These activity sheets have been devised by pfeg (Personal Finance Education Group) and are based on the ideas originally set out by Martin Lewis in his Teen Cash Class available at: mse.me/teencashclass
Introduction from Martin...

A few years ago I was challenged to take a class of ordinary teenagers for one day and turn them into junior Money Saving Experts. It was a scary concept, and like nothing I’d tried before. Yet the results were way beyond what I expected: after class, the 12 students went home and saved their families a whopping £5,050!

Two things jumped out on the back of this. First, financial education in schools is really needed, and second, maybe some adults could do with it too — after all, if their children can save them so much money, not everything’s right.

The Teen Cash Class Teachers Activity Sheets

The original teen cash class booklet was a tremendous success with many parents and teens working through it together. I was also delighted to find out many teachers were adapting it in schools to use with their pupils — adapting the more radical philosophy of MoneySavingExpert into a class room setting.

I decided it was time to take that a step further and make it easier for teachers, and having worked with pfeg, we are delighted to provide this curriculum based guide, as a more formally adapted version. To crow-bar it into the curriculum format a few changes have been made, and some of pfeg’s own resources added to my own message. The marriage works well, but if possible get the pupils to read the main guide too.

A note to teachers

I want to thank you for taking on this subject, even though you don’t have to (soon – we hope). We live in one of the world’s most competitive consumer economies and it is crucial that our young people are able to survive and thrive in it. Making certain that your students have the necessary skills and knowledge in money matters, and that they have explored their own attitudes towards it, will go a long way to ensuring this becomes a reality.

Things haven’t been easy in recent times – people have lost jobs and income, the credit crunch made borrowing higher, and we’ve seen inflation eat people’s cash. Financial issues are everywhere and, in this world of rapid change with money at its core, even finding the right words to explain to your students what’s happening isn’t always easy. I hope this resource helps.

Of course there are no absolutes – much of this resource is based on my views – and you may not agree with everything but that’s not a problem. I hope it’ll still spark useful talking points, make it fun and teach a trick or two.

Martin Lewis, Money Saving Expert
The original Teen Cash Class was aimed at anyone, both teens and adults. These activity sheets map the original guide to the national curriculum and develop the ideas further by providing a range of activities which can be used by teachers in their classrooms. It is intended to help teach students about handling money, getting the best deals and avoiding being ripped off.

There are three main sections which mirror the three “lessons” contained within the Teen Cash Class and it ends with the final challenge, as posed in the original Teen Cash Class, which enables students to practice what they have learned in a real life context and may help their parents/carers save money.

There are teacher’s notes for each section, which are supplemented by resource sheets for students, where required.

As money is a universal context this means it can be tackled through a number of subject areas. Although these activity sheets are primarily designed for the PSHE unit of work, links to a wide range of curriculum subjects are given. The curriculum links relate to the Key Stage 4 Programmes of Study and the ‘Personal, Learning and Thinking Skills’, which are all applicable in England only. These are not exhaustive lists but rather they provide an indication of the main areas which could be covered.

The inclusion of a criterion does not necessarily imply that it can be covered completely through the corresponding activity; in most cases the activities will help to support achievement of one or more criteria when supplemented by other additional evidence.

Many of the activities also offer opportunities to develop and demonstrate Functional Skills in English, Mathematics and ICT. The Final Challenge is particularly rich in functional skills opportunities.
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Activity 1: Value for money

Let me say this loud and clear at the start, in the biggest font I’ve got. It is the single most important thing I will say: if you don’t understand it, you’ve lost before even starting.

*A company’s job is to make money; it is not there to help us, it is not our friend. They spend billions on advertising, marketing, and teaching their staff to sell — the aim is to boost their profits and that usually involves someone spending money.*

Now don’t think this means I’m against companies. I’m not. I don’t think they do anything wrong. My problem isn’t that their job is to make money; my problem is that many people don’t understand that and think instead that businesses are there only to help and assist with daily life. Forgetting this can lead to bad decisions, thinking that what we’re told is for our benefit, not the company’s.

Of course, some companies give a great service that we benefit from, but often this is just part of the profit process. A business can attract customers in many ways... using cheap prices; offering the best product; giving great customer service and more.

Sometimes, the fact they want profit works in our favour; if you’re a new customer and they want your business, you’re likely to get a great deal. Yet never rest on your laurels and think it’s a done deal, the same company may not be the best place to buy next time.

The aim of this activity isn’t to “avoid” companies but to make you “understand them” and remember that when they try and sell something – whether it’s a mobile phone or debt – that doesn’t mean it’s good or bad; it means it’ll make them money. Your aim should be to consider how it actually affects you and your pocket and then pass this idea on to your students.

And don’t just take my word for it, if you’ve ever watched the TV programme Dragons’ Den take that as further proof.

They never ask “How much good will it do society?”, their key question is “Will it make me money?” That’s the first priority of any business. There’s a reason it’s not called Fluffy Bunnies’ Den.
Discussion

When it comes to money there’s no right or wrong answer, what’s most important is to think through our actions. Why not discuss the following with your students...

- Do they focus on customer service or price?
- Which companies have treated them well and why?
- Which companies do they think treat them badly and why?
- Do they think they ever buy because of the marketing?
- What’s their view on a company’s profit: which is more important, how much they make or the service they give?

Still unsure about this? Let me give an example: take those cathedrals of consumerism – supermarkets. A brilliant marketing environment wherever more of families’ cash is spent – in fact it’s a lesson in marketing. Think about a typical supermarket and the journey you go on from when you first get there...

- **The store layout.** Items that you regularly buy – your bread and your milk – tend to be sprinkled around the store, so that you need to pass many other tempting goodies to complete your shopping.
- **Feeling hungry?** Delicious food smells regularly waft through the store. Of course, when you’re hungry, you buy more food!
- **Eye-level isn’t the best level.** The most profitable stock is placed at eye-level (or children’s eye-level if it’s targeted at them); yet profitable goods for stores tend not to be the best deals for shoppers, so the adage ‘look high and low for something’ really does apply here.
- **Not all sales are ‘super!’** While grapes and other attractive products may be placed near the front of a store to entice you in with a genuine bargain – the same signage and displays will be used elsewhere to promote deals, yet these mightn’t be competitive. Bright colours and the word ‘discount or sale’ make us feel good, yet the reduction may be pennies, with other equivalent products still hidden on the shelf for less.
- **Spot the sweets and magazines by the till.** These are impulse buys, so putting them near the till gives the store one last attempt to grab our cash: kids can nag their parents for goodies too.

So before we spend we should ask ourselves “Do I really want to buy it – can I afford it – or am I just reacting to clever marketing?”
Are You Good With Money?

When I asked the original cash class this question, quite a few said yes. Their reasons were invariably something like “I try and save, not spend, when I get cash”. Yet for me, this alone doesn’t make someone good with money, it just means they stick within a budget.

Being good with cash is just as much about how we spend, as whether or not we spend. It’s about how well we understand the value of money, what it can be used for and whether we are getting the best deal. Being better with money means making it go further so you can lead a better life.

Discussion

Start by asking your students if they think they are good with money and take a note of some of their supporting reasons.

Read/display the following short extract from David Copperfield by Charles Dickens:

“My other piece of advice, Copperfield,” said Mr. Micawber, “you know. Annual income twenty pounds, annual expenditure nineteen nineteen and six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery!”

Would following this advice mean that someone was good with money? (It is perhaps worth pointing out that Mr Micawber repeatedly fails to follow his own good advice and regularly finds himself in debt).

Next ask the following five questions where there are definite right or wrong answers:

1. What do the initials VAT stand for? (Value Added Tax)
2. What is the currency of France? (euro)
3. If you put money into a savings account, what is the extra money that you earn called? (Interest)
4. If a pair of trainers costing £70 are 30% off in a sale how much will you pay? (£49)
5. What’s it called when you borrow money from a bank to buy a house? (Mortgage)
**Discussion**

Did anyone get them all (or nearly all) right? Does this make them “good with money”? 

Ask the following five questions where answers are based on attitude rather than a right or wrong answer:

1. If you were suddenly given £50 what would you do with it?
2. Should downloading music be free of charge?
3. Do you think there should be a national minimum pocket money level?
4. Is a mobile phone a luxury or a necessity?
5. Is it true that “money makes the world go round”?

What does this say? Are some answers more “correct” than others? Does it say anything about who is good with money?

Once you’ve introduced being ‘good with money’ try this:

**Discussion**

Ask your class which of these two they think is best with cash:

**Sally The Saver:** Has £500 for a holiday. She spends £100 on a budget flight to Rome for four days, and stays in a youth hostel, managing to save £200 of it.

**Silvia The Savvyspender:** Has £500 for a holiday. She finds a bargain flight to New York, stays in a nice hotel with a pool for a week and gets discount theatre tickets but spends the whole £500.

