

The RBS guide to
personal finance
for teachers



Brought to you by RBS

MoneySense

Introduction

This guide is designed to support the effective teaching of personal finance education (PFE) in secondary schools across the UK. In today's society there is greater emphasis than ever before on ensuring that young people have the knowledge and skills to manage their own finances, and are able to make informed financial decisions later on in life. It is no longer acceptable that young people enter adulthood learning how to manage their money on a 'trial by error' approach. Now that PFE has an increasing presence in the curricula of all the home nations more young people than ever are leaving school with the skills they need to understand and manage their money with confidence.

This guide will provide you with advice and guidance on checking the effectiveness of PFE in your school, and some ideas for how and where it could be delivered in your school, along with a summary of the basic building blocks of personal finance capability that apply to everybody – including teachers.

The Royal Bank of Scotland Group has a longstanding commitment to delivering PFE to both young people and adults, through its financial literacy programme, MoneySense. MoneySense for Schools has a 15 year legacy, and is the largest financial education programme for secondary school pupils. Accredited by pfeg (Personal Finance Education Group), the free, online resources support teachers in the delivery of PFE. In 2006, MoneySense extended the reach of its financial capability programme to adults, providing a suite of impartial information and advice on money management.

Personal finance education in your school

Curriculum relevance

England

'Economic wellbeing and financial capability' is one of the two main areas of the expanded non-statutory Personal, social, health and economic education (PSHE) programme of study. Key concepts are careers, enterprise, employability, capability and understanding risk, as well as economic and business understanding at both KS3 and KS4.

Northern Ireland

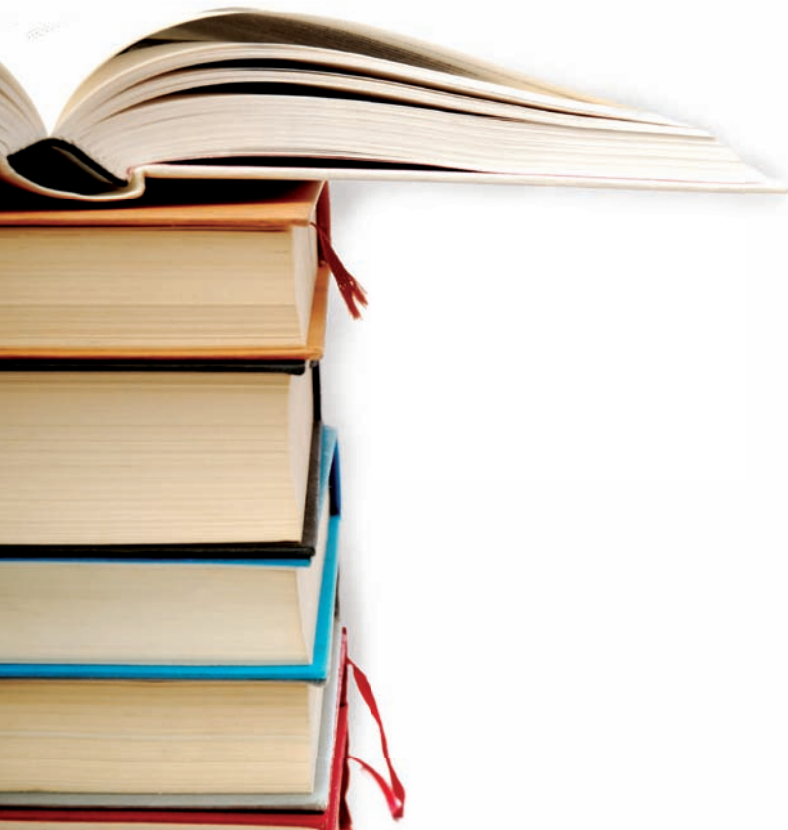
A new curriculum is being phased in between 2007 and 2009, in which PFE provides a context for teaching maths skills. Students are expected to apply mathematical skills in everyday financial planning and decision making.

Scotland

Scotland has a clear framework for delivering PFE which has been in place since 1999. PFE is primarily delivered through Personal and Social Development programmes, although it is increasingly being taught in a cross-curricular way in maths and enterprise-related activities. In the new 'Curriculum for Excellence', being piloted this year, personal finance is a cross-curricular theme.

