> ■ As a class or in groups, the pupils make a list of things that might influence how people want to spend their money, <i>eg family, friends, media, advertising, cultural/religious beliefs</i>. Ask the pupils to give examples of the different kinds of message about money and spending that might come from these influences. ■ Give groups one of the following scenarios. <ul style="list-style-type: none"> A. Ali is being teased by people in his class about his old trainers. He doesn't receive an allowance and knows his parents do not have a lot of spare money to buy new, trendy ones. However, the bullying is starting to make him miserable and he doesn't want to go to school in his trainers. B. Chris has been spending most of his allowance each week on playing arcade games. He now doesn't have enough money to buy his mum a birthday present. C. Keely receives an allowance of £10 a week, but it isn't enough to pay for the designer clothes she wants to buy and for her to go out with her friends regularly. ■ Ask the pupils to discuss the scenario and consider issues, <i>eg What might be influencing the young person to spend their money? What advice would you give the young person in the scenario? How could the young person manage their spending/solve their problem? What could they do in the future to avoid this situation?</i> ■ Ask the pupils to work in groups to act out the scenario as a role play. (Pupils could also create their own scenarios and role plays.) This could show what is influencing the young person, how they could respond both positively and negatively to the influences, and different ways that they could solve their problem. 	<ul style="list-style-type: none"> ■ identify some of the influences on young people's spending ■ demonstrate strategies for dealing with problems and dilemmas related to personal finances 	<ul style="list-style-type: none"> ■ The Financial Services Authority (FSA) produces a 'Colossal cards' resource. It provides visual materials including 'needs and wants' charts, dummy cheques and credit card receipts. (See 'Resources' for further details.) ■ Pupils could research sources of help with debt and spending, such as the Citizen's Advice Bureau (CAB), banks, etc. ■ You could discuss some of the other issues, such as bullying, image and addiction to gambling, that may arise from the role plays. (If gambling is discussed, make sure that pupils are aware of laws on gambling.) ■ Make sure that pupils see the links in these scenarios to other PSHE-related issues such as bullying and relationships, and to skills development, for example assertiveness skills.

Teaching activities

2 What influences spending? (continued)

Learning objectives	Possible teaching activities	Learning outcomes	Points to note
Pupils should learn:		Pupils:	
	<ul style="list-style-type: none">■ Another approach could be to show a money advice television programme, ideally one featuring younger people. Ask the pupils to become financial advisers and note the kinds of behaviour and attitudes to money that might be causing problems for the people involved. As a class, discuss the advice they could give and then compare this to that given by the programme's financial expert.		<ul style="list-style-type: none">■ Financial makeover shows on television, in which people in debt address their spending patterns, could be used as a teaching aid for discussions on healthy finance and well-being. In addition, the programmes could inform discussions on people's attitudes towards debt.

Teaching activities

3 Ways of paying, ways of saving

Learning objectives	Possible teaching activities	Learning outcomes	Points to note
<p>Pupils should learn:</p> <ul style="list-style-type: none"> ■ about the range of different methods of payment for goods and services ■ the advantages and disadvantages of these methods ■ about a range of methods of saving 	<ul style="list-style-type: none"> ■ Establish that the pupils know about a range of different ways to pay for goods and services. Ask them to make a list of these, <i>eg cash, cheque, cash card, debit card, credit card, store card, direct debit, standing order, etc.</i> Ask the pupils to consider the best method for payment in the following scenarios. <ul style="list-style-type: none"> A. Someone wants to buy a computer game, but the shop does not take debit or credit cards and the person doesn't have enough cash. B. Someone goes to the cinema but realises too late that they don't have enough cash, and going to a cash machine would mean missing the start of the film. C. Someone wants to send someone the money that they owe. D. Someone wants to buy an MP3 player for a long journey that weekend but won't have enough money until their birthday next month. E. Someone wants to buy some clothes but does not want to carry a lot of cash. F. Someone wants to buy a magazine and a sandwich. <p>The pupils can then research one or more of the following methods of saving: cash in a savings box, an ordinary bank account, an investment account, premium bonds, children's bonus bonds, junior member of credit union. Ask the pupils to consider the advantages and disadvantages of each and whether the choice should depend on the amount that people want to save. One way of grouping features can be found in Appendix 2. Clarify unknown terms before beginning the task, and help pupils by giving them key phrases, <i>eg the minimum term of investment, the annual interest</i>, to help them find the information they will need to make their decision.</p>	<p>Pupils:</p> <ul style="list-style-type: none"> ■ describe a range of different methods of payment ■ identify the best payment method for different situations ■ research and identify methods of saving money and some of the differences between them 	<ul style="list-style-type: none"> ■ Using ICT: there are many internet-based services that allow online financial planning, such as mortgage availability and interest rates. These can be used to compare different models and illustrate the differences and variables that need to be taken into account when making spending decisions. ■ You may want to consider the need for security when using ICT for financial transactions (such as ordering goods over the internet), <i>eg PIN numbers or passwords</i>. You could discuss the implications of non-secure access to cards, accounts or personal information and issues of fraud. ■ If you are planning a visit to a bank make sure that the emphasis is not on promoting the bank or its products, and that a balanced view is presented. (See 'Planning and developing a PSHE