The answer depends on their circumstances and what they can use the money for. If Silvia’s in debt, and splashing out on a holiday, she’s not good with money even though she got the better bargain. Being cash savvy is both about understanding what money is available and how to use it.
Section 1: Being savvy with money

Activity 1: Value for money

Now get students to consider the following case:

Exercise

Sarah is nineteen and lives in Manchester. She wants to take a short break for three nights. She generally likes the outdoor life and rather fancies the Lake District especially as she is particularly keen on water sports; indeed she is training for a position as a Team GB canoeist in the Olympics.

She has about £150 she can afford to spend and can call on a further £50 from a training fund (providing she actually does some training while she’s away!) Sarah is studying to be a PE teacher and has a student loan; she also has a part time job as a waitress on minimum wage. She hasn’t had a holiday for two years.

There are a number of finance-related topics which could be highlighted here (eg, needs and wants, student loans, minimum wage).

Students should carry out some research into potential costs and then a) decide whether Sarah should take a holiday or not and b) make some recommendations that will meet the limitations of her budget.

Let students come up with their own checklist first but costs they should be thinking about might include:

- Return transport to destination (eg, coach fare)
- Accommodation (camping might be appropriate but there are still camp fees to pay and possible equipment costs)
- Activities (eg, water sports)
- Food and drink
- Other transport (getting around at the destination)
- Spending money (it is a holiday!)
- Insurance (necessary or not?)
This activity’s final thought...

Through research and discussion students should be assisted to reach conclusions about the important financial considerations in decision making, eg:

- How much income do I have versus my expenditure?
- Are there debts to be paid off?
- Is what is to be bought a necessity or a luxury?
- What future plans exist for using money?
- Are there particular relevant circumstances of other family members/dependents?
- Have I really considered alternatives?

**Discussion**

As a way of summarising the activity, get the students to decide on three key things (to do with personal finance, not business skills) which would indicate that someone was good with their money. This can be done individually or collectively but the answer should include the concept of budgeting and getting good deals.
Section 1: Being savvy with money

Activity 2: Impulsive buying

The first thing to say about impulse buying is that no one can rely on external help for this; we all have to learn to control it ourselves. Here are some very tough truths:

- No one is ever going to teach us what the best way to spend is.
- No one is ever going to write a budget for us, or watch to ensure we stick to it.
- No one is ever going to tell us the best way to borrow money, should we need to do so.

We have to learn how to do all these things for ourselves, though there’s nothing wrong with asking for guidance from others, eg, parents and teachers. We have to become as clever as the companies who want our cash.

Martin’s Money Mantras

A mantra is something that you repeat to yourself over and over again to help control the way you think. You’re about to learn two special, simple ‘Martin’s Money Mantras’ I developed when I first became the Money Saving Expert. Their job is to slow down the process that makes you spend, so you’re correctly questioning what you’re doing.

The mantra for the skint

Picture yourself with some friends, wandering around the local shopping centre. You’re eyeing something up — something amazing — and you yell inside your head ‘That’s amazing! I want it! I need it! I have to have it!’

Just stop!

Ask yourself the following three questions... Repeat after me:

Do I need it?
Can I afford it?
Can I get it cheaper somewhere else?

We need to ask these questions before getting any closer to the sign that reads ‘Please Pay Here’. Then ask them again. And again.
• **If you don’t need it** – don’t buy it. If you buy something you don’t need, when you don’t have the cash to spare, it’s obviously a waste of money.

• **If you can’t afford it** – don’t buy it. If you buy something you can’t afford, you begin a cycle of living beyond your means. Eventually, you’ll have to borrow money to do this, and you could end up in debt crisis.

What if, after repeating the mantra a few more times, you realise that you do need ‘it’ and you can afford it? Check and make sure that the same thing isn’t available at a better price somewhere else. Look in other shops, and use the internet to search for the best deal. If you haven’t checked, don’t buy it (yet).

**The mantra for the not skint**

The second mantra is for those who aren’t totally broke. I know what you’re thinking - ‘why do we need a money mantra if there’s enough cash?’

The answer goes back to the basics – a company’s job is to make money. Shops love us to part with our cash, and they’re clever at targeting our impulses to make things seem attractive. So it’s important not just to focus on any spending, but whether each specific thing is worth it.

So you’ve got some money in your wallet, you’re feeling good, and you’ve got your eye on something special. You know what’s coming...

*Just stop!*

Ask yourself the following three questions. Repeat after me...

*Will I use it?*
*Is it worth it?*
*Can I get it cheaper somewhere else?*

Think about the differences between this one and the “skint mantra”. Here the questions focus on whether it’s going to be a good buy, not whether to buy.
This example from the teens I taught in my actual Teen Cash Class should help...

**Charlotte:** A good friend bought some shoes once that cost £100.
**Martin:** Did she need them?
**Charlotte:** Well... she said she needed some new shoes.
**Martin:** Could she afford them?
**Charlotte:** I think so. She had quite a lot of money, so she could afford to spend that much.
**Martin:** Could she have got them cheaper somewhere else?
**Charlotte:** Oh no, definitely not. They were one pair of shoes from a certain place, not available anywhere else.
**Martin:** Did she use them?
**Charlotte:** Well, I think she’s worn them about three times.
**Martin:** So. Were they worth it?

Difficult, isn’t it? I’m nerdy on these things, so I do it with Maths.

Is three times, or £33 per use, good enough to justify buying them in the first place? Could she have got more use or more enjoyment by spending £100 on something else? Ultimately, only Charlotte’s friend will know that – but it’s crucial to consider this before buying anything.

The fancy term that economists use for this dilemma is called “opportunity cost”. This is where you have one thing but, as a result, miss out on having another. You don’t have to be a genius to assess opportunity cost, though – you can do it yourself, every time you shop, by asking yourself honestly: *Is it worth it?*

As always, everything comes back to the individual in the end. We have to remember these mantras for ourselves. We have to apply them. If we do and we’re honest with ourselves, then the mantras should ensure we don’t spend what we haven’t got; and always buy well.
Breaking the Impulse Chain

If someone spots something they weren’t planning to buy, it’s always best to wait a day to see if they really want it. After going back and repeating the relevant money mantras, if it’s right to buy the item in question, they can go ahead – guilt free. But chances are, with a pause before buying, the impulse to buy will have lessened.

Discussion

Ask students whether they think they are impulse shoppers. That is, do they buy something on a whim, without even thinking about it — let alone using either of my money mantras. Shops want you to see something, lose your mind over it and buy it there and then.

If anyone said ‘no’ ask them whether they are really sure. Have they really never bought anything on a whim, without really thinking about it or shopping around? Some people do this more often than others, but if we’re honest most of us have done it at some time. Discuss what ‘buying on impulse’ means and why it isn’t always a good idea.

Use the ‘Impulse Buy’ questions below to structure some small group discussions. Take feedback from the groups on the types of things they have bought on impulse, why they bought them, how much they have spent and whether they would exchange anything for cash. Are there any differences between the experiences and opinions of boys and girls?

Think back…
• Have you bought anything on impulse today? It could be literally anything, eg, a pair of shoes, a CD, a cinema ticket, a burger, chocolate or hair gel.
• What about yesterday?
• How much have you spent on impulse in the last week?
• What about during the last month?
• Using your answers estimate how much you’ve spent on impulse over the last year… are you surprised by the answer?
• What’s the most expensive item that you can remember buying on impulse? Do you think it was a good buy? If not, why not?
• Do you use any methods/tricks to try and control spending (eg, a shopping list)?
• If you could give back almost all of the items that you’ve bought on impulse and have the cash back would you do it?
**Impulse Spending: Spending Diary**

If you have internet access available you might want to show students: [www.moneysavingexpert.com/demotivator](http://www.moneysavingexpert.com/demotivator), which demonstrates just how much money is spent on regular items like magazines, coffee, CDs etc and [www.spendometer.co.uk](http://www.spendometer.co.uk), a tool that can be downloaded and used on a mobile phone for free.

**Exercise**

Most shoppers might find a spending diary useful. Ask students to fill one in for a week, or more if they want, using the simple spending diary resource sheet on page 21, carrying over any amount left to start the next week...
### Spending Diary

<table>
<thead>
<tr>
<th>MONDAY</th>
<th>FRIDAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>How much do you have to start with?</td>
<td>How much?</td>
</tr>
<tr>
<td>Income: £</td>
<td>Income: £</td>
</tr>
<tr>
<td>Where spent?</td>
<td>Where spent?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TUESDAY</th>
<th>SATURDAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income: £</td>
<td>Income: £</td>
</tr>
<tr>
<td>Where spent?</td>
<td>Where spent?</td>
</tr>
<tr>
<td>How much?</td>
<td>How much?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>WEDNESDAY</th>
<th>SUNDAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income: £</td>
<td>Income: £</td>
</tr>
<tr>
<td>Where spent?</td>
<td>Where spent?</td>
</tr>
<tr>
<td>How much?</td>
<td>How much?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>THURSDAY</th>
<th>TOTAL SPENT/ANYTHING LEFT?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income: £</td>
<td>Total Income:</td>
</tr>
<tr>
<td>Where spent?</td>
<td>Total Spent:</td>
</tr>
<tr>
<td>How much?</td>
<td>Anything Left:</td>
</tr>
</tbody>
</table>
Activity 3: The cost of fashion

Think about it. If we didn’t have changing fashions, we’d be able to have a wardrobe full of clothes that we could wear for our whole adult life, and would only need changing if they wore out or we changed shape.

