



Financial Capability through Personal Financial Education

Guidance for Schools
at Key Stages 1&2

**Head teachers,
Teachers & School
Governors**

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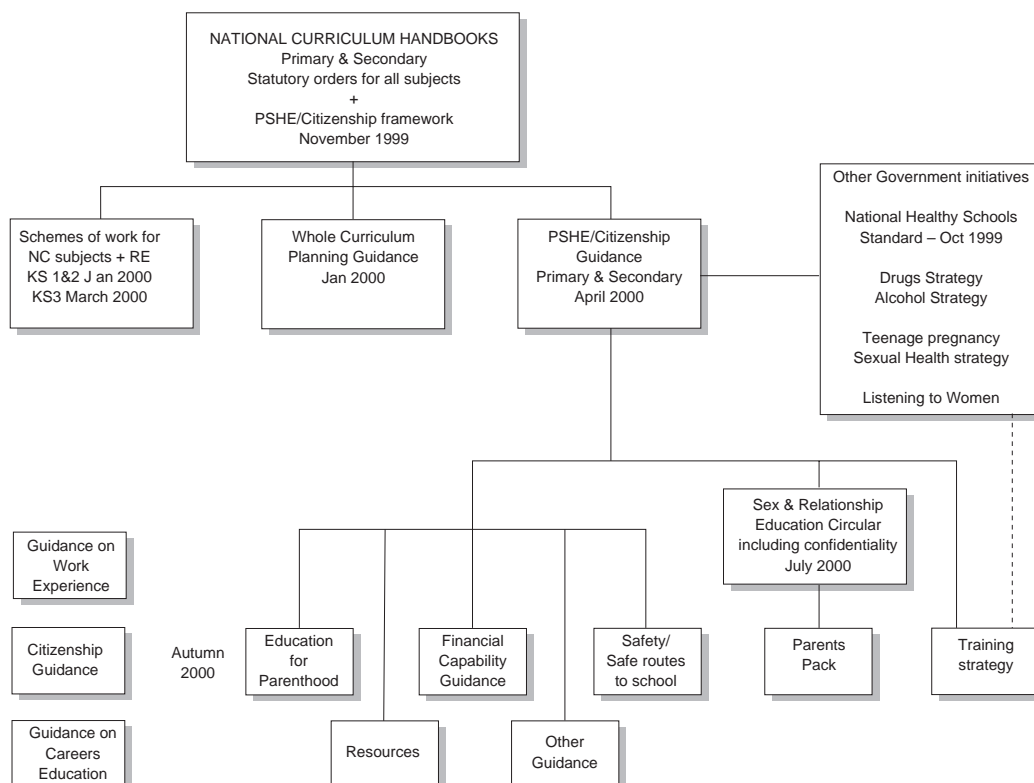
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Context

Why guidance on financial capability now?

As part of the development of the new National Curriculum for implementation in September 2000, the DfEE published a framework for Personal, Social and Health Education (PSHE) and Citizenship which repeated the Government's wish to include financial capability as a topic at all key stages. In early 2000 Qualifications and Curriculum Authority (QCA) published further guidance for the delivery of PSHE and Citizenship. An important aspect of this is the teaching of personal finance to develop financial capability for all pupils. It is intended that this topic fits within existing structures and requires a change of emphasis within the existing curriculum rather than the introduction of new subject matter.

How this guidance fits into the DfEE structure



This guidance aims to:

- help teachers develop an understanding of the first steps towards financial capability that can be taken at the primary level;
- provide a model of progression through Key Stages 1 and 2 and beyond to help focus the teaching and learning of financial capability in the primary years;
- identify links with key skills in other curriculum areas, especially mathematics, ICT and citizenship;
- help schools audit current teaching on financial capability;
- provide links to resources which can be used to support the teaching and learning of financial capability;
- provide guidance for assessing children’s progress in developing financial capability.

Why is financial capability important?

Financial capability is becoming more important as people are faced by increasingly complex financial decisions. The flexible labour market, lifelong learning, short term contracts, and greater longevity all have serious implications for how we undertake financial planning. Financial choices and decisions will have significant consequences for future financial well-being. Financial capability is an important life skill for everyone: the ability to make financial decisions is the key to identifying and making best use of the opportunities in today’s changing world.

Living with money in the twenty-first century.

The ways in which we manage our money are rapidly changing. From the point of view of children:

- shopping is more likely to be putting items in a trolley as they go round a supermarket and paying with ‘plastic’ or a cheque than going to the baker for bread and the greengrocer for fruit and paying for their purchases with cash.
- the role of cash may be unclear with cash coming from the supermarket till as ‘cash-back’ while paying for the week’s groceries with a plastic card is a cashless experience.
- experiences of spending pocket money are also changing in many parts of the country as parents become less willing to allow children to go to a shop unaccompanied and many traditional corner shops where pocket money was often spent have ceased to exist.
- increasingly complex adult financial arrangements may mean that children become cut off from the financial planning of their carers.