Wales

In Wales, the curriculum now includes PFE as an essential part of the new 'Preparing for lifelong learning' PSE curriculum area. The teaching of financial capability is embedded in one single, non-statutory programme of study called Personal and Social Education (PSE). Aspects that relate to individual responsibilities are highlighted, for example, the economic and ethical consequences of financial decision-making as a consumer.



Effective PFE in your school

Is PFE being delivered effectively in your school?

How could you build on your existing provision and practice?

According to Ofsted's 2008 report on developing financially capable young people:

“Good (personal finance education) teaching was characterised by teachers’ confident subject knowledge, skilfully managed discussions, relevant contexts, and tasks that engaged students. External agencies and other resources were used very effectively to support teaching and learning.”

You can read the full report here:

www.ofsted.gov.uk/Ofsted-home/News/News-Archive/2008/March/New-Ofsted-report-Developing-financially-capable-young-people



You might like to use this checklist to help you and your colleagues assess the current level and effectiveness of PFE in your school, and to plan for improvement.

1	Is your Senior Management Team committed to PFE for all students in your school?	
2	Is a member of staff – ideally a member of the Senior Management Team – responsible for the development of PFE in your school or college?	
3	Does your school curriculum allow dedicated time for PFE?	
4	Are there additional opportunities for students to develop financial capability, for example through 'off timetable' days, e.g. enterprise days or financial literacy weeks involving the whole school and subject departments?	
5	Do teachers feel confident enough in their subject knowledge of personal finance to deliver effective PFE?	
6	Does your school have links with external agencies such as the Personal Finance Education Group or a bank to help train staff and support delivery?	
7	Are PFE lessons engaging for students? Do they include relevant and meaningful tasks and opportunities for discussion and debate?	
8	Is there a programme of study for PFE in place designed to meet the needs of all students and which identifies learning outcomes?	
9	Are systems in place to monitor and evaluate the progress students are making towards achieving learning outcomes for PFE?	

Topics to cover

Here is a list of suggested key topics to include in your PFE programmes to help provide your students with the skills they need to become financially capable individuals.

- Savings, investments and trade.
- Budgeting.
- Day-to-day money management.
- Economic understanding, including a range of economic and business terms.
- Enterprise and entrepreneurial skills.
- Becoming a critical consumer, including economic and ethical consequences.
- Accessing financial advice.
- Careers and the world of work, wages, taxation and pension schemes.



For more information on curriculum requirements and guidance:

England

<http://curriculum.qca.org.uk/key-stages-3-and-4/subjects/pshe>

Scotland

www.ltscotland.org.uk/financialeducation

Wales – Personal and Social Education in the revised curriculum

<http://new.wales.gov.uk/topics/educationandskills/curriculumassessment>

Northern Ireland – Mathematics and Numeracy

www.nicurriculum.org.uk/key_stage_3/areas_of_learning

www.nicurriculum.org.uk/key_stage_4

Integrating PFE across the curriculum

Effective and engaging PFE can often be delivered across a range of subjects. Here are just a few ideas for making links with other subjects and areas of learning:

English and Literacy

- **Reading:** reading the small print, understanding and responding to information texts.
- **Writing:** writing letters and drafting emails to the bank and local businesses; producing information and advice leaflets and top tips for young people.
- **Speaking and listening:** conducting interviews and role plays, asking questions and listening to key points, e.g. from a video clip about banking or debt.

Careers, Enterprise and Work-related learning

Work experience and the concept of earnings, making links with local businesses to understand the concept of trade and enterprise-related projects.

Maths and Numeracy

Working with the principles of budgeting, credit and debit; checking bank statements and calculating interest.

ICT

Using spreadsheets for budgeting; conducting research into different accounts and savings plans; e-commerce and internet banking.

Drama, Media Studies, Communication

Working out the cost of putting on a performance, balancing outgoings with income, making projections and calculating profit.

Food Technology, Home Economics

Household budgeting, shopping for food and planning and designing a cost-effective meal or menu for a week.

Modern Foreign Languages

Comparing different currencies, e.g. opening a French café at break times where transactions are made in Euros.

Examples of best practice

There are many great examples of excellence in the delivery of PFE taking place across schools today. Sharing these examples of best practice will help the educational community with the development of effective PFE delivery both in the classroom and across the whole school.

The RBS Personal Finance Education Awards for Schools took place for the first time in 2008, recognising and rewarding schools that are running successful and engaging PFE programmes. Approaches that most impressed the judges had a whole-school and cross-curricular dimension, and demonstrated a long-term commitment to engaging their students with the subject. Here are three examples of excellent practice in PFE from winning schools in the 2008 RBS Personal Finance Education Awards for Schools.