Teaching activities

3 Ways of paying, ways of saving (continued)

Learning objectives	Possible teaching activities	Learning outcomes	Points to note
Pupils should learn:	<ul style="list-style-type: none">■ Ask the pupils to identify the main benefits of different accounts, <i>eg accessibility, security, interest, overdraft facility</i>, and list the common features and benefits on the board. In small groups, the pupils compare different accounts to decide which one is the best. Groups could then present and explain their choice to the class.■ Organise pupils into small groups and give them a 'saver scenario', <i>eg Mr T wants to save enough money to buy a plasma screen television in a year's time. He has £500 already and has heard some banks and building societies have accounts where his money can make more money</i>. Explain that banks and building societies reward people who keep money in their accounts by paying them interest, ie more money, and that this is a percentage of the money that they have in their account. Give each group a selection of leaflets advertising the services of different banks and tell them that they will be financial advisers to Mr T. They should review each leaflet and decide which account is best for Mr T.■ Invite professionals, <i>eg from banks, building societies, Citizens Advice Bureau, a local council money advice unit</i>, to discuss issues, support pupils' research and answer questions.■ Ask the pupils to write a money advice booklet for someone of their age. It should provide practical advice and guidance using what they have learnt in this unit.	Pupils:	programme' in Section 2 of the <i>Teacher's handbook</i> for more information about arranging external visits.)

Links with other subjects

Mathematics

Ma2 Number and algebra: using and applying number and algebra

1e make mental estimates of the answers to calculations

Ma2 Number and algebra: calculations

3a add, subtract, multiply and divide integers and then any number

Resources

- Broadsheet newspapers provide numerous pages of consumer finance advice in special supplements
- Child Trust Fund – a government savings scheme for children. Children born on or after 1 September 2002 receive a £250 voucher to start an account that can't be touched until they turn 18
- *Colossal cards* (Financial Services Authority) – resource to help people understand non-cash forms of money
- *Developing financial capability through mathematics and PSHE* (Personal Finance Education Group) – a set of mathematics materials to help teachers explain the relevance of the subject to pupils
- *Financial capability through personal finance education: guidance for schools at key stage 3 and 4* (DfES, 2000) – guidance to help teachers and schools provide financial education
- *Money and morals* – a series of lesson for key stage 4 students, produced by the Jewish Association for Business Ethics
- *MoneyFacts* – a website that monitors the thousands of savings, mortgage, credit card, personal loan and other personal finance products available in the UK

- Personal Finance Education Group (PFEG) – a charity providing information for young people on financial matters. The website provides case studies and a list of financial education resources at each key stage. Monthly cultural diversity bulletins show financial issues in different cultural contexts
- *Pounds and pence* – a free resource produced by the Bank of England on currency and the basics of inflation
- *The red box* – a website developed by Inland Revenue, Treasury and HM Customs and Excise. It contains worksheets and teacher's notes for activities on public spending. A free secondary schools' print pack, including a video and posters, is available to order from the website

The website addresses of these resources are on the PSHE pages of the QCA website (www.qca.org.uk/pshe/).

Care should be taken when encouraging children and young people to access websites.

Appendix 1

Example of a young person's monthly budget

Income	Expenses
£50 allowance	<p>Travel Weekly travel pass: £12</p> <p>Food Snacks on top of lunch ■ Chocolate: £7 ■ Crisps: £3.60 ■ Drinks: £5.00</p> <p>Clothes Saving up for new trainers: £5</p> <p>Music and DVDs Bought one from friend: £7</p> <p>Beauty products Skincare/acne cream: £2.50</p> <p>Communication Mobile phone (pay as you talk): £18 Phone box calls due to leaving mobile phone at home: 80p</p> <p>Presents for other people Birthday card and present for friend: £6 Buying snacks and drinks for other people: £3</p> <p>Sports, hobbies and pastimes Swimming pool entrance fees: £2.50 Playing arcade games: £2.65</p> <hr/> <p>Total expenditure: £75.05</p>

Appendix 2

Table of features of saving methods

The following grid can help pupils categorise the features of different savings methods.

	Secure/ insecure?	Age limit	Interest rate paid	Minimum deposit/ payment	Prizes/ cashback	Rules concerning withdrawing money/getting money back, eg waiting times and possible loss of interest
Cash in a savings box						
Ordinary account						
Investment account						
Premium bonds						
Children's bonus bonds						
Junior member of credit union						