

Timetable and Activities

Quick-fire words (3 mins)

Session objectives (2 mins)

What credit discussion (10 mins)

Credit animation (2 mins)

Matching definitions activity (10 mins)

To borrow or not to borrow? (15 mins)

Helping Jess challenge (20 mins)

Session feedback (2-5 mins)



Money Matters

KS4 / KS5

Money Matters Activity

In 40 seconds, list as many of these as possible.



Currencies



Banks



Ways to pay

What will we learn today?

How lenders make money?

How 'buy now and pay later' works?

What makes a good deal?

What makes a bad deal?

How to give a helping hand with money?

Play Video Here

Match the name

Current Account

Mortgage

Credit Score

Loan

Interest

APR

An amount of money that's expected to be paid back with interest.

The yearly cost of borrowing, shown as a percentage.

An agreement between you and a bank to help you buy a house.

An amount of money paid regularly at a percentage in exchange for money that has been lent to you.

A system that predicts how likely you are to pay back money on time.

The type of bank account that is used most often.

Answers

Current Account

The type of bank account that is used most often.

Mortgage

An agreement between you and a bank to help you buy a house.

Credit Score

A system that predicts how likely you are to pay back money on time.

Loan

An amount of money that's expected to be paid back with interest.

Interest

An amount of money paid regularly at a percentage in exchange for money that has been lent to you.

APR

The yearly cost of borrowing, shown as a percentage.

Meet the team

You need to read their stories and decide which of these they should do:

- Pay for something on their credit card
- Save up for the item
- Look for another option or wait
- Take out a loan (like a mortgage, a new business loan or cash loan)



Raj



Kelly



Alex

Raj

Raj is a student at University. He's moved away from his family home and now lives in a new city. Raj enjoys seeing his friends in the week and playing sports at the weekend.

Raj is in his final year studying art history and design. He's planning to set up his own freelance design business but he might have to move back home to save enough money.

Raj wants to:

- Raise money to start his own freelance design business
- Buy a season ticket to his favourite sports club
- Buy a new pair of trainers
- Pay his phone bill each month



Kelly

Kelly works in an office. She gets paid monthly and puts 20% of her wages into a savings account so she can buy a house. She's saved £15,000 to buy a house valued at £223,000.

She has been accepted by the bank to buy this house with a £15,000 deposit.

Kelly has a current account and a savings account. What's the difference between these two accounts? And how could Kelly pay for the remaining £208,000 and the other items below?

Kelly wants to:

- Buy her first house
- Do a first aid course
- Buy two tickets to a music concert
- Visit her friend in Spain



Alex

Alex is 15 and has a weekend job, which means he sometimes misses out on seeing his friends. On top of what he earns at the weekend, his family has offered to lend him money.

How should Alex pay for the things he wants to do below. And what jobs do you think a 15-year-old could do?

Alex wants to:

- Take driving lessons
- Go to university
- See a musical on the west end with friends
- Get a gym membership



What is interest?

Interest is a fee paid for borrowing money

Interest is calculated as a percentage

APR is the percentage you pay over the course of the year

What is interest?

To buy a new car I need to borrow **£10,000**

For **3 years** at **10% interest** per annum (per annum means per year)

What will the interest payments be over 3 years?

$$\begin{array}{ccccccc} 10,000 & \times & 0.1 & \times & 3 & = & 6,000 \\ \text{Amount borrowed} & & \text{Percentage} & & \text{Duration of loan} & & \text{Interest} \end{array}$$

$$\begin{array}{ccccccc} 10,000 & + & 6,000 & = & 16,000 \\ \text{Amount borrowed} & & \text{Interest Payments} & & \text{Total Repayment} \end{array}$$

What will the monthly interest payment be over the 3 years?

£166.67

Meet Jess

Jess works Monday to Friday. She uses her money to help pay for everything her family needs.

Jess has two children. She has a current account and a savings account, but sometimes she has to borrow money from her family or friends to cover more expensive things (like when something breaks in her house).

Jess receives a payslip at the end of every month, so she can see how much money she has for next month.

She also has a credit card that allows her to borrow money from the bank and pay it back.



Jess's Finances

This month Jess' boiler stopped working and she needs it fixed. It will cost £420. She has a credit card with a £500 limit.

Outgoings (Per Month)

Jess's Wages: **£1237**
House and bills: **£658**
Food: **£104**
Car and petrol: **£190**

Task

Jess's credit card has interest of 18% and she must make payments of at least £35 a month.

How long will the boiler take to pay back with her left-over money?

Using the formula how much will her monthly payments be?

- What will her interest (APR) charges be?
- Can Jess also save for a summer break by next August?
- If Jess didn't borrow any money, what could she do?



Jess's finances

Your plans

What did we learn today?

Definitions of credit, interest and APR

There are different ways of paying for things

What we pay for on a daily basis

Why we borrow money

And how we pay it back

How other people manage their finances

Name one thing you didn't know about before today.