Many people are concerned about the number of people trapped in cycles of financial exclusion. Schools have an important part to play in empowering children for their future lives. Children from financially advantaged homes may also lack financial understanding and fail to develop adequate personal financial capability unless provided with opportunities in school. It is, however, important to recognise that financial capability is essential for all children as highlighted by recent research into understandings of finance by children from both high and low income families.¹

Financial exclusion

Financial exclusion means not having access to financial products and services. Many of the least well off in society are financially excluded and there is some evidence to indicate that their children are more likely to become financially excluded themselves. This creates cycles of financial exclusion. Helping all children to become critically aware of the benefits and uses of appropriate financial services is an important step towards achieving greater financial inclusion for all.

Problems can also arise when people fail to manage their money. Failing to manage money can lead to a downward spiral of indebtedness from which it can be difficult to escape. Changes such as student loans and flexible working environments mean that debt is, to some extent, increasingly inevitable at some stage. The importance of learning both how to plan debt (by saving for projects such as lifelong learning, arranging suitable borrowing etc) and how to manage debt (by keeping up repayments, maintaining a dialogue with the lender in times of difficulty etc) is growing.

Whether as employees, employers, self-employed persons, voluntary workers or unemployed, people need to:

- understand key financial and economic ideas;
- be skilled in managing their financial affairs;
- recognise the importance of using financial resources responsibly.

What are the broad aims of financial capability education?

The main aims of personal finance education are:

- to develop financial capability for both girls and boys at all ages;
- to enable children to make informed judgements and to take effective decisions regarding the use and management of money in their present and adult lives.

These attitudes and skills will enable young people to move into adulthood with confidence in their ability to deal effectively and efficiently with the range of financial decisions.

¹ 'A Cycle of Disadvantage?: financial exclusion in childhood' Financial Services Authority Consumer Research Report 4 commissioned by the FSA from the Centre for Research in Social Policy at Loughborough University.

What can financial capability education achieve?

Financial capability encompasses three interrelated themes. These themes should generally be taught together. Greater detail on each of these themes and what they will look like for pupils at different stages of their school careers is given in the Appendix on page 20.

Financial knowledge and understanding is about helping children to understand the concept of money. It means having knowledge and understanding of the nature of money and insight into its functions and uses. Developing financial understanding is the first step in ensuring that young people leaving school have the skills required to deal with everyday financial issues. It will also help them to make informed decisions and choices about their personal finances.

Financial skills and competence is very much concerned with day-to-day money management and thinking about planning for the future. This means being able to apply knowledge and understanding of financial matters across a range of contexts: personal situations as well as situations beyond our immediate control. A financially competent person is able to identify and tackle problems or issues with confidence and is able to manage financial situations effectively and efficiently.

Financial responsibility is about the wider impact of money and personal financial decisions, not only for an individual's future, but also at a greater, societal level. It implies an understanding of how financial decisions can impact, not only on the person making the decision, but also on their family and community. Young people who are financially capable will be aware that financial decisions and actions are closely linked with value judgements of various kinds (social, moral, aesthetic, cultural, and environmental as well as economic) and therefore have social and ethical dimensions.

What is the place of financial capability education in the whole school curriculum?

Opportunities for the teaching and learning of financial capability occur across the curriculum and also through young people's everyday experiences inside and outside schools. The financial capability grids (Appendix page 20) provide a framework for drawing on these areas together with brief examples of possible learning experiences. Many aspects of personal finance education match many of the money objectives of the Numeracy Framework. Many primary schools have found that personal finances provide a motivating and meaningful context for these aspects of mathematics.

Context

A primary school covering Reception through to Year 6.

Implementation

In consultation with an LEA advisor, the head teacher identified personal finance as a key curriculum development area. A lead teacher was appointed to work with the head teacher.

The school felt that the best approach would be to identify personal finance education opportunities through work that teachers were already doing with their classes. The lead teacher reviewed the curriculum plans for each year group to identify elements of the curriculum which would cover personal finance objectives. These were then used to develop a series of personal finance curriculum modules. For example, much of the children's understanding of money was addressed through the Mathematics curriculum, whilst in Geography they investigated costing and saving for a holiday.

Together with other class teachers, the lead teacher developed simple formative assessment tasks for both Key Stage 1 and Key Stage 2. These assessed, for example, children's understanding of ways to pay for shopping and the pros and cons of credit cards.