Yet, of course, that would lose the clothing and retail industries lots of money, so they pour cash into marketing fashion and helping ensure trends change regularly, by the season, and that’s followed by the media.

When hitting the shops, it’s best to set a budget and stick to it. We need to work out what we want beforehand and not get drawn in by store promotions.

Exercise

Give out copies of the ‘Affordable Fashion: How to look good for less’ resource sheet on page 25. Discuss it and ask students if they can think of any other ways of cutting costs, eg, hand-me-downs, mix and matching items to create more outfits. They could produce a poster or pamphlet for other students with tips on fashion budgeting.

Exercise

Show the video about 1980s fashion at:
www.youtube.com/watch?v=rlAXMgudYo8

Alternatively you could use the cards on the ‘Fashion Cards Resource Sheet’ on page 27 and ask students if they can sort them into 1960s, 1970s and 1980s.

Ask students to discuss which, if any, of the outfits they would wear now.

What do they notice about 80s fashions which is different to now? For example, lots of big hair and frilly skirts.

Remind them that whilst some fashions do come round again, eg, mini-skirts, anyone who was 15 in 1980 would be 46 now (in 2011) and probably wouldn’t want to be wearing the same item!
Activity 3: The cost of fashion

Discussion

You can also use the ‘Fashion Discussion Cards’ resource sheet on page 28 in various ways. Whichever method you use, try to ensure that your students consider these two statements:

- Why do fashions change so much?
- Who benefits when fashions change?

Some suggestions for using the cards include:

- Give each student an A5 piece of red, orange and green paper. Read out the statements one at a time and get students to hold up the right colour to show whether they agree with the statement (red - disagree strongly, orange – no strong opinion/don’t know, green – agree strongly).

- Split the class into small groups of about four students each and give each one a set of the cards. Get each group to discuss each of the statements, or as many as you have time for, and take feedback.

- Split the class into small groups, ask them to select their nine most important issues and complete a Diamond 9. See: [www.nationalcollege.org.uk/docinfo?id=31449&filename=pl-audit-about-diamond9.pdf](http://www.nationalcollege.org.uk/docinfo?id=31449&filename=pl-audit-about-diamond9.pdf)

Ask students to think about how often they buy clothes and what proportion of their own money, if any, they spend on them. Some students may have all of their expenses met by their parents/carers whilst others might have to save up for everything they want themselves. Try to avoid discussing the actual amounts of money spent.

Ask why they buy new clothes. Is it to stay in fashion, because they’ve worn something out and want to replace it or maybe because they saw someone else wearing something.

You could link this back to the activity on impulse spending and explore which fashionable items students bought on impulse that they now regret and why they bought them originally.

Are there any items/outfits which are timeless and never go out of fashion, eg, jeans, the little black dress. Are there are any differences between the attitudes of girls and boys?
Section 1: Being savvy with money
Activity 3: The cost of fashion

You could extend this activity to work with textiles:

Exercise

Get students to bring in items of clothing from home which they no longer wear, with parents’ permission obviously! You could get school staff to bring in some items too.

If appropriate, give groups a small budget to buy extra accessories, eg lace, buttons etc, otherwise make it clear that they can only work with the items that have been donated.

Challenge each group to make a new item of clothing which they would wear.

Hold a fashion show and present a suitable prize for the winning design.

Exercise

Set the students a clothes buying challenge. Either individually or in small groups they are to use the internet and/or catalogues to choose three outfits which are fashionable enough to wear now but will also still be fit to wear in a year’s time.

- A casual outfit suitable for everyday
- An outfit for playing sport
- Something for a special occasion, eg, the school prom

Explain that they need to put together outfits which they would feel comfortable wearing and that fit within a reasonable budget. You could give each group a fixed budget and vary this between the groups.

Some possible websites include:

- www.newlook.com
- www.jjbsports.com
- www.tesco.com
- www.topshop.com
- www.topman.com
- www.next.co.uk
- www.frenchconnection.com
- www.marksandspencer.com

They could copy and paste their outfits into a Word document or onto a poster and make sure that they include the price of each garment and the total cost of the outfit. They can use the same garment within more than one outfit if they wish. There are lots of opportunities for discussion here, eg, why are some shops more expensive than others? Are sizes always standard? Are official football shirts value for money? Are the ‘best’ clothes always the most expensive ones?
Affordable Fashion: How To Look Good For Less

Budget-friendly shops
Most high street names like New Look, Internationale and Top Shop have people on stand-by to reproduce brand new designer looks which are usually in their stores within weeks of being launched.

Don’t be a shop snob
One thing money doesn’t buy is good taste. Just have a look at all those who get it wrong! Vintage is very ‘in’, so head down to the charity shops for a good rummage.

Sales
When the sales start, stick to classic items. Denim is a good bet but steer clear of anything too extreme. There’s no point in being a fashion diva if all that’s left on the racks are cheap leftovers that you won’t want to be spotted in next season.

Cost per wear
To get best value from an item think about its cost per wear. For example, if a pair of really comfy boots cost you £60 but you wear them 4 times a week all season, that’s roughly 60p per wear. Fashion boots costing £30, if less comfy, won’t be as much of a bargain. If you buy at the end of the season and stick in a cupboard until next year you’ll save even more.

Discount centres
These can be a good bet. Always check the returns policy though. If something is marked as damaged you may have fewer rights. Also make sure the items fit before buying, test the seams and look for holes or missing buttons.

Accessories
Accessories and footwear can totally transform outfits. Keep a few different belts, scarves, shoes, bags etc which you can mix and match with lots of items.

Swap not shop
Friends with the same clothes size and similar taste are a virtual goldmine. Shopping together and sharing items can save a fortune. You can also borrow jeans, t-shirts etc from your girl/boy friend. They are like new to you and no one need ever know!
Activity 3: The cost of fashion

Section 1: Being savvy with money

Auction websites
Keep an eye on the main auction websites like eBay: [www.ebay.co.uk](http://www.ebay.co.uk) and eBid: [www.uk.ebid.net/](http://www.uk.ebid.net/), sometimes you can pick up a bargain. Always check prices elsewhere before you bid and remember to include the post and packing charges in the total price you have to pay.

Discount Vouchers
Check for legit discount vouchers or codes before you shop. They are available for a wide range of shops, either by signing up for a store’s email and getting directly or on special pages like [www.moneysavingexpert.com/discountvouchers](http://www.moneysavingexpert.com/discountvouchers). Always check you’re allowed to use the code or voucher beforehand; beware using codes where you don’t know the score, the discount may not be honoured.

Alter your existing clothes
Contact the Dress Doctor, or someone similar: [www.thedressdoctor.co.uk](http://www.thedressdoctor.co.uk), [www.stitchcraftalterations.co.uk](http://www.stitchcraftalterations.co.uk). You can have any clothes remodelled or remade for a relatively modest fee. You could end up with a new-feeling wardrobe, without buying a single ‘new’ item.

Make your own clothes
You will have unique items tailored to your style, and make big savings: a pair of basic trousers, with zips and fastenings, can cost under a tenner — and it’s also an enjoyable hobby. There are lots of websites offering information such as: [www.rebeccablood.net/domestic/sewing.html](http://www.rebeccablood.net/domestic/sewing.html) [www.sewingsupport.com/learn-to-sew.html](http://www.sewingsupport.com/learn-to-sew.html)
Fashion Cards Resource Sheet
### Fashion Discussion Cards

<table>
<thead>
<tr>
<th>What is in fashion now?</th>
<th>How do you know whether something is fashionable?</th>
<th>What makes something fashionable?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fashions change too quickly</td>
<td>Fashionable clothes are a waste of money</td>
<td>Jeans are always in fashion</td>
</tr>
<tr>
<td>Are fashionable clothes a ‘want’ or a ‘need’?</td>
<td>It’s possible to be a ‘fashion victim’</td>
<td>Most people don’t care about ‘fashion’</td>
</tr>
<tr>
<td>Fashionable clothes are too expensive</td>
<td>Some people spend too much money trying to stay in fashion</td>
<td>You should only wear something fashionable if it suits you</td>
</tr>
<tr>
<td>Why do fashions change so much?</td>
<td>Who benefits when fashions change?</td>
<td>Girls are more interested in fashion than boys?</td>
</tr>
</tbody>
</table>
Activity 4: Debt

Your students may have already been in debt at some point — to parents, friends or other relatives. But the message here is that borrowing from, and needing to pay back, a company, is not like borrowing a fiver from their big sister and giving it back next week when they can afford to.

