

MAKING YOUR MONEY WORK FOR YOU

A workbook for young people in care aged 11 onwards







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Welcome to **'Making your money work for you'**.

Well, we reckon that learning about money and personal finance are really important skills for **all** young people – let's face it we pretty much use money every day of our lives.

You may well have a bit more money than you thought as the government has set up a new savings account called a Junior ISA. An ISA is an Individual Savings Account, and it's Junior as it's only for young people.

All looked after children who have been in care for over 12 months will have £200 put into their own Junior ISA savings account by the government. This amount can be added to and could grow a lot larger. Once you reach 18, the money is available for you to use in whatever way you like. That's why it's so important to understand how to manage your money and even grow it more!

This resource has been developed to help you think a little more about how you use your money and the decisions you may need to make in the future.

What do I need to look for from a bank account?

How can I make my money work for me?

How much should I spend and save?





WHAT'S IT ALL ABOUT?

This resource book has been split into five separate sections:

STRETCHING YOUR MONEY OUT

Making sure that you are able to buy the things you need and want, with the money that you have available.

WHERE DOES IT GO?

Sometimes it can be easy to lose track of how much money you have left, and how much you have already spent.

MAKING A PLAN

It might be a game you want to buy or the latest piece of clothing. There always seems to be something that you need to be planning for.

COMPARE THE MARKET

How do you choose the best bank account for you? Where is the best place to put your savings? We take a look at how to go about making the right choices for you.

GETTING AHEAD

The world of money can change very quickly. It can be very useful to be aware of these changes to make sure you're always getting the best deal.

Each section has an info page followed by two activities. The info page gives you bits of useful information about the money topic, and the activities let you use this in a way that helps you learn more about it.

Don't worry – the activities aren't trying to catch you out. They've been designed to be fairly quick, not have too much writing involved, but also to get you thinking about how you approach your own personal finances. Many of the activities will help you look at your own thoughts and ideas on money, but a few have answers than can be checked in the back of the book.

If you want to find out more about money and finance issues, including the Junior ISA, why not ask your carer or teacher? Tell them they can look at www.pfeg.org/JISA or www.sharefound.org for a guide for themselves!

STRETCHING YOUR MONEY OUT

Stretching your money out is all about making sure that you are able to buy the things you need and want with the money that you have available.

Have you ever run out of money?

Are there things you want, but never seem to have enough money to buy?

Most of the time it can feel a bit of a struggle to keep your spending in check with the money you have available. Whether it's food on a day out with friends, or your favourite comic or magazine, there always seems to be something that you need money to buy. This is exactly the same for most people who have to manage money; they have to make some tough choices on how to spend wisely.

There are a few tips below that might help the money you have go a little further:

- ▶ If there's something you want to buy, ask yourself – **do you really need it?**
- ▶ **Shopping around** – don't just buy from the first place you find. Look in different shops, or the market. You might be surprised to find how different the price can be.
- ▶ **Grabbing a bargain** – many shops will have offers and deals, especially at certain times of the year such as the Christmas period when they have their big sales. If you can, try waiting a while until an offer comes up, or the shop has a sale.
- ▶ **Buying second hand** – it may not sound like what you had in mind, but so many people are now buying second hand as a way of getting the things they want for less. You can buy second from charity shops, boot fairs, 'vintage' shops, and, the most popular, online auction sites. Sometimes the things they sell are new or 'nearly new', but at much lower prices.

Gok Wan and Lindsey Lohan are two fashion conscious celebrities that have been known to buy second hand clothes.



One of the most expensive items sold on e-bay was a baseball card which sold for £1 million in America in 2007.





STRETCHING YOUR MONEY OUT

Activity 1, Offers and deals.

You've just had your birthday and have been lucky enough to receive a total of £60. There are three items below that you have been wanting for a long time. Take a look at the deals that are available for each and see whether you can get everything you want for your £60.



PAIR OF TRAINERS
£30

There are three offers available. Which would you choose? Write your explanation underneath.

Buy 1 get 1 half price

20% off

£10 off



**UPGRADE TO YOUR
MOBILE PHONE
CONTRACT**
£20

There are three offers available. Which would you choose? Write your explanation underneath.

Free calls for one month

30% off

£5 off



CYCLE HELMET
£40

There are three offers available. Which would you choose? Write your explanation underneath.

Half price when bought
with a pair of trainers

20% off

£12 off

STRETCHING YOUR MONEY OUT

Activity 2, Amending spending.

Sam is 14 years old and is always having problems with spending. Usually Sam spends far more money than he gets from his paper round and pocket money, and ends up having to borrow from friends, or asking for an advance on next week's money.

Below is a list of the items that Sam likes to buy each week, showing how much is currently spent on each of them. Sam receives a total of £38 per week from the paper round and pocket money. In the space on the right show how you would change Sam's spending so it at least matches the money received each week, so that he doesn't overspend.

Sam's Weekly Spending



Cinema	£6	Cinema	£
New clothes	£12	New clothes	£
Sweets and snacks	£5	Sweets and snacks	£
Music	£8	Music	£
Phone credit	£15	Phone credit	£
Toiletries	£5	Toiletries	£
TOTAL	£51	TOTAL	£38



Which of the items of Sam's spending do you think is actually **NEEDED**?

if you have money in a savings account, it can be tempting to spend it all on the things you **WANT**, but it may be better to keep saving until there are things you **NEED**. Remember if you have money in your Junior ISA, you can't get it out until you're 18!

Which of the items of Sam's spending are more things that are **WANTED** but not **NEEDED**?




WHERE DOES IT GO?

Sometimes it can be easy to lose track of how much money you have left, and how much you have already spent. There are some easy ways of making sure that you always know how much you have.