Teachers found it easy to incorporate the personal finance objectives into their existing teaching. Given the planned match with their existing curriculum, the main changes to their existing lessons were to emphasise personal finance objectives clearly. Pupils enjoyed the lessons. As a result, teachers welcomed personal finance teaching enthusiastically and several reported that it enabled them to cover existing subjects more successfully.

The amount of time given to the teaching of financial capability will vary. Schools that integrate personal finance education into the teaching of Numeracy will find it easier to do justice to the breadth of the subject.

What does learning about financial capability look like at each key stage?

The tables below show the four major elements of PSHE and Citizenship as set out in the National Curriculum Handbooks for key stages 1 and 2, and 3 and 4. The first table demonstrates how financial capability links to each PSHE and Citizenship element. To give a sense of progression the second table provides a summary of learning at each key stage. This table then extends into adulthood to provide a sense of what the learning is leading to.

Table 1: Summary of learning about financial capability at each key stage and for each element of PSHE and Citizenship.				
Elements of PSHE and Citizenship	Key Stage 1	Key Stage 2	Key Stage 3	Key Stage 4
Developing confidence and responsibility and making the most of their abilities	Pupils learn about money in the context of their own lives and to make real choices about how to spend and save money sensibly.	Pupils learn to look after their money and realise that future wants and needs may be met through saving.	Pupils learn about what influences how we spend or save money and how to become competent at managing personal money in a range of situations including those beyond their immediate experience.	Pupils learn about financial decision-making and to use a range of financial tools and services, including budgeting and saving, in managing personal money, and about the financial implications of post 16 options.
Preparing to play an active role as citizens	Pupils learn to realise that money comes from different sources and can be used for different purposes.	Pupils learn that resources can be allocated in different ways and that these economic choices affect individuals, communities and the environment.	Pupils learn about the finances of local and national government and about the economic implications of the world as a global community.	Pupils learn about how the economy functions, including the role of business and financial services and the issues and challenges of global economic interdependence. They learn about the rights and responsibilities of consumers, employers and employees.

Table 1: Summary of learning about financial capability at each key stage and for each element of PSHE and Citizenship.– Continued

Elements of PSHE and Citizenship	Key Stage 1	Key Stage 2	Key Stage 3	Key Stage 4
Developing a healthier lifestyle	Pupils learn about the importance of looking after money and the consequences of losing money.	Pupils learn about making simple financial decisions involving small amounts of money and consider how to spend money including pocket money and contributions to charity.	Pupils learn about insurance and to recognise and manage risk and about making safer choices about healthy lifestyles.	Pupils learn to assess the different risk and return of savings and investments.
Developing good relationships and respecting differences between people	Pupils learn that different people may make different choices about spending money and to consider social and moral dilemmas about the use of money that they come across in everyday life.	Pupils learn that people have different financial circumstances and that standards of living vary across time and place and about the different values and attitudes that people have with regard to money.	Pupils learn about social and moral dilemmas about the use of money including how the choices they make as consumers affect other people's economies and environments.	Pupils learn about the wider social, moral, ethical and environmental consequences of personal financial decisions.
The Mathematics curriculum and National Numeracy Strategy	Mathematics and financial capability are interrelated. A financially capable person will necessarily be numerate, whilst personal finance education provides a good context in which to develop mathematical skills and understanding. There are numerous opportunities to link personal finance education to the Mathematics curriculum, including numerical problems involving money, calculations in real-life financial contexts and the use of graphs and tables in data-handling.			

Table 2: Summary of financial capability at each key stage	
Key Stage 1	During key stage 1, pupils learn about money and making real choices about spending and saving money in the context of their own lives, including how to solve whole number problems involving money. They learn that money comes from different sources and can be used for different purposes. They learn about the importance of looking after money. They learn that people will make different choices about spending money. They learn about social and moral issues about the use of money in their everyday lives.
Key Stage 2	During key stage 2, pupils learn about making simple financial decisions and consider how to spend money including pocket money and contributions to charity. They learn that resources can be allocated in different ways and that these decisions have individual, social and environmental consequences. They learn how to look after money and realise that future wants and needs may be met through saving. They develop an understanding that people have different financial circumstances and that standards of living vary across time and place. They learn about the different values and attitudes that people have with regard to money. They learn how to solve word problems involving money and simple percentages and how to approximate and check their answers.
Key Stage 3	During key stage 3, pupils learn about what influences how we spend or save money and how to become competent at managing personal money in a range of situations including those beyond their immediate experience. They learn how local and central government is financed. They learn about insurance and risk and about making safer choices about healthy lifestyles. They learn about social and moral dilemmas about the use of money including how the choices they make as consumers affect other people's economies and environments. They learn to solve complex numerical problems involving money including calculating percentages, ratio and proportion.
Key Stage 4	During key stage 4, pupils learn about financial decision-making and money management and to use a range of financial tools and services, including budgeting and saving, in managing personal money. They learn about and how to assess the different sources of financial help and advice available to them. They learn about how the economy functions and the rights and responsibilities of consumers, employers and employees. They learn about the different risk and return involved in savings and investment. They develop an understanding of the wider social, moral, ethical and environmental consequences of personal financial decisions. They continue to learn to solve complex numerical problems involving money including calculating percentages, ratio and proportion. They learn to interpret social statistical information.
Adult life	Personal finance curriculum prepares pupils for their life as adults. Financially capable adults are able to make informed financial decisions. They are numerate and can budget and manage money effectively. They understand how to manage credit and debt. They are able to assess needs for insurance and protection. They can assess the different risks and return involved in different saving and investment options. They have an understanding of the wider ethical, social, political and environmental dimensions of finances.