Abercorn Secondary Glasgow

Abercorn Secondary demonstrated an all-round commitment to PFE involving pupils and parents. PFE at Abercorn is delivered through a number of initiatives, such as a financial education day where both students and parents participate in financial workshops and drop-in advice sessions. Abercorn tries to involve relevant external agencies in these days, and previous involvement has come from the police, Carphone Warehouse and Learning and Teaching Scotland.

The judges were impressed that this programme was prepared to reach out to the whole community and used outside agencies and external expertise effectively. Their approach really made PFE relevant to the students, and the involvement of parents was particularly impressive for the judges to see.



You can read more about the award winning entries and find out about the awards on the website www.pfe-awards.co.uk



Penketh High School Warrington

Business department staff at Penketh High took part in the making of a film about credit and debit to be shown in school assemblies. The engaging and entertaining film features interviews with students from the school talking about where their money comes from and how they spend it.

A member of staff acts in a role play to show the various monthly payments he must make from his salary and the choices he makes about how to spend what is left over. Other members of staff play a taxman, an NHS representative and a pensions collector to illustrate how these payments are not optional.

The film ends with an interactive multiple choice money quiz asking students to answer questions to find out what kind of spender they are.

Teachers at the school found the film particularly effective in explaining the difference between credit and debit and reported that student feedback on the film was excellent.

Warden Park School West Sussex

A new member of staff at Warden Park School introduced and ran a hugely successful whole-school financial literacy week. Activities included stock market challenges and in one tailor-made activity, year 11 students took part in 'Teacherdaq', where they were given an imaginary £100 to spend on shares in members of staff. Over ten days the share prices fluctuated according to factors such as 'Mr Thomas wins money on a scratch card' and 'Strong winds cause many bad hair days'.

Teachers rewarded students for good work or behaviour with a specially designed currency featuring photos of the senior management team. The students then used their newly acquired financial literacy skills to decide whether to bank their money and gain 5% interest, or to spend it in the 'Assembly Hall Stores' on goods donated by local companies.

Practising what you teach

Although you don't need to be a financial expert to teach PFE well, it will help if you feel confident talking about some basic financial concepts and terminology. The summaries below use examples which will be relevant both to you as teachers and also to your students.

Budgeting

One of the most important lessons in personal finance is having a handle on how to budget. Whether you are managing the government budget or a household budget, the fundamentals are the same. Only by being aware of your income and expenditure will you be able to manage your money effectively, and be prepared for any unexpected costs or a change in circumstances.

Income

It's easy to assume that your salary represents your total income. But you might also have other income to factor in such as income from rents or a lodger and interest on savings. You might also be entitled to tax credits.

Expenditure

It is really important to be aware of all the bills and other costs that you have to pay each month. Again, it's easy to overlook the small things we buy, such as newspapers, music or going out for a meal. Begin by calculating the essential bills such as the mortgage, rent, travel to work and utility bills, and then look at all the things you spend

money on. Allow some leeway to have fun and buy yourself some luxuries.

Does it all add up?

The aim is to ensure your income is greater than the spending total, so that you are prepared if you need to make a large payment, or perhaps treat yourself to a well-earned holiday.

Top tips on budgeting

- 1 Set up a monthly budget spreadsheet – detailing everything that you spend your money on.
- 2 Be honest with yourself. How much do you spend on clothes a month, or going out for a coffee with some friends?
- 3 Pay as many bills as you can by Direct Debit. You might also get a discount if you pay your bills this way.
- 4 Set up the Direct Debits to leave your bank soon after you get paid.

Savings

People have all sorts of reasons for building a nest egg – perhaps a holiday, a deposit for a home, or retirement. Whatever the reason it is important to make your money work for you.

Short-term saving

It's sensible – and reassuring – to have an emergency fund that is held on deposit and is easily accessible without loss of interest if you need to get at it quickly. Most current accounts pay interest. Ideally, you should aim to have between three and six months of your salary saved to cover your outgoings over the emergency period.

Tax-free saving

As well as looking at the interest rate payable on investments you have to consider the tax position. No one likes paying tax, so it's worth looking at an ISA – a saving account that pays tax-free interest. See www.hmrc.gov.uk for more details.