A company, such as a bank or credit card firm, will want that fiver back plus more on top, eg, interest. This is their payment for lending money and they’ll want the debt repaid in a certain way at a certain time, to suit them. Miss this and costs will mount up and can cause substantial troubles in the future.

And don’t forget. Just because debt isn’t sold in shops, but in banks, that doesn’t stop it being part of a business. When we borrow money, usually the company who lends it makes a profit — so they have an interest in marketing it to as many people as possible.

A bank’s primary job is to make money and its advice will often be geared towards that as much as to helping someone. Whether or not to go into debt, and who to borrow money from, are two of the most important decisions we make in adult life.

An Interesting Problem

The most important thing to understand about debt is how interest works and just how clever it is. The ‘interest’ is the cost of borrowing money and often it’s displayed in a way that makes it look cheap but cost a fortune.

As we’re about to discover, it’s pure genius; the same number can be both cheap and expensive, and they use it to confuse. If we don’t learn to understand it we could just end up giving them money anyway.

Exercise

Split the class into small groups of about three of four. Explain that they probably won’t be able to avoid going into debt. So what’s important is learning when it’s right to borrow, and to understand the best way to do it. Give each group a set of the Good Debt Bad Debt Cards on page 31 and ask your students to decide for each scenario whether it would be a ‘good debt’ or a ‘bad debt’ (answers are on page 32).
The Debt Spiral — Where Borrowing Gets Ugly

One of the most dangerous things we can do with money is consistently spend more than we earn, and borrow to fill the gap.

Unfortunately, many people just spend willy-nilly on credit cards, without ever thinking where the money to repay them will come from. The risk here is that they enter a debt spiral – and this is where bad debt turns really ugly.

It stands to reason that, the more money borrowed, the higher the repayments will be every month. This means that, to carry on living in the same way, they borrow a bit more. Then a bit more...

When there’s nothing left, they’re in debt crisis and this is where things get catastrophic.

This type of debt affects more than just money — it can mean someone loses their home, cause divorce and make life very unpleasant. All of these things can be the result of a debt spiral – a spiral that might start off very small.
**Good Debt, Bad Debt Cards**

<p>| A. You want to go on holiday because you haven’t been away for ages, but you haven’t got the money. The only way to afford it is to put it on a credit card and worry about it when you get home although you’ve no idea how you’re going to pay it back. | B. You recently got married and now it’s time to get your own house. You’ve saved up enough for a deposit towards it and now need to borrow money by getting a mortgage. The mortgage will be roughly the same as your rent and it will give you a secure place of your own. |</p>
<table>
<thead>
<tr>
<th>Good debt or bad debt?</th>
<th>Good debt or bad debt?</th>
</tr>
</thead>
<tbody>
<tr>
<td>C. You have a store card with a limit of £500, and you’re off to a big party tonight. You see some top party clothes that cost £250, and while you’ve just lost your part time job there’s someone you fancy at the party, so you go for it.</td>
<td>D. You’ve just got a new job, moved house and live eight miles from work and your children go to a school that’s ten miles away. There’s no public transport, so you borrow money for a car, though you can’t get a cheap interest rate. Yet without the car, you can’t work.</td>
</tr>
<tr>
<td>Good debt or bad debt?</td>
<td>Good debt or bad debt?</td>
</tr>
</tbody>
</table>
### Good Debt, Bad Debt Quiz Answers

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A. The Holiday</td>
<td>B. A House</td>
</tr>
<tr>
<td><strong>Bad debt!</strong></td>
<td><strong>Good debt!</strong></td>
</tr>
<tr>
<td>The clue is in the question. If you can’t afford it and don’t need it, don’t go into debt for it! A holiday is a luxury that you can live without for a few months while you save enough money to pay for it.</td>
<td>Going into debt for some things is unavoidable, and a house is usually one of them. If you need to get a mortgage to get your own place, find the best deal you can and consider it an investment in your future. Always do research to make sure you understand it, ensure you have done a budget, can afford the repayments and you won’t be hurting the rest of your finances.</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>C. Party Clothes</td>
<td>D. A Car</td>
</tr>
<tr>
<td><strong>Bad debt!</strong></td>
<td><strong>Grey debt!</strong></td>
</tr>
<tr>
<td>If you got this one wrong, shame on you! Feeling like you’ve got nothing to wear is not really an excuse for impulse shopping or buying something you can’t afford. Even worse is putting this crazy purchase on a store card, which usually has stupidly high interest rates.</td>
<td>It’s important to understand sometimes that there are no right and wrong answers — this one is a very difficult decision. If you need a car and can’t buy one out of your own pocket, then borrow for one wisely. So this isn’t bad debt because having the car (as long as you get a good deal!) will improve your quality of life and enable you to earn money. Yet it isn’t good debt either as the debt is expensive so it could ultimately hurt your finances. It’s in the balance and unfortunately, as can sometimes happen in life, that means it’s a tough decision and without a crystal ball you have to balance the risks.</td>
</tr>
</tbody>
</table>
Activity 5: Ways to pay

Whenever you’re saving you want to get the highest rate of interest but if you’re borrowing you want to look for the lowest... although of course it’s never quite that simple!

Discussion

Ask students to imagine that they each have a mortgage, and because the lender is secure in the knowledge it can take the house back if you can’t repay, it gives them a cheap rate, of, say, 6%.

Now they need an additional loan for a car and the best interest rate they can find is 12%. Suddenly their mortgage lender says ‘Hey, why not borrow that extra £10,000 on top of your mortgage: after all, at 6%, it’s half price…’

Which one would they pick?

Well, the obvious answer is to go with the mortgage company but a typical loan will be paid back over five years, whilst most mortgages last for 25 years. And you have to take this into account.

A £10,000 loan at 12% over 5 years costs £3,300 in interest.
But £10,000 added to a mortgage at 6% over 25 years costs £9,200 in interest.

The higher interest loan is much cheaper but because you need to pay it more quickly you have to repay more a month.

So... they need to remember that a lower interest rate doesn’t always guarantee cheaper borrowing.

Exercise

You could work with your mathematics or ICT department to look at calculating the repayment costs over different time periods using a spreadsheet.
Section 2: Being savvy about debt
Activity 5: Ways to pay

If you’re going to borrow money you have to ask the questions:

- How much do I need to borrow?
- What’s the rate of interest?
- How much can I afford to repay a month?
- How long will it take to repay?
- How much will it cost me in total?

**Discussion**

You want to buy a laptop costing £999 and have worked out that you can afford to pay £40 per month. Discuss with your class the different options:

A. If you save up for 25 months in an old sock under your bed, you’ll have £1 left.

B. If you save up for 25 months in an account with an annual interest of 3%, you’ll have a profit of about £33.

An interest rate of 3% is approximately 0.25% per month. It’s not exact but it’s close enough for our purposes. The actual figure is 0.2466%!

£40 is the amount at the end of the 1st month
So (40 x 1.0025) + 40 is the amount you have at the end of the 2nd month = £80.10
And (80.1 x 1.0025) + 40 is the amount at the end of the 3rd month = £120.30
And so on... until after the 25th month you have (1030.12 x 1.0025) = £1,032.70

C. If you pay £1,000 with a loan, at an interest rate of 18% APR, you’ll be £250 out of pocket. It’ll take 30 months at £40 each to clear the loan at a cost of £1,250.

Loan rates are very expensive for amounts under £5,000, although they do offer a structured repayment plan and credit cards can sometimes be a cheaper way to borrow.

D. If you buy it on a store card at an APR of 25%, you’ll be £420 out of pocket and it’ll take you 35 months at £40 a month.

The APR of 25% doesn’t mean that you have to pay £1,750 (approx £250 interest a year for 3 years) in total because each month you pay off part of the interest and part of the loan itself. So at the end of the first month you owe slightly less and therefore pay a little less interest in month two and each month after that.
Discussion

What is the best way to pay for the laptop and why?

Well, actually it depends... on when you want to have it and why (if you have covered it, you might want to refer back to the earlier Sally and Silvia activity on activity sheet 1 at this point).

If you need it now because yours has broken or it’s for a friend’s birthday next week then the loan would be a better alternative than the store card.

If you want it because you fancy getting a newer model or a bigger screen to the one you already have, then saving up and getting the extra interest makes the most sense.
Activity 6: Credit cards

There’s no more important single product to learn about than credit cards. In my view we’d all be better off if these were renamed debt cards rather than credit cards as they’re designed to make us borrow money.