For greater details and suggestions of how these might be approached see Appendix page 20

What are the best methods for delivering personal finance education?

Teaching financial capability does not require in-depth knowledge of financial products and services, it is about understanding underlying principles and developing skills. Focussing on principles and skills provides the best approach and is more relevant to developing financial capability than a focus on 'products'. It is our belief that this approach is also less threatening both for teachers and learners. A focus on skills and principles is illustrated by the examples in the grids in the Appendix, page 20.

Young people's own financial situations and experiences are key elements of personal finance education. Inevitably, sensitive and controversial issues will arise. However, it would be naive to believe that children are unaware of the home circumstances of others. Indeed, differences between children's circumstances will emerge through discussions on other topics (e.g. having a car or a garden, going on trips abroad, types of home). As this awareness is present among children it would be inappropriate to try to avoid talking about these issues. Teachers need to find ways of facilitating discussions about sensitive and often difficult issues. Many difficulties stem from assuming (or pretending) that all children's home backgrounds are uniform.

Teachers will need to consider the following:

- ensuring that pupils establish ground rules about how they will behave towards each other and how sensitive issues will be dealt with. For example, *agree to take turns and listen carefully to what everyone has to say valuing all contributions non-judgementally so that children from different financial backgrounds are able to contribute to discussions on an equal footing and with equal confidence.*
- judging when to allow pupils to discuss issues confidentially in small groups and when to support by listening in to these group discussions. For example, *recognise that there are times when children may be happy to discuss their financial circumstances or experiences together but may be embarrassed to have their teacher listening. But that there are also occasions when taking part in small group discussions can enable children to restructure their thoughts or challenge received wisdom.*
- ensuring that pupils have access to balanced information and differing views on which they can clarify their own opinions and views, including contributions made by a visitor to the classroom. For example, *enable children from different financial or cultural circumstances to develop the confidence to ask questions of others and state their own opinions. For some religious groups (strict Muslims for example) the British banking system is problematic. Some Muslims take a firm line on the charging or earning of interest and although most established Muslim banks operate in the same way as traditional European banks, informal systems of credit and loan may*

work differently among local groups. Children should feel able to express such concerns to the class and also to outside visitors.

If you are concerned that this may be an issue in the area in which you teach you are advised to take advice from your LEA or local community leaders.

- *deciding how far they are prepared to express their own views, bearing in mind that they are in an influential position and that they have to work within the framework of the school's values. For example, as a teacher it is possible that your own financial circumstances and expectations are very different to those of the children in your class. While it may be important to put forward a view or experiences not available within the class (for example that it is better to save money than spend it when you get it), it may be important to make clear that this is what some people may say or experience rather than present it as your personal view or experience.*
- *ensuring that they take due care for the needs of individuals in the class when tackling issues of social, cultural or personal identity. For example, be aware that children from different social or cultural groups will value money, charitable giving, and money from gambling or the lottery differently.*

How do I cope with the range of different financial experience within my class?

While a group of children may appear to come from similar backgrounds, this can be misleading. The ways in which families prioritise and value money and those things that money can buy are very varied. Decisions about whether or not to involve children in budgeting and financial planning, for example, will vary considerably. Some children will be acutely aware of a distribution of household savings in different places within the home, others will be unaware how bills arrive and get paid. One way round the issue of everyone having different home experiences is to provide a common experience in the classroom which will serve as a base of shared knowledge.

Planning a class trip to the local museum

Context

A class of Year 2 children wanted to visit the local museum as part of a history project. While the museum was too far to walk to, there were several transport options: bus, train, or hired coach.

Activity

As part of class discussion it was determined that several factors would affect their decision. These were:

- they would need to be able to get to the museum and back within the time of the school day;
- it was important to maximise time at the museum;
- cost would have to be a factor as they would be bearing most of the cost of the trip;
- as well as the cost of the 30 pupils, they would also need to take account of the teacher's ticket and tickets for three helpers or parents.

