

## *nurturing potential*



### **Session: 'Economic Well-Being - Money Matters!'** (This session is number two of two)

#### **Pre-session Preparation**

Copies of worksheets  
PowerPoint Slides

#### **Learning Objective**

To develop further the discussion from session 1, to facilitate the understanding and importance of the monetary aspects for "achieving economic well-being" as defined by the Every Child Matters Agenda;

- Engage in further education, employment or training on leaving school (refer to "Continuous Learning" and issues of self-esteem, achievement etc...)
- Ready for Employment
- Live in decent homes and sustainable communities
- Access to transport and material goods
- Live in households free from low income

**Two minute recap of last session.**

#### **Hand out 'Money Matters!' Session worksheet for personal notes**

Ask children to write their name, date, and session number on the top of the sheet

#### **Start the Session.**

What is money? "medium of exchange in form of portable coins and of banknotes"  
"wealth"

#### **Why does money matter?**

Record the responses from the group.

#### **Why will you need money as you grow up?**

Record the responses from the group. Should include a reference to the cost of study – Student Loans repaid only when your income exceeds approximately £15,000 per year.

#### **How will you get money as you grow up?**

Expect answers like job, loans, mortgages, credit cards

#### **Pay & Taxes**

Before you take money home you will have

22% of your pay taken for taxes

11% of your pay taken for National Insurance (pays for state pensions, NHS)

If you earn over approx £34,000 you will pay 40% tax on any money over this amount.

To take home £37,500 per year, you need to earn £50,000!!!

VAT – tax applied when you buy some products and services, on money that has already had tax deducted!

#### **Expenses (Bills) – what do you think these might include?**

Mortgage/Rent Gas, Electricity, Council Tax, Water, Home Insurance, Pet Insurance, Life Assurance, Mortgage Insurance, Car Insurance, Road Tax, Car Maintenance, Food, Petrol, Bank charges.

Then what is left can be spent and saved.

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### **How CREDIT works – An overview**

Discuss with the group what credit is and how, in simple terms, it works. Include:

#### **FIXED TERM LOAN**

Interest for fixed load – borrow £10,000 over 5 years, APR 10% = £15,000 repaid  
In reality whatever you bought with the £10,000 has cost you £15,000 – it is worth remembering this when you think something is a bargain and you buy it with credit!

#### **VARIABLE RATE LOAN – MORTGAGE**

Discuss the impact rate increases have when people spend all that they earn every month.

#### **CREDIT CARDS**

Cumulative interest for Credit Card spending – spend £10,000 at APR of 15.9%, paying minimum payment only each month of 2.5% of balance. How long will it take you to pay this off? Approx 11 years. Interest is how the Credit Card company make their money.

#### **SAVINGS**

Cumulative interest on your savings of £1000 at 6%

End of first full year  $£1000.00 + 6\% = £1060.00$

End of second year  $£1060.00 + 6\% = £1123.60$

End of third year  $£1123.60 + 6\% = £1191.02$

As of March 2008, banks are now looking for a 10% deposit before lending for a mortgage – so savings are important.

#### **Relaxation – Last 5 minutes**

Close session – thank participants for their time and contribution.

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<b>Name:</b>	<b>Date:</b>
<b>Session Number:</b>	<b>Session Name: Economic Well-Being – Money Matters!</b>

Developing an understanding of why money matters and raising awareness of how to manage it.

1. Why does money matter, and why will you need it as you grow up?



2. How will you get money as you get older?



3. Tax – what is it and why?



4. What bills do you think you might have as you get older?

5. What is Credit?