Sadly many teens have a big misunderstanding about credit cards and their cousins, store cards. So it’s time for my big letters again...

Credit cards do not give free money! We have to pay back every penny we spend… and a whole lot more. Interest charges on credit cards can be extreme!

A credit card is just a pre-approved loan, so once we’ve got one we can borrow as much as we like from it, up to a set limit. Yet just like a loan, every penny needs to be paid back... and if not, be prepared to be chased for it.

The key difference, though, between borrowing in the form of a loan and using a credit card is that we decide how much (or how little) to pay off per month. In addition, we decide how much we borrow, within a pre-arranged limit.

Already, alarm bells should be ringing!

- It’s possible to borrow more each month than can be repaid. There’s no pressure to pay a lot of money back, so it’s easy to end up borrowing more cash per month than is being paid off.

- Spending is easy. It can be incredibly easy to spend on a credit card and things can quickly get out of control.

Discussion

Find out what your students already know about credit cards, making sure that that you draw out that:

- They do not give you free money
- You have to pay everything back and often a whole lot more
- They can have a very high interest rate
Live Now, Pay Later

This section is adapted from ‘Spending Sense’; a free resource published by pfeg. A copy of the full resource can be obtained from: www.pfeg.org/teaching_resources/resources/spending_sense.html

Discussion

Ask students if they know what a credit card is for. When is a credit card useful and a good thing?

There are a number of things for which a credit card is useful, eg, when you:

• Want a backup in case something goes wrong, eg, when a holiday is cancelled you may be able to get your money back.
• Want to buy something you’d normally pay a higher cost for if you paid monthly, eg, season tickets, car insurance, and you can’t afford a lump sum.
• Want to earn cashback.

But credit cards can also be bad for you. Students may not be aware that there is a credit limit that you cannot go beyond and that there is a minimum you have to pay off each month. They also need to be made aware that the money to pay off the card has to come from their income or savings.

When might a credit card be a bad thing?

Discuss the problems that some people have with credit cards and store cards, eg, they spend money they do not have and can not afford to pay off the balance straight away so they end up with large debts. They may use one card to pay off another or may not take early action to cut their spending.
Section 2: Being savvy about debt

Activity 6: Credit cards

Exercise

Give out copies of the Live Now, Pay Later cards on page 43, one set per student or pair. Ask them to sort the cards into two piles: statements they agree with and statements that they disagree with.

Explain the scoring system. They only score one point for the statements they agree with. Ask them to add up the total number of statements with which they agreed:

- 0-1 You are responsible with money and not likely to get into debt
- 2-5 You are at risk of getting addicted to credit and should think seriously about NOT getting a credit card
- 6-9 You are very likely to become a plastic spending addict

The Interest Rate

This is the cost we pay for borrowing money, expressed as a percentage of the amount borrowed that has to be paid back on top of the original borrowing. Normally this is the cost per year but it isn’t always — so always check.

Typically borrowing money on a credit card will charge around 18% interest a year. The actual way it works is quite complex, but I’m going to keep it simple.

Borrow £1,000 at 18% over a year
The amount to repay equals the original £1,000 plus the interest (18% of £1,000) = £180
Total £1,180

How much we pay isn’t just about the interest rate though...

This is one of the big ones, one that many of us get wrong, by only considering the interest rate when deciding how to borrow, yet there’s another big factor... how long we borrow for.

Look at this example from the original Teen Cash Class (Ruairi was quick, he understood that you don’t just pay interest, you have to pay interest on the interest. This is called ‘compound interest’ and it makes lenders a fortune.)
Martin: I borrow £1000 from the bank at an interest rate of 20% over 1 year. How much does it cost me? Ruairi: £200

Martin: Get your calculators out now. What about this: the same debt, at the same rate, over two years. Ruairi: £440

Martin: Right. The amount you have to pay back has increased.

This might be the first time that you’ve heard of it, but one of the world’s greatest scientists, Albert Einstein, described compound interest as the one of the world’s most powerful forces. Let’s briefly look at why... borrowing £1,000 at 20%:

After year 1:
You owe £1,000 for the original debt, plus £200 interest = £1,200.

After year 2:
You owe £1,200 from last year plus £200 interest on the original borrowing and £40 interest on the interest = £1,440.

After year 3:
You owe £1,440 from last year plus £200 interest on the original borrowing, and £80 interest on the interest and £8 interest on the interest on the interest = £1,728.

As you can see, each year the borrowing costs increases, and it accelerates, so the longer we borrow the more it costs. So much so that...

After year 20:
If compound interest didn’t exist, so we only paid interest on the original borrowing, you’d have to repay £5,000; but because of compound interest you actually need to repay a huge, whopping, gobsmacking... £38,400!

All this means the longer you borrow for, the more it costs you.
Section 2: Being savvy about debt
Activity 6: Credit cards

Minimum Repayments

Credit card minimum repayments are an innovative money-making genius worthy of admiration. They are an outstandingly profitable way of charging for debt but most people don’t notice it!

It’s all because with credit cards we are in charge of repayments, and all we have to do each month to stop being fined, is meet the minimum amount they’ve set, usually around 2% of the total debt, or £5 (whichever is the greater).

Discussion

Explain to your students that credit card companies set a minimum repayment which is the lowest amount that you can pay each month. It’s usually about 2% of the amount still owed or £5 which ever is the greater.

Now ask them to imagine that they owe £3,000 on a credit card with a typical interest rate of 17.9%. How much would the minimum repayment at 2% be? (Answer: 2% of 3000 = £60).

If they paid the minimum payment each month get them to estimate how long they think it would take to pay the full amount off...

The correct answer is about 40 years and the total interest would be over £6,300!

Explain that this is because the minimum payment is only very slightly more than the interest. So, each month you’re hardly paying back any of the amount actually borrowed. As the balance goes down so does the amount of the minimum payment.

Now, ask them how long they think it would take to pay off if they stuck to a repayment figure of £60 per month, a figure we know is affordable as it’s the first year’s minimum...

The answer is about seven years, and the total interest would be £2,100. So they would save £4,200 and pay off the debt 33 years earlier.

Why this pays it off so much quicker

Provided you don’t borrow anymore, as you repay each month, the interest that’s added shrinks as you own less money. Therefore by fixing repayments, rather than letting them drop, clears the actual debt rather than covering the interest.
Exercise

You could work with your mathematics or ICT department to look at calculating these costs: first sticking to the minimum payment only and then setting the minimum repayment value to £60. Alternatively use an on-line credit card calculator such as: www.minimumrepaymentcalculator.com

Credit Cards Aren’t All Bad

At this point, you probably feel that credit cards are fairly terrible things. I should say in their defence that, used correctly, they can actually be good; using a credit card, for example, is often the cheapest way to spend abroad, and with some cards you can earn cash back every time you buy something. Plus savvy consumers using credit cards with short term 0% deals can use them to borrow for free.

Like so many things, though, a credit card can turn nasty in the wrong hands. Remember as always, the responsibility to do the smart thing ultimately lies with the individual.

Discussion

Credit cards are a relatively new thing that have really taken off in the last twenty years or so. So, many people who have them now have had to learn the hard way how they work. If their parents/carers are happy to answer, why not suggest that your students discuss with them...

• Do they use credit cards?
• If they do, do they repay in full or just pay interest?
• When did they first use a credit card?
• Do they know the interest rate of the card?
One Simple Rule To Help Confusion

My view is debt isn’t bad, bad debt is bad. The difficulty is in knowing the difference between the two.

Teach your students to use the money mantras from activity 2 at all times, and the masses of information they’ve been gathering to make the right decisions about any money they borrow.

Yet as a final rule... If they still don’t understand debt, suggest they don’t get into it as it’s difficult to cancel it if they make a mistake.
### Live Now, Pay Later Cards

<table>
<thead>
<tr>
<th>A store card will help me buy more things I want</th>
<th>A credit card will help me to impress my friends, I can pay for meals out, drinks and entertainment</th>
<th>I often can’t remember what I have spent money on during the day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Having credit cards will help me to improve my lifestyle</td>
<td>I like to be able to buy things whenever I feel like it</td>
<td>It’s OK to be in debt for spending money you don’t have</td>
</tr>
<tr>
<td>It’s not necessary to save up to buy things you want</td>
<td>It does not matter if my credit bill builds up as I can pay it later</td>
<td>A credit card will make me feel better</td>
</tr>
</tbody>
</table>
Activity 7: Credit cards challenge

Exercise

Divide the class into small groups of three or four and explain that you’re going to give them a challenge.

They need to imagine that they owe £2,500 on a credit card with an interest rate of 16% and now also need to borrow another £1,000 to buy stuff for a new home (we’ll ignore whether that’s good or bad debt for the moment). What’s the best credit card solution that they can come up with?