Pensions

Most people equate long-term savings with pensions, and as teachers you have access to one of the most comprehensive pension schemes on the market. The rules change regularly and a detailed examination of how benefits are calculated can be found on the following sites:

England and Wales

www.teachernet.gov.uk/pensions

Scotland

www.sppa.gov.uk/scot_teachers/home.htm

Northern Ireland

www.deni.gov.uk/index/teachers-pg/64_teachers-pensionscheme_pg

Top tips to help you save

- 1 Set up a Direct Debit of an amount you can allocate each month for general savings.
- 2 Separate your savings into three areas – short, medium and long-term. Short-term for day-to-day needs, medium-term to help with a deposit for a new car or house and long-term for your retirement.
- 3 Shop around for the best interest rates on savings accounts.
- 4 Save money by shopping around for cheaper alternatives. Can you get a better mortgage deal? Is there a cheaper energy supplier? Can you pay less for your home or car insurance?
- 5 Target your energy bills – if you turn your heating down a degree, or your water by five, it can make a real impact on reducing fuel bills.
- 6 If you drive to work, think about using the bus, or better still, cycle or walk.



Be prepared

Teachers are better protected than many when it comes to time off for sickness but it is important to ensure that you understand what benefits you have and whether you are likely to have a shortfall. No one likes to think about the worst, but it is very important to ask yourself whether any dependants would be able to cope financially if you were to die or whether you would be able to manage if you couldn't work for a long period.

Life assurance

You need to have enough money available to look after any dependants in the event of your death. Term assurance is the simplest and cheapest of life insurance since it pays out an agreed level of cover over an agreed number of years.

Income protection*

Your contract as a teacher could pay you anything up to six months full pay followed by six months at half pay. Income protection policies are available to replace a portion of your income after your income as a teacher stops. Make sure that you have a policy that covers you until the date that you intend to stop work.

* Check your contract carefully to see what you are eligible for, as entitlements vary from school to school.

Critical illness*

You need to make plans in case you suffer a serious illness, as you will have no critical illness cover as part of your contract. Critical illness cover will pay out a lump sum if you are diagnosed with a specified illness/condition, or have to undergo certain types of surgery.

Mortgage Payment Protection Insurance

MPPI as it's commonly known will pay your monthly mortgage payments if you can't work due to sickness, accident or unemployment. Most plans will only pay the repayments for 12 months, so you need to ensure you have other protection in place.

The MoneySense for Adults website provides further impartial information and guidance to help you to understand and manage your money effectively.

www.rbs.co.uk/moneysense

www.natwest.com/moneysense

Case studies

The case studies below focus on the financial decisions faced by teachers at various stages of their careers.

Louise Storrar

Newly Qualified Teacher

“Generally I think I have a fairly good understanding of money and use online banking to check that my bills are being paid”.

However, Louise does state that there are some aspects of money management that she would like to get in place: *“I’m stressed by the student debt I still have and sometimes can’t bear to look at my bank balance”.*

It’s never too early to seek advice if you have any concerns about your finances. Louise should speak to her bank, or get in contact with one of the many independent money advice centres. In terms of Louise’s future plans, she would love to get on the property ladder: *“I’d really like to be in the position to buy a home, but I haven’t been able to save for a deposit”.* Louise should look at how much she needs to save, and work out a saving plan. By doing some research, Louise could find out where her money will work harder for her in terms of interest.

Kate Bannatyne

Recently returned to teaching

Kate has just returned to teaching after a five year gap while raising her family, and is aware that she needs to build up her pension and protection benefits: *“Having recently rejoined the Teachers’ Pension Scheme it has given me the chance to build up a retirement package and some form of protection if I was to suffer an illness”.*

Having time out of her career was very important to Kate, but she is aware of the financial impact this has had: *“I do think that I need to set aside a bit more money for my pension on top of this because of my time out of teaching”.* Kate is taking a sensible approach – retirement may seem a long way off but you need to start saving now.

Rodney Mallinson

Nearing retirement

Having spent 35 years of continuous employment in teaching, together with good financial planning, Rodney is in a sound position for his retirement. *“I have managed to build up a fair level of savings, which will last around five years if I stopped work tomorrow”.* Rodney is retiring in two years’ time at the age of 63 and will also have a good pension which together with his savings will ensure a reasonable income:

“I have a pension of approximately 50% of my final salary and a tax free lump sum of three times my pension”

By putting money aside each month over many years Rodney has set himself up for a comfortable retirement, but with a reduced income, budgeting and maximising income will be even more important.