They realised that they needed several pieces of information relating to price and time:

- entrance fee to the museum (if any);
- cost of return bus and train tickets (30 children, 4 adults);
- cost of hiring a coach;
- the likely time for the bus and train journeys and times of departures and arrivals;
- the time it would take to walk from school to either the bus stop or train station, and, at the other end, the times to get to the museum from the bus stop and train station.

Having decided what they would need to know groups were delegated to find out different pieces of information. These were then collated and used as the basis for calculations.

Having ruled out coach hire as too expensive, the class were faced with deciding between the slightly cheaper bus journey with two changes which would take a little longer but, because of the frequency of the buses, would give them an extra 25 minutes in the museum; and a more expensive but direct train journey.

After much discussion they decided that, for health and safety reasons, it would be better to pay a little more, sacrifice the 25 minutes in the museum and take the train. Further, they reasoned that as the buses were very busy 34 people might not all be able to get on at once.

How do I cope with the different sources of income and home circumstances within my class?

Learning where money comes from is a key part of developing financial capability. Asking children to discuss confidential issues like where their or their family's money comes from, however, is problematic.

Starting with the youngest children many text books talk about weekly pocket money in the clear expectation that this is a universal experience. There may or may not be stigma attached to whether or not parents give pocket money but as a rule it is best to err on the side of caution. A useful tactic is to use literature as a starting point. Many children's books contain descriptions of different family circumstances – these can be used to explore the possibilities open to people in different circumstances.

Context

A Year 3 class teacher used 'Wait and See' by Tony Bradman and Eileen Browne as a context for children to explore ways of spending personal money.

Activity

Having read 'Wait and See', the class discussed giving and lending money. The class then brainstormed ways in which Jo might spend her own money. The children collected information on the cost of the items on their list. They investigated the possible ways in which Jo could spend £1, £5 or £10. In a class discussion, they considered the choices they might each make and how and why these choices were different.

In this example, children were able to talk about a range of personal spending choices without discussing their own family's financial circumstances.

How can I help children learn to make judgements about affordability and value?

As consumers young people need to learn to balance judgements about affordability and value. Few people are in the position of being able to make purchasing decisions on the basis of value alone but balancing factors can be far from straightforward. For many families value for money is a difficult idea as lowest cost needs to take immediate priority – this can be a problem when considering healthy eating.

Dealing with value for money

Context

Following a discussion about favourite chocolate bars, a class of Year 5 pupils decided to investigate value for money in chocolate bars.

Activity

A group were taken by their teacher to purchase examples of commonly bought items. These were taken back to the classroom. An examination of the packaging immediately revealed several things: some bars were heavier than others, some had a higher fat content, some were more expensive.

Given the number of variables it was decided to use a database to compare information. A suitable computer programme was selected and the information from the wrappers was logged in. During this exercise it was discovered that most bars were heavier than the wrappers claimed. It was also pointed out by one child that some bars were mostly air, while others were more solid – density was calculated.

Trying to compare results it became clear to the children that they were not always comparing like with like – some information was recorded per 100g, and some per bar. They recalculated all the information as per 100g.

Comparing chocolate bars later they came to realise that although XXX was best value for money in terms of price per 100g, it also had one of the highest fat contents. It was agreed that for someone watching their weight YYY might be better as it had the lowest fat per 100g. As a result of this work, which took place over several weeks, the children developed a more sophisticated understanding of 'value for money' and came to realise that what counted as good value under one set of constraints might not fit another set.

The importance of financial capability for both sexes.

It is important that both boys and girls develop financial capability. There has been a tendency for women to be less financially aware than men. For example, women often earn less throughout their lives than men and so may be less likely to have adequate pension provision although they are likely to live longer. Also men still tend to take a lead in the major decisions about family finances (choosing mortgages for example). Women who have allowed their partners to control their finances and who then go through separation or divorce can lose access to the family bank account. For women who have not been working or who have been working on a casual basis, gaining access to financial services (opening their own accounts, arranging borrowing facilities, starting pension provision etc) can be difficult.

Who should teach and manage personal finance education?

Within the primary school, all teachers should be involved in helping children to develop financial capability. Schools might designate a member of staff to take particular responsibility for co-ordinating the teaching and learning of financial capability. This staff member may also have responsibility for the PSHE curriculum or may be from a separate but related subject area, for example, Mathematics. This role is vital in enthusing and motivating teachers as well as providing formal and informal training, guidance and support.

How can schools involve others?