To do this they will need to collect leaflets from banks, building societies and/or look on the internet and at adverts. You could ask them to prepare a presentation or a leaflet explaining which options they considered and justifying why their chosen solution is the best one.

Depending on the ability of the group you may want to give them some hints and tips, for example:

Remind them that not all cards are the same. While they’re the same shape and size the rates and deals differ massively. So they need to ensure that they read the small print and check exactly what the terms are.

Credit cards are a tool not an accessory. Don’t ever choose one for its colour or design or gimmicks linked to football teams etc.

The same card may have more than one interest rate. The two main ones are for ‘new purchases’ and the other is for ‘balance transfers’.

It’s not necessarily about choosing one card. You might find a solution which involves transferring the existing debt to one card and getting another one for new purchases.
Exercise

Some useful websites might include:

**Barclaycard:** [www.barclaycard.co.uk/personal-home/cards/index.html](http://www.barclaycard.co.uk/personal-home/cards/index.html)

**Halifax:** [www.halifax.co.uk/creditcards/](http://www.halifax.co.uk/creditcards/)

**HSBC:** [www.hsbc.co.uk/1/2/personal/credit-cards](http://www.hsbc.co.uk/1/2/personal/credit-cards)

**Lloyds:** [www.lloydstsb.com/credit_cards.asp](http://www.lloydstsb.com/credit_cards.asp)

**MoneySavingExpert Best Buys:** [www.moneysavingexpert.com/cards/](http://www.moneysavingexpert.com/cards/)

**MoneySupermarket:** [www.moneysupermarket.com/credit-cards/](http://www.moneysupermarket.com/credit-cards/)

**NatWest:** [www.natwest.com/personal/credit-cards.ashx](http://www.natwest.com/personal/credit-cards.ashx)

**Post Office:** [www2.postoffice.co.uk/finance/credit-cards-loans/credit-card](http://www2.postoffice.co.uk/finance/credit-cards-loans/credit-card)

**Santander:** [www.santander.co.uk/creditcards](http://www.santander.co.uk/creditcards)

**uSwitch Credit Card Comparisons:** [www.uswitch.com/credit-cards/credit-card-uk/](http://www.uswitch.com/credit-cards/credit-card-uk/)
**Activity 8: Credit cards advance**

It is not envisaged that this section will be covered as a matter of course. It should only be tackled if students themselves raise the issue and wish to pursue it further. Even then it would only really be suitable for Gifted & Talented students.

**Stoozing**

Explain that ‘stoozing’ is a way of making money using credit cards and you want to start and need their help.

The idea is that you borrow money on a card at 0% interest. The borrowed money is moved into a savings account where it earns interest. At the end of the 0% period, the balance is paid off using the savings account and you keep the interest as profit.

**Discussion**

Discuss what you need to be a successful stoozer; for example you need to have a good credit rating, be well-organised enough to make all of the payments on time, willing to spend enough time doing research on suitable credit cards and saving accounts. Are there any potential problems?

**Exercise**

Working alone or in pairs, their challenge is to produce a guide for you demonstrating how you could make the most profit over the next 12 months, assuming that you take out a new credit card and open a new savings account. They should assume that current credit card and saving options remain unchanged over the period and need to include details of what you should do and when. They also need to make you aware of the implications of making any errors, such as missing a payment date.

If you’re sufficiently impressed with their findings you might even end up taking their advice and becoming a stoozer!

See [www.moneysavingexpert.com/stoozing](http://www.moneysavingexpert.com/stoozing)
Activity 9: Loyalty doesn’t pay

By staying with the same company – whether it’s a building society, an insurance firm or even a mobile phone provider – it’s easy to think we’re doing the right thing; most of the TV Teen Cash Class did.

**Martin:** So, imagine you’ve got a car and you’ve had insurance with the same firm for years. You’ve always paid on time, you’ve never had any problems, but your premium’s coming up for renewal. Are you going to get a better deal by sticking with the guys you know or switching to a different company?

**Emily:** I think you probably stay with the one you’ve been with, so you get more things like no-claims bonuses.

**Thomas:** I’d stay with them, because if you went to a new company you’d have to start building that up again from scratch... but if you’re a loyal customer, you’ll get more bonuses.

**Martin:** Who agrees? A few of you. Think from the insurance company’s perspective now. Who is the easiest customer to get for their business?

**Richard:** The existing customer. They won’t want all the hassle of changing to a different company, and having to make phone calls and send letters out and everything.

**Martin:** Right. And if you’re an insurance company, how do you win new customers?

**Richard:** By bringing them good deals.

**Martin:** Good. What else do you have to do to win them over?

**Richard:** Advertise, marketing and all that stuff.

**Martin:** And that costs money, right? How do you think they cover the cost of giving new customers money off and putting adverts on the telly? Who does that cost get passed on to – I mean, who really ends up footing the bill?

**Richard:** The existing customer.

**Ruairi:** The existing customer doesn’t cost you anything, either. You don’t have to advertise to get them, or cut their bills.

**Exactly!** Very often new customers get much better deals than existing customers so we need to ask the question “Do I want to be the customer who has companies fighting for my business or do I just want to be taken for granted?”
Haggling And Chutzpah

Chutzpah (pronounced hoot’spa), is a yiddish word that basically means ‘nerve’. If you’re a person with chutzpah, it means you’ve got cheek – and while this might not be encouraged at school, it’s a good characteristic for Money Saving.

Someone who has the brass neck to demand them, might get better deals.

Having chutzpah means having the confidence to ask for more than you’re being offered, or suggest you should pay less for what you’re getting. Every night on the news you’ll hear about negotiations — negotiations between countries, businesses, and between groups of people and the government.

Negotiating is frankly just a posh word for haggling, and if you want your students to be ace Money Savers, they need to learn to do it. While it’s often used to mean walking into a shop and asking to buy something more cheaply – and that can work – these days where it is really important is in all the things in life we have contracts with. This could be broadband, digital TV, insurance, mobile phones and more.

It’s become so mainstream it’s now a regular task in each series of The Apprentice.

This is because providers are notoriously competitive, and always desperate to take customers away from one another.

It’s not about being rude or difficult; it is about understanding that there’s no such thing as a fixed price, and that those who don’t ask, don’t get.
Ask students to explain to you what haggling means.

_Haggling is a type of negotiation in which a buyer and seller discuss the price which will be paid and eventually come to an agreement. It is an alternative to charging or paying a fixed price for something._

Show and discuss the following two clips:
- [www.youtube.com/watch?v=3n3LL338aGA](http://www.youtube.com/watch?v=3n3LL338aGA)
- [www.youtube.com/watch?v=edY9ObDvMFY](http://www.youtube.com/watch?v=edY9ObDvMFY)

The first is an extract from Monty Python’s Life of Brian and shows a traditional, albeit humorous, view of bargaining. The second is a TV advert where the bargaining does not take place face to face but over the phone.

Is haggling/bargaining something that would come easily to most people?

In the UK it is quite unusual to see people haggling in shops. This might be more likely during a private sale, such as the sale of a car when the seller might set the starting price of the car higher than they wish to actually receive. The seller would offer lower than they can stretch to and eventually, the buyer and seller would come to some agreement and settle on a price they both feel comfortable with.

In many other countries throughout the world, especially in India, the Middle East and parts of Indonesia, haggling for a price is a very usual method used for selling and purchasing products.

How comfortable would students feel bargaining for increased pocket money/wages? What techniques/strategies might they employ?

Now watch the following two clips which show me on the subject of haggling/bargaining:
- [www.youtube.com/watch?v=WloqsAlHJ7A](http://www.youtube.com/watch?v=WloqsAlHJ7A)
- [www.youtube.com/watch?v=4S2L1WlaCu4](http://www.youtube.com/watch?v=4S2L1WlaCu4)
Discussion

These again show bargaining taking place across the telephone and in a face to face situation. What are the common features of successful bargaining which emerge?

Answers might include:
• Knowing what you want and what you will pay by researching your purchase
• Having done research and therefore know what you are talking about
• Understanding and employing negotiating skills
• Having confidence (or to use my expression “chutzpah”)
• Being patient
• Having time to negotiate
• Being polite
• Being assertive (not aggressive)
• Being willing to walk away

Focus on the first point for the next part of the session which looks at researching prices online as a way of establishing a good price before haggling commences.
The Teen Cash Class Haggling Challenge

**Martin:** Here’s what I want you to do. This is the phone bill of a woman called Lesley Jackson. Call the company and get the very best deal you can for her, by haggling.

**Thomas:** So we talk to them and see if we can get money off? Or extra stuff?

**Martin:** You haggle for a better deal.

**Thomas (cheekily):** What if they won’t give me one? Am I allowed to tell them I might leave and look somewhere else?

**Martin:** I can’t tell you that! This is a challenge! That’s for you to decide.

Sadly in the challenge itself, unbeknown to them, on the phone was an actor and Tom didn’t say he’d consider leaving — a pity as it would have got him top marks.

