

MOVING IN

The Money Management sessions have been developed for the HSBC Opportunity

Partnership in collaboration with Catch22, St Giles Trust, The Prince's Trust, Tomorrow's

People and pfeg (Personal Finance Education Group)













One of the main life goals for many young people is to live independently. This session considers both the financial and domestic challenges that individuals can face when moving into their first home. From dividing up household bills fairly, to managing an effective weekly budget, the young people will gain a realistic insight into independent living.

LEARNING OUTCOMES

By the end of the session the young people will have:

- An awareness of the most common costs of everyday living
- Begun to form basic budgets
- Considered the financial issues and solutions involved in house/flat sharing

RESOURCES



Starter

SETTING THE SCENE



- Ask the young people to imagine they had just moved into their first home. You may wish to use an image of a flat. This is a flat which is shared with three other people. Explain that whilst they pay the rent that is charged for their room, there are also other bills that would need to be divided between the four housemates.
- Discuss with the young people how they would go about dividing the following bills:
 - Electricity
 - Telephone
 - TV Licence
- Dividing bills fairly in a shared house can be a cause of arguments and stress between housemates. Explain how important it is to make sure everyone is happy with how the bills are divided.
- If you have time, it might be useful to highlight that employers may pay salaries weekly or four weekly (giving thirteen pay days a year) or on a set calendar date each month, and some benefits may be paid fortnightly. So while it is sensible to work out the shared costs in principle on a weekly basis, additional consideration needs to be given on how large bills would be covered if due to go out before contributions have built up to cover them, or when everyone's contribution should be made if flat sharers are paid at different times.
- You could also emphasise that it would be sensible for housemates to agree a clear policy on what should happen if someone did not make their contribution to the shared costs by the date agreed, and what the implications are for residents at the address if bills are paid late or left unpaid. Another area that can cause issues in a shared house is the deposit (or bond) that is initially put down in advance, often the value of three months' rent, and is usually returned at the end of a tenancy. Deductions from the deposit can be made for damage to the property, but if this is caused by only one individual would it be right that all housemates lose part of their deposit?

Core Activity

LIVING EXPENSES

20
mins

- Give out the word cards from **Resource 1 Weekly Living Costs**. Explain that these show seven of the most common living expenses. Ask the young people to order the cards from the most expensive cost per week, to the least expensive cost per week. Take feedback and discuss some of the thoughts. (There is no need to give out any answers at this stage as these will become clear in the next part of the activity.)
- Now give out the number cards and ask the young people to match the weekly cost to each of the living expenses. Are the young people surprised at any of the costs? Explain that the figures* are the average figures for a single person. There are some expenses that have not been included in the activity, and the average weekly cost of living for a single person is estimated to be around £265. What other weekly expenses can the young people think of? Remind the young people that the figures they have looked at are average figures and in some areas of the country these will be higher or lower accordingly.

*The source for the figures is the Joseph Rowntree Foundation report – 'A Minimum Income Standard for the UK 2012'.

Core Activity

WEEKLY BUDGETS



Explain that many people make a budget to ensure the money they have coming in covers the money going out to pay for their living expenses. Give out **Resource 2 – Rosie's Weekly Budget**, and ask the young people to highlight all of the income she has coming in each week in one colour, and all her expenditure (money going out) in a different colour. Once complete they can write the amounts into the appropriate columns of the budget template to form Rosie's budget planner. Having worked out her total income and expenditure ask the young people to determine how much money Rosie could save each week. They should find that Rosie is able to save £10 per week.

Core Activity

REVIEW

5 Mins

- Recap on the learning objectives for the session and discuss with the young poeple whether they feel they now understand those learning objectives:
 - An awareness of the most common costs of everyday living
 - Begun to form basic budgets
 - Considered the financial issues and solutions involved in house/flat sharing

Core Activity

EXTENSION

15 Mins

- Explain that when moving into a new home there are often one-off costs that need to be considered.
- Ask the young people to come up with ideas for any of these costs. They might include:
 - Removals (van hire, any payment to those who help)
 - Deposit sometimes known as a bond (this can be up to three months' rent)
 - First month's rent (rent is usually paid in advance, so a payment will be required prior to moving in)
 - Any furniture or appliances required
 - Decoration
- There is a wealth of useful information on an individual's rights and responsibilities as a tenant on the Money Advice Service website at www.moneyadviceservice.org.uk/en/articles/your-legal-and-financial-responsibilities-when-renting
- While purchasing a home of their own may seem a very long way off for most young people, there may be an opportunity to compare the merits of renting and buying.

SESSION GLOSSARY

Budget	A way of planning for the money you have coming in and going out.
Deposit or bond	A sum of money paid up front to secure a product, service or property. Landlords are legally required to hold this in one of three Tenancy Deposit Protection schemes for the tenant's protection.
Expenditure	The technical term for the money that we spend.
Guarantor	Someone who agrees to pay a financial commitment if the individual who took this out cannot or does not repay it.
Insurance	Something that you buy to give you financial protection.
Mortgage	A financial product that enables many people to borrow the money needed to buy their own home.

Session #2

Resource #1



WEEKLY LIVING COSTS

Food

Clothing

Fuel (gas and electricity)

Going out socially

Travel

Rent

Council Tax







HM REVENUE

£48.25

£9.31

£11.63

£44.76

£22.39

£69.66

£14.34

Source: Joseph Rowntree Foundation – 'A Minimum Income Standard for the UK 2012'. This was the report that has been used to inform the minimum living wage. www.jrf.org.uk/publications/MIS-2012

Session #2 Resource #2



ROSIE'S WEEKLY BUDGET



Rosie is eighteen and has lived on her own for the last six months. She currently shares a flat with her friend costing each person £42 per week. Rosie works in a call centre four evenings

a week earning £154. She has to pay around £20 a week to travel to work and back on the bus. Money is always a bit of a worry and Rosie tries hard to shop around for bargains on her food, which costs about £40 a week, and her clothes, around £10 a week.

Because of her low income Rosie is entitled to benefits totalling £53 per week. She has to manage this very carefully so has learnt to make savings where she can. Even things like turning lights off when they are not needed can make a difference. Her total gas and electricity costs are around £10 per week.

Rosie enjoys going out with her friends and tries to do this as much as possible. She spends around £50 a week going out. There are other smaller costs that Rosie has to pay each week for things like cleaning products, phone top up credit, insurance and water. These all add up to around £25 a week.

Rosie's Budget Planner

Rosie really wants to start saving a little money each week. She is not sure if this is possible and needs to write a budget planner to get an idea of how much money she has coming in (her income) and how much money is going out (her expenditure).

Use the information above to fill in her budget planner. Once you have worked out her total income and expenditure, see how much you think Rosie could save each week.

INCOME	EXPENDITURE	
•••••••		
TOTAL	TOTAL	
How much do you think Rosie could afford to save each week?		

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