Governors and parents have welcomed personal finance education in schools and see it as an important aspect of preparation for adult life. It is a topic that young people themselves have requested more information about. As with the introduction of any new aspect to the curriculum, governors and parents will want to be kept informed and involved. A clear statement of the aims and outcomes as well as descriptions of how it will be incorporated into the life of the school will be welcomed by governors.

Involving parents

Parents who have experience of working with money will be a useful resource for young children. For example, a parent with experience of working in a shop will be able to describe how the goods on the shelves get there, how prices are decided, how stock is tracked, how the till works, what receipts are given and kept, how a 'float' operates, how credit cards are dealt with and cheques validated. They will be able to answer children's questions from a position of experience and knowledge. A parent with banking or post-office experience will be able to give a different range of insights.

Involving governors

Older children might be interested in finding out from the governor with responsibility for the school budget the kinds of dilemmas that are faced when making decisions. They may also be encouraged to approach the governors for a class loan in respect of a medium term budget plan (for example to purchase raw materials for a fund-raising event) – see for example the section on 'Spending money and budgeting', Appendix page 22.

Involving partners in the community

Just as parents can provide a wealth of experience so the owners, managers and staff from local banks, building societies, shops, supermarkets, market stalls may be prepared to visit a class or have a deputation from a class to interview them. Children can gain valuable insight from specialists from financial organisations. Even where visits cannot be arranged, such organisations may be able to provide resources or advice.

Assessment

Judging pupils' development of financial capability is most appropriately done through formative assessment. The examples in the financial capability grids (Appendix page 20) provide an outline for making such assessments. It is anticipated that such judgements will be made within the school's existing assessment policy guidelines.

Resources at Key Stages 1 and 2

There is not space in this curriculum guidance to give an exhaustive list of resources relevant to financial capability. The following is a list of useful organisations to contact along with websites and directories of financial resources.

Organisations

pfeg (Personal Finance Education Group)
Centurion House
24 Monument Street
London
EC3R 8AQ
Tel: 020 7220 1735
www.pfeg.org
email: info@pfeg.org

pfeg is a charity that aims to promote and facilitate the education of all UK school pupils about financial matters so that they are able to make independent and informed decisions about their personal finances and long-term financial security. During 2000, pfeg plans to introduce a system of quality marking for personal finance education resources.

Financial Services Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS
Tel: 020 7676 1000
Fax: 020 7676 1099
www.fsa.gov.uk

The Financial Services Authority (FSA) is an independent body set up by government to regulate financial services and protect consumers' rights. The FSA believes that schools have an important part to play in helping children develop into adults who are able to deal confidently with money.

The FSA helps teachers in a variety of ways:

- producing resources for teaching and learning at all key stages;
- producing a wide range of free factsheets and booklets which could be used as background information. These are available from the leaflet line on 0800 917 3311;
- running a helpline for consumers on 0845 606 1234, giving information and guidance on financial services;
- there is an education section on the website, <http://www.fsa.gov.uk/consumerhelp>, which is regularly updated and which describes the resources available.

Websites and other resource directories

www.consumereducation.wales.org The Welsh Consumer Council website provides information and teaching resources on a range of consumer issues and a list of further contacts.

www.pfeg.org The pfeg website helps teachers to plan financial education using case studies and English, Welsh & Northern Ireland editions of a curriculum-linked learning framework, with practical examples of classroom activities linked to subjects. The site includes a directory of resources, many of which are free. This will be expanded to include details of quality approved resources when pfeg launches its quality marking service during 2000.

www.vtc.ngfl.gov.uk The Virtual Teachers' Centre provides access to materials for teachers and other education professionals.

Financial Education in Scottish Schools – A Directory of Resources

This was published by the Scottish Consultative Council on the Curriculum, 1999 (ISBN 1 85955 680 9). This directory includes a wide range of resource materials for use by both teachers and pupils.

Acknowledgement

The ideas in this booklet are based on the work of various organisations, in particular thanks are due to the Scottish Consultative Council on the Curriculum and their 'Education for Financial Capability' initiative and the Personal Finance Education Group.

Appendix

These grids demonstrate one way in which financial capability could be developed at Key Stages 1 and 2 by developing the themes of financial understanding, financial competence and financial responsibility.