Remember we’re not locked into any company, they want to keep us; but they’ll only fight for our custom if we make them.

So if we don’t get the deal we want, we need to ensure they know (politely) we’ll consider leaving and then see what we get. Often, loyalty makes us a loser.

**There’s no such thing as the disconnections department**

When we threaten to leave a provider, they often say “we’ll put you through to customer disconnections”. Yet actually the internal name for the department they connect us to is “customer retentions”. This is because their job is to keep customers and they have a lot more power than standard customer services departments. If you’re going to haggle – they’re the best place to do it.

**Discussion**

My focus is about saving money – but other people judge their relationship with companies in different ways. Many people prefer to focus on service and how easy it is to work with a company. Ask your students to discuss these with their parents/carers:

- Do they regularly change providers for things or services?
- Do they prefer to be loyal – if so, what benefit does it give?
- If they knew they could save money going elsewhere would they?
- How much would they pay for good service?
Activity 10: Buyer beware

The following is adapted from ‘Spending Sense’, a free resource published by pfeg. A copy of the full resource can be obtained from:
www.pfeg.org/teaching_resources/resources/spending_sense.html

Exercise

Students should have access to a computer for this task. Tell them that their task is to find the cheapest price for a particular popular product: iPod, mobile phone (state particular model), computer games or consoles (again state a particular brand and model) or any other product, which you think would interest them. You can find pictures of these in magazines and newspapers as a visual aid. Students should be encouraged to think why they are sure theirs is the cheapest.

You may want to mention price comparison shopping engines (see www.megashopbot.com for ideas, eg, www.pricerunner.co.uk or www.kelkoo.co.uk). However, it is worth pointing out that different engines are linked to different retailers and that for completeness more than one engine should ideally be consulted.

Ask them also to find out what they might pay for the same product online at eBay: www.ebay.co.uk or eBid: www.uk.ebid.net, but only allow items with a ‘Buy it Now’ price or recently completed, otherwise prices may be artificially low.

• The students should record their findings on the ‘Buyer Beware Record Sheet’ on page 54.

• Establish the range of prices students arrive at and ask them whether price is the only consideration when buying online. Tease out what other factors they may have to consider when buying online, eg, Are the charges for postage and packaging/delivery reasonable? Was the site secure? Are they really sure they know what they are buying? Is there someone to deal with if there are any problems? What is the feedback for the seller on eBay?

Of course some of these are not relevant factors when haggling direct (though may well be over the phone). Are there other factors which come into play on these occasions? Eg, if you are a buyer can you trust the seller’s word; if you’re a seller do you have faith in the buyer?
Bag A Bargain

Once successful research has been carried out and a strategy of approach is worked out the potential haggler is in a much stronger position to bag a bargain.

Exercise

Following further research organise some or all of the following role play scenarios:

- Haggling for fruit at a local market stall
- Trying to get a better deal on a mobile phone, gas or electricity tariff
- Organising a discount at a local clothing hire firm for attendees at the school prom
- Buying several items from one stall at a car boot sale
- Arranging a group theatre booking

Further hints and tips on haggling are given at:

www.moneysavingexpert.com/haggling
wikitravel.org/en/Haggle
news.bbc.co.uk/1/hi/magazine/7572334.stm
www.independent.co.uk/money/spend-save/how-to-haggle--the-beginners-guide-to-blagging-a-bargain-811635.html
# Buyer Beware Record Sheet

**Name(s):**

<table>
<thead>
<tr>
<th>Product</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand and model</td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td></td>
</tr>
<tr>
<td>Freebies</td>
<td></td>
</tr>
<tr>
<td>Postage and packing</td>
<td></td>
</tr>
<tr>
<td>Total cost</td>
<td></td>
</tr>
<tr>
<td>How would you pay</td>
<td></td>
</tr>
<tr>
<td>Name of seller</td>
<td></td>
</tr>
<tr>
<td>Address of seller</td>
<td></td>
</tr>
<tr>
<td>Seller’s telephone number</td>
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<tr>
<td>Website address</td>
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<tr>
<td>Sale item</td>
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<tr>
<td>eBay price</td>
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<tr>
<td>‘Buy it Now’ price</td>
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<tr>
<td>Number of bids</td>
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Activity 11: One That Pays You To Do It

Throughout this resource there have been lots of opportunities for students to learn about how to be money savvy. In order to provide an absolutely real life context, within which the students can work, set them the final challenge.

My 12 Teen Cash Class pupils made savings of £5,050 savings. See if any of your students can do better.

Exercise

Get your students to speak to their parents and see if they’ll let them do a Money Makeover on/with them. Look at everything they spend money on (both the students and the parents) and see if the students can get the same for less. They’ll find help to do this on the web at www.moneysavingexpert.com/moneymakeover.

Give them a time limit to work to (a month might be a suitable period) and ask them to collect a small portfolio of evidence about what they did, how they did it and what savings were made. Perhaps prizes could be offered for:

- The student saving the most
- The student employing the most ingenious saving method
- The biggest number of different savings made

Before we go, just how did my 12 Teen Cash Class pupils make their £5,050 savings? Let’s take a look at the areas where they made the biggest savings for their parents...

Number one was... switching credit cards: my pupils saved a staggering £2,440 over a year by moving away from expensive plastic to better, cheaper alternatives. Well done!

In second place for curbing their parents’ costs was changing insurance provider – whether car or pet... £830 over a year. Next up was getting a cheaper deal for heating their home. By changing gas or electricity provider, some £450 was lopped off the bills.

Fourth was mobile phone savings: £120. The remaining £1,210 was spread out across our other top tips.
Help!

This activity is adapted from ‘Spending Sense’; a free resource published by pfeg. A copy of the full resource can be obtained from: www.pfeg.org/teaching_resources/resources/spending_sense.html

The vast majority of cases dealt with by Citizens Advice Bureau are related to people in serious debt who face stark choices.

Discussion

Discuss with students what they think they can do. They may not have the language but try to steer them towards the following:

- Make a budget so they know how much they have to spend each week
- Reduce spending
- Change their spending habits
- Cut up credit cards
- Get a job or a better paid job
- Talk to their creditors – to see if they can pay off a little over a longer period
- Prioritise debts and pay them off first

There are some good video clips on debt that could be used here at www.bbc.co.uk/learningzone/clips/ (search for ‘debt’).

Exercise

Use the two case studies for Vanessa and John on the ‘Help! Case Studies’ resource sheet on page 57 who have developed serious debt problems.

Ask students in small groups to work out what these people can do to get out of debt. They should come up with three or four suggestions for each person. Some students may be able to access the websites that offer debt advice to find out more solutions. In which case, you could ask them to complete the tasks on the Support Agencies resource sheet on page 58.
Help! Case Studies

Vanessa

Case Study 1

Vanessa is single mother – 19 years of age
She has a two year old daughter
She is not living with the child’s Dad
She has a part time job at the local supermarket
Her Mum lives in a house nearby
Her Mum looks after the child when she is working
She has credit cards and store cards and buys things from catalogues
When the baby was born she gave up work for nine months
She owes £2,000 on her store cards and £4,000 on her credit cards
Her bank overdraft is now £2,000
She now owes £8,000

John

Case Study 2

John is 18 and goes to college
He borrowed £2,000 from his parents to buy a car
He has a part-time job which earns him £80 a week
He likes sports and has a sports store card – he owes £150
He has a lot of friends and goes out a lot
He uses his three credit cards to buy things for his girlfriend
He owes his family money for books and things he needed on his course
He likes to gamble and spends £40 a month on betting
He now owes £3,500
Section 3: Being a savvy shopper
Activity 11: Money makeover

Help & Support Agencies

Visit these websites. How can they help people in debt?

Answer the questions

1) Directgov: http://www.direct.gov.uk
Search: Money, tax and benefits
Managing debt
Plan your way out of debt

Question 1:
How does it suggest you get out of debt?

2) National Debtline: http://www.nationaldebtline.co.uk/

Question 2:
What does this agency do?

3) Citizens Advice Bureau: http://www.citizensadvice.org.uk/
Search: Find your local CAB (Citizens Advice Bureau)

Question 3:
Write the address of the nearest CAB office to your home.

4) Credit Unions: http://www.abcul.org/page/index.cfm

Question 4:
What are Credit Unions?