PFE resources

The RBS/NatWest MoneySense for Schools programme is a free personal finance education resource site for teachers and young people aged 11-18. It includes teachers' notes and interactive activities and is designed to support teachers in the delivery of PFE in line with curriculum requirements.

www.rbs.co.uk/moneysenseforschools

www.natwest.com/moneysenseforschools

The four core modules are:

Bank on it (11-16s) Looks at the services offered by banks, how to use a range of banking facilities, saving, borrowing and budgeting.

We're in business (11-16s) Small groups of students work through the steps involved in setting up and running a business. The module develops teamwork, communication, problem solving and other key/core skills.

The credit file (11-18s) Uses case studies relevant to young people to cover different ways of borrowing, debt, the importance of saving and the expenses that moving away from home entails.

Money for life (16-18s) Students are asked to make budgeting decisions on behalf of young people going into higher education, work and training. Covers budgeting, payslips, mortgages and the financial implications of different life choices they may make in the future.

Regularly updated material

Extra modules are also added to the site regularly, such as the interactive 'holiday planner' module, where students win a fictional holiday to a hotel in Florida with spending money and have to plan and budget for it.

Online teacher training/support

Online training overviews are also available and are designed to 'walk' teachers through the site, pointing out the activities and support available.

The screenshot shows the MoneySense For Schools website homepage. At the top, there is a navigation bar with the RBS logo, the text 'MoneySense', and links for 'Home', 'MoneySense for schools', 'MoneySense for adults', and 'About MoneySense'. Below the navigation bar, the main heading is 'MoneySense For Schools'. A sub-heading reads: 'Our relationship with money begins before we've left school. By working in partnership with teachers, we've created an interactive programme for schools, which shows how good money management skills help in everyday life.' To the right of this text is the MoneySense logo with 'for schools' underneath. The main content area features four interactive cards: 1. 'Are you Age 11-14?' with a girl walking, text: 'Learn about how banks work, why you would borrow money, and how you can plan ahead.' 2. 'Are you Age 14-16?' with a girl walking, text: 'Your pocket money could be earning you more money - understand more about bank accounts, borrowing money and running a business.' 3. 'Are you Age 16-18?' with a boy walking, text: 'It's time to go it alone - find out more about financial independence after leaving school.' 4. 'For Teachers' with a woman standing, text: 'Make sure MoneySense makes sense to your pupils. Find out how to get the most out of this interactive programme.' To the right of these cards is a video player titled 'What do young people think about... Banks? Money? Spending? Savings?' with a play button and a 'Start Game' button. Below the video player is a section for a 'New interactive budgeting game' titled 'Holiday Planner' with a 'Start Game' button. At the bottom of the page, there is a footer with links for 'Privacy', 'Security', 'Terms & Conditions', and 'The Royal Bank of Scotland © 2007'.

Useful links

Personal Finance Education

The RBS Personal Finance Education Awards for Schools

Find out about the awards, how to enter, and read case studies of winning schools.

www.pfe-awards.co.uk

Personal Finance Education Group

An independent charity helping schools to plan and teach personal finance. Provides free support, resources and consultancy to teachers and school leadership teams.

www.pfeg.org

General

MoneySense for Adults

Free and impartial financial education site for adults.

www.rbs.co.uk/moneysense

www.natwest.com/moneysense

Financial Services Authority

A site providing facts about financial products and services.

www.fsa.gov.uk

Directgov

A government site with guidance on managing your money, debt, pensions and other issues.

www.direct.gov.uk



Half the country's teenagers get into debt. Shouldn't we teach them a new subject?

Historically most UK school children received no form of regular financial education. It wasn't good for them, or the country. That's why we created MoneySense, Britain's biggest financial education programme.

It's designed to teach school children about money and how to manage it. So far over one million children have completed the programme, but we want to do more.

For further information and to get involved visit rbs.co.uk/moneysense

RBS MoneySense.
Making money make sense.



RBS
The Royal Bank of Scotland

Make it happen

Source: Adapted from pfeg online survey Feb 2007 and calculated using ONS data that states there are 5.358M 13-19yr olds in the UK. Quoting pfeg online survey Feb 2007. Also National Centre for Social Research survey on Personal finance education in school: A UK benchmark study June 2006 and calculated using National Statistics from the Department of children, schools and families that states there are 8.1 million pupils at UK schools.