Financial understanding		
	KS1 – Novice understanding	KS2 – Developing confidence
what money is and the exchange of money	<ul style="list-style-type: none"> recognise the coins and notes that we use <i>e.g. describe and distinguish between various coins during carpet time.</i> understand that different countries use different coins and notes <i>e.g. pick out foreign coins from a selection and discuss them.</i> understand the exchange of coins and notes for goods <i>e.g. exchange goods for coins in a role play situation, such as a class shop and be able to count out the right amount of money.</i> <p>Framework for PSHE and Citizenship: 1, 2 NC subject links to Ma2/4a, 4b, 5</p>	<ul style="list-style-type: none"> know about other forms of money: cheque books, credit and debit cards and how the payments are made in these cases as well as coupons and vouchers <i>e.g. find the total cost of a shopping basket of goods and write a cheque to that value.</i> understand that cash isn't the only way to pay for goods and services <i>e.g. investigate and compare internet and mail order shopping.</i> begin to understand the concept of credit <i>e.g. investigate different credit deals on the high street. Calculate and compare the repayments using simplified examples.</i> <p>Framework for PSHE and Citizenship: 1, 2 NC subject links to Ma2/4a – c; Ma4/2a, 2b. ICT opportunity Pupils could use the internet for research</p>
where money comes from	<ul style="list-style-type: none"> recognise that there are regular and unpredictable sources of money <i>e.g. discuss where money might come from such as earnings, allowances, benefits, pocket money, gifts, winnings</i> <p>Framework for PSHE and Citizenship: 1, 2 NC subject links to En1/ 3a – e</p>	<ul style="list-style-type: none"> understand how we get money for work – earnings <i>e.g. research different earnings using vacancies advertisements in a local paper.</i> understand that we may get money when there is no work or insufficient work – benefit payments – and how this is paid for <i>e.g. discuss and compare what happens to people with no work nowadays and in Victorian times.</i> understand that we need money in retirement – pension – and how this is paid for <i>e.g. discuss retirement in the context of reading a class book about retirement such as 'The Granny Project' by Anne Fine.</i> <p>Framework for PSHE and Citizenship: 1, 2, 4 NC subject links to En1/ 3a – f; En2/3a – g, 4e, 4g, 9c; History</p>

Financial understanding – continued		
	KS1 – Novice understanding	KS2 – Developing confidence
where money goes	<ul style="list-style-type: none"> • be able to talk about things that they may want to spend their money on <i>e.g. discuss how the class might spend £50 on resources.</i> • recognise that adults also have to spend money on familiar things like household expenses <i>e.g. use and investigate food bills, utility bills and cards, etc. in the role play area.</i> <p>Framework for PSHE and Citizenship: 1, 2, 4 NC subject links to En1/ 3a – e, 4a – c; En2/2a – c; Ma2/4a, 4b</p>	<ul style="list-style-type: none"> • recognise household expenses and regular financial commitments <i>e.g. find out about mortgage, rent, utility bills and cards, insurance, etc.</i> • begin to understand why money, such as tax or pension contributions, is deducted from earnings <i>e.g. discuss how money deducted as tax is used to pay for things like schools</i> <p>Framework for PSHE and Citizenship: 1, 2, 4 NC subject links to En1/ 3a – f; En2/3a – g, 4e, 4g, 9c; Ma2/4a – c; Ma4/2a, 2b.</p>

Financial competence		
	KS1 – Novice understanding	KS2 – Developing confidence
looking after money	<ul style="list-style-type: none"> know how we can keep money safe – either by giving it to a responsible adult or locking it away <i>e.g. decide where to keep class trip money</i> begin to understand the importance of keeping financial records <i>e.g. organise a role play bank which keeps track of children's imaginary savings over time in the context of a class project on 'The Jolly Postman' by Janet & Alan Ahlberg.</i> <p>Framework for PSHE and Citizenship: 1, 3 NC subject links to En1/ 3a – e, 4a – c; En2/2a – c; Ma2/4a, 4b, 5</p>	<ul style="list-style-type: none"> understand keeping money safe by putting it into an account (giving it to a bank, building society, or Post Office to look after) <i>e.g. decide on appropriate ways to keep £1, £100, £10000 safe.</i> understand the importance of keeping financial records <i>e.g. discuss how you would know if you had lost some money. Find out how the school keeps track of its money.</i> know about some official financial records <i>e.g. compare bank statements, till receipts, credit card vouchers etc.</i> <p>Framework for PSHE and Citizenship: 1, 3 NC subject links to En1/ 3a – f; En2/3a – g, 4e, 4g, 9c; Ma2/4a – c; Ma4/2a, 2b. ICT opportunity Pupils could discuss with school administrator how the school uses computers to keep track of its money.</p>
spending money and budgeting	<ul style="list-style-type: none"> know that we have to pay for what we buy <i>e.g. go on a class trip to the shops.</i> be able to consider possible ways of spending money <i>e.g. brainstorm different ways in which £5 could be spent.</i> <p>Framework for PSHE and Citizenship: 1, 3 NC subject links to En1/3a – e; Ma2/4a, 4b ICT opportunity Pupils could record shopping lists on a computer</p>	<ul style="list-style-type: none"> understand that we may need to save if there isn't enough money for everything we want to or have to buy <i>e.g. brainstorm a dream shopping list and discuss which items could be saved up for and how.</i> understand that money boxes aren't the only ways of saving money (see looking after money) <i>e.g. discuss whether it is safest to keep money in a pocket, purse, money box or savings account.</i> begin to be able to plan and think ahead <i>e.g. involve children in planning ahead to borrow money from the school for a medium-term class project</i> <p>Framework for PSHE and Citizenship: 1, 3 NC subject links to En1/3a – f; Ma2/4a – c ICT opportunity Pupils could use spreadsheets to plan ahead and record spending</p>