5) ClearStart: http://www.cleartart.org/

Question 5:
What is the free advice telephone number?
What service do they offer?
**Full Curriculum Area Descriptions**

**Economic Well-being**

1.2b Learning how to manage money & personal finances

1.2d Becoming critical consumers of goods and services

1.3a Understanding risk in both positive and negative terms

1.3b Understanding the need to manage risk in the context of financial and career choices

1.4b Understanding the functions & uses of money

2.2a Identify, select and use a range of information sources to research, clarify and review options and choices in career and financial contexts relevant to their needs

2.4 Manage their money

2.4b Understand financial risk & reward

2.4c Explain financial terms and products

2.4d Identify how finance will play an important part in their lives & in achieving their aspirations

3.g A range of economic and business terms, including the connections between markets, competition, price and profit

3.h Personal budgeting, wages, taxes, money management, credit, debt and a range of financial products & services

3.i Risk and reward, and how money can make money through savings, investment and trade

3.k Social and moral dilemmas about the uses of money

4.k Make links between economic wellbeing and financial capability and other subjects and areas of the curriculum
Personal Well-being

2.1a Reflect critically on their own and others’ values and change their behaviour accordingly

4.d Use case studies, simulations, scenarios and drama to explore personal and social issues and have time to reflect on them in relation to their own behaviour

4.e Take part in individual and group discussion to consider personal, social & moral dilemmas and the choices & decisions relating to them

English

1.a Expressing complex ideas and information clearly, precisely and accurately in spoken and written communication

1.b Reading, understanding the detail and gaining an overview of texts from a wide range of sources, including those found beyond the classroom

1.1e Making independent judgements about how to communicate effectively and sustain formal interaction, particularly in unfamiliar contexts

1.2d Using creative approaches to answering questions, solving problems and developing ideas

1.4a Engaging with the details of ideas and texts

1.4c Forming independent views and challenging what is heard or read on the grounds of logic, evidence or argument

2.1g Judge the intentions and standpoint of a speaker

2.1h Listen with sensitivity, judging when intervention is appropriate

2.1i Take different roles in organising, planning and sustaining discussion in a range of formal and informal contexts

2.1j Work purposefully in groups, negotiating and building on the contributions of others to complete tasks or reach consensus

2.1l Select different dramatic techniques to convey action, character, atmosphere and tension, and justify choices
2.1m Evaluate drama performances that they have watched or taken part in
2.2a Analyse and evaluate information, events and ideas from texts
2.2e Select, compare, summarise and synthesis information from different texts and use it to form their own ideas, arguments and opinions
2.3c Present information and ideas on complex subjects concisely, logically and persuasively
3.1b Informal and formal group or pair discussion requiring students to take on a range of roles
3.1c Individual and group improvisation and performance
3.2k (Texts studies should include) purposes such as to instruct, inform, explain, describe, analyse, review, discuss and persuade
3.3b Analyse and evaluate subject matter, supporting views and opinions with a range of evidence
3.3c Develop and sustain ideas and view cogently and persuasively
3.3d Use formal, impersonal and concise expression to explain or describe information and ideas relevantly and clearly
4.1f Develop speaking and listening skills though work that makes cross-curricular links with other subjects
4.1g Evaluate and respond constructively to their own and others’ performances
4.2e Respond to and act upon texts they have read
4.2f Develop reading skills through work that makes cross-curricular links with other subjects
4.2i Engage with texts that challenge preconceptions and develop understanding beyond the personal and immediate
4.3d Use writing as a means of reflecting on and exploring a range of views and perspectives on the world
4.3f Develop writing skills through work that makes cross-curricular links with other subjects
4.3h Write in real contexts, for a range of audiences
Mathematics

1.1a Applying suitable mathematics accurately within the classroom and beyond

1.1c Selecting appropriate mathematical tools and methods, including ICT

1.2b Using existing mathematical knowledge to create solutions to unfamiliar problems

1.2c Posing questions and developing convincing arguments

1.3b Understanding that mathematics is used as a tool in a wide range of contexts

1.3d Engaging in mathematics as an interesting and worthwhile activity

2.1a Identify the mathematical aspects of the situation or problem

2.1d Select mathematical information, methods, tools and models to use

2.2h Work logically towards results and solutions, recognising the impact of constraints and assumptions

2.2i Calculate accurately, using mental methods or calculating devices as appropriate

2.2o Record methods, solutions and conclusions

2.2p Estimate, approximate and check working

2.3a Form convincing arguments to justify findings and general statements

2.4b Engage in mathematical discussion of results

3.1b Rules of arithmetic applied to calculations and manipulations with real numbers, including standard index form and surds

4.b Work on sequences of tasks that involve using the same mathematics in increasingly difficult or unfamiliar context, or increasingly demanding mathematics in similar contexts

4.d Work on problems that arise in other subjects and in contexts beyond the school
4.f Work collaboratively as well as independently in a range of contexts

4.g Become familiar with a range of resources, including ICT, so that they can select appropriately

**ICT**

2.1a Analyse systematically the information requirements to solve a range of problems

2.1c Select appropriate information from a wide range of sources, showing discrimination in their choices and judging the value, accuracy, plausibility and bias of information

2.2b Select and use, with increasing integration and efficiency, the appropriate ICT tools for given problems

2.3b Create quality solutions that show they have considered how the information should be interpreted and presented in forms that suit audience, purpose and content

3.a Use of increasingly demanding problems and more complex information from a wide range of sources in a variety of contexts

3.b Use of a range of ICT tools to meet the needs of the user and solve problems

4.a Make choices about when and where it is appropriate to exploit technology to support them in other areas of learning and everyday life

4.e Apply ICT to real-world situations when solving problems and carrying out a range of tasks and enquiries

4.h Use ICT in other subjects and areas of learning with contexts that are relevant and interesting to them

**Science**

2.b Collect data from primary or secondary sources, including using ICT sources and tools

3.b Use both qualitative and quantitative approaches
**RE**

1.6b Evaluating their own and others’ values in order to make informed, rational and imaginative choices

**Citizenship**

2.1a Students should be able to: question and reflect on different ideas, opinions, beliefs and values when exploring topical and controversial issues and problems

2.1b Research, plan and undertake enquiries into issues and problems, using a range on information, sources and methods

2.2a Students should be able to: evaluate critically different ideas and viewpoints including those with which they do not necessarily agree

2.2b Explain their viewpoint, drawing conclusions form what they have learnt through research, discussion and actions, including formal debates and votes

2.2c Present a convincing argument that takes account of, and represents, different viewpoints, to try to persuade others to think again, change or support them

2.3a Explore creative approaches to taking action on problems and issues to achieve intended purposes

2.3c Negotiate, decide on the take action to try to influence other, bring about change or resist unwanted change, managing time and resources appropriately

2.3e Reflect on the progress they have made, evaluating what they have learnt from the intended and unintended consequences of action, and the contributions of others as well as themselves

3.k The rights and responsibilities of consumers, employers and employees

4.c Work individually and in groups, taking on different roles and responsibilities
<table>
<thead>
<tr>
<th>Personal, Learning and Thinking Skills</th>
<th></th>
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<tbody>
<tr>
<td><strong>Independent Enquirers</strong></td>
<td>Identify questions to answer and problems to resolve</td>
</tr>
<tr>
<td><strong>Independent Enquirers</strong></td>
<td>Analyse and evaluate information, judging its relevance and value</td>
</tr>
<tr>
<td><strong>Independent Enquirers</strong></td>
<td>Support conclusions, using reasoned arguments and evidence</td>
</tr>
<tr>
<td><strong>Reflective Learners</strong></td>
<td>Communicate their learning in relevant ways for different audiences</td>
</tr>
<tr>
<td><strong>Effective participants</strong></td>
<td>Present a persuasive case for action</td>
</tr>
<tr>
<td><strong>Effective participants</strong></td>
<td>Propose practical ways forward, breaking these down into manageable steps</td>
</tr>
<tr>
<td><strong>Effective participants</strong></td>
<td>Identify improvements that would benefit others as well as themselves</td>
</tr>
<tr>
<td><strong>Effective participants</strong></td>
<td>Try to influence others, negotiating and balancing different views to reach workable solutions</td>
</tr>
<tr>
<td><strong>Creative Thinkers</strong></td>
<td>Question their own and others’ assumptions</td>
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<tr>
<td><strong>Creative Thinkers</strong></td>
<td>Generate ideas and explore possibilities</td>
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<tr>
<td><strong>Creative Thinkers</strong></td>
<td>Ask questions to extend their thinking</td>
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<tr>
<td><strong>Creative Thinkers</strong></td>
<td>Connect their own and others’ ideas and experiences in inventive ways</td>
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<tr>
<td><strong>Creative Thinkers</strong></td>
<td>Try out alternatives or new solutions and follow ideas through</td>
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<tr>
<td><strong>Creative Thinkers</strong></td>
<td>Adapt ideas as circumstances change</td>
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<tr>
<td><strong>Self Managers</strong></td>
<td>Work towards goals, showing initiative, commitment and perseverance</td>
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<tr>
<td><strong>Team Workers</strong></td>
<td>Reach agreements, managing discussions to achieve results</td>
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<tr>
<td><strong>Team Workers</strong></td>
<td>Take responsibility, showing confidence in themselves and their contribution</td>
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