Financial competence – continued		
	KS1 – Novice understanding	KS2 – Developing confidence
basic risk and return	<ul style="list-style-type: none"> understand the consequences of losing money or having it stolen e.g. <i>discuss if we lose something that needs replacing, what does this mean for the money we have?</i> <p>Framework for PSHE and Citizenship: 3 NC subject links to En1/ 3a – e; Ma2/4a, 4b</p>	<ul style="list-style-type: none"> begin to understand the principles of probability and insurance e.g. <i>is it worth spending money to insure your house against alien attack? What about storm damage? Or theft?</i> understand that we may get money from money by saving e.g. <i>research and compare different ways of saving money, including ease of access and interest rates.</i> <p>Framework for PSHE and Citizenship: 3 NC subject links to En1/ 3a – f; En2/3a – g, 4e, 4g, 9c; Ma2/4a – c; Ma4/2a, 2b ICT opportunity Pupils could use spreadsheets to record and compare different methods of saving</p>

Financial responsibility		
	KS1 – Novice understanding	KS2 – Developing confidence
making personal life choices	<ul style="list-style-type: none"> choose how to spend money e.g. <i>what would you do if you were given £10?</i> begin to talk about the value of money e.g. <i>discuss whether, or in what circumstances, £5 is a lot of money?</i> begin to be able to talk about how spending money and our satisfaction from the purchase may vary e.g. <i>discuss children's choices in the context of 'Would you rather ...' by John Burningham.</i> <p>Framework for PSHE and Citizenship: 1, 3 NC subject links to En1/3a – e, 4a – c; En2/2a – c; Ma2/4a, 4b</p>	<ul style="list-style-type: none"> deciding how to spend money e.g. <i>what would you do if you were given £10? £100? £1,000? £10,000?</i> balancing needs and wants, and prioritising what gets first call on a limited supply of money e.g. <i>discuss balancing needs and wants against a limited budget in the context of reading an issues book such as 'The Bed and Breakfast Star' by Jacqueline Wilson</i> understand the difference between good debt (planned and manageable) and bad debt (unplanned or unmanageable) e.g. <i>investigate mobile phone charges. Which deal is the best value? On which deal would you find it easiest to manage your spending?</i> be able to assess best buys in a variety of circumstances e.g. <i>is the biggest box always the best value? Are the most expensive trainers worth it? What would you want to spend one million pounds on and why?</i> be able to discuss how spending money and our satisfaction from the purchase can vary, looking at how long things last, how well they perform and how long we are still interested in them e.g. <i>discuss and compare the monetary and personal value of past and present crazes (Tamagotchis, yo-yos, Pokemon) with a pair of trousers, and a birthday party</i> <p>Framework for PSHE and Citizenship: 1, 3 NC subject links to En1/ 3a – f; En2/3a – g, Ma2/4a – c</p>
implications of finance	<ul style="list-style-type: none"> begin to understand that there are consequences to having more or less money e.g. <i>discuss questions such as: What happens if you have no money for sweets? Or for the bus home? Or if the school has no money?</i> begin to understand that people have different standards of living in different countries e.g. <i>find out about different incomes and prices in different countries.</i> <p>Framework for PSHE and Citizenship: 2, 4 NC subject links to En1/ 3a – e; En2/2a – c; History; Geography ICT opportunity Pupils could use the internet to find out about incomes and prices in different countries (e.g. Oxfam's On the Line project: www.ontheline.co.uk).</p>	<ul style="list-style-type: none"> understand that standards of living vary across time and place e.g. <i>compare earnings and prices nowadays with Victorian times. Discuss why XXX are appealing for international aid. What do they want? How could we help?</i> understand that there is an ethical dimension to financial decisions e.g. <i>discuss the environmental implications of different products. Is it worth paying more for a product that does less environmental damage?</i> <p>Framework for PSHE and Citizenship: 2, 4 NC subject links to En1/3a – f; En2/3a – g, 4e, 4g, 9c; Sc2/5a; History; Geography ICT opportunity Pupils could find out about prices in different countries by communicating with other children by e-mail.</p>

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