Do you know how much money you have right now?

Can you remember how much you spent over the last week?

It sounds fairly easy but you'd be surprised how many adults have no idea how much money they currently have and what they spent last week. It is really important to know both of these things so you can begin to plan for your spending and saving. Keeping an eye on spending can be as simple as keeping a record of how much money you have and how much of that you have spent. Sometimes people take a bit of a guess at how much they will spend over the next week or month, and try to stick to it. This is what a budget is.



Someone smoking a packet of cigarettes every day would pay a total of £45,136 over 20 years! What could you do with that amount of money?



If you bought a can of fizzy drink costing 65p every day for a year it would cost you £236.60. Over five years this would be £1,183.

How does a budget help?

- ▶ A budget shows how much money you think you'll have over the next week or month, and a best guess at how much of that you'll spend on certain items.
- ▶ Having it written out means you're more likely to think about it when you do spend, and hopefully help you to stick to your budget.
- ▶ Having a budget can help a lot with planning how you spend your money more wisely.

Example of a Weekly Budget

INCOME		EXPENDITURE	
Pocket money	£12	Snacks	£6
Weekly allowance	£45	New trousers	£24
		Cinema	£10
		New CD	£10
		Savings	£7
TOTAL	£57	TOTAL	£57

Income is the money you get in

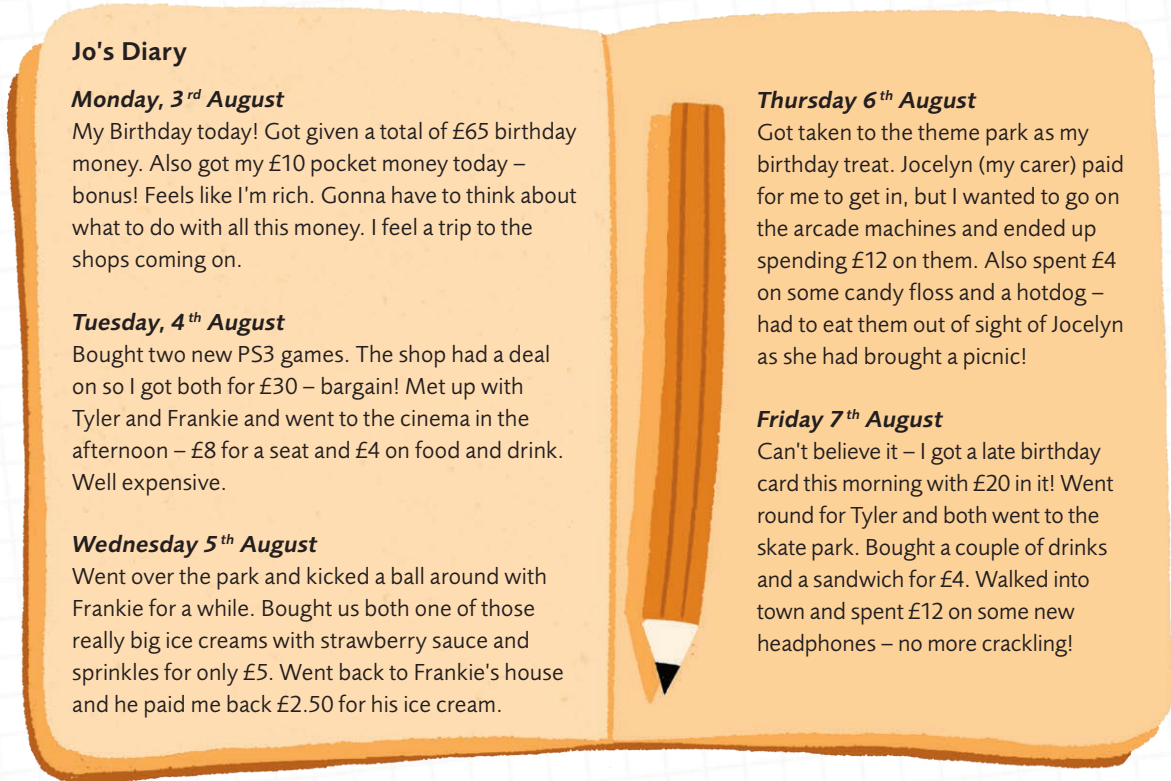
Expenditure is the money you spend

WHERE DOES IT GO?

Activity 1, Jo's Diary.

Use the information in the diary entry below to work out the total **INCOME** (money in) and total **EXPENDITURE** (money spent) over the course of the five days.

TIP ▶ You may find it easier to highlight the income in one colour and the expenditure in another before adding them up.



What is the total of Jo's **INCOME**? £ What is the total of Jo's **EXPENDITURE**? £

Is there any money left over? If so, how much? £

Jo's Budget

Using the information from 'Jo's Diary', have a go at completing the budget below. Remember to list all of the different amounts of **INCOME** and **EXPENDITURE**.

INCOME		EXPENDITURE	
Birthday money	£65	PS3 games	£30
TOTAL	£	TOTAL	£

What would you do if you had money left over at the end of the week?



WHERE DOES IT GO?

Activity 2, Tracking your own spending.

Use the table below to write in your own income and expenditure for next week.

For your expenditure, think about what you might spend on individual items in the week - write this in the 'Your estimate' column.

As you go through the week make a note of exactly what you did spend your money on, and how much you spent on each thing.

INCOME		EXPENDITURE		
		Your estimate		Actual spent
TOTAL	£	TOTAL	£	TOTAL £

After one week

1. So, how well did you do? Did you spend more or less than your estimate?
2. If you spent more than your estimate did this also mean you spent more than your income? If so, did you have to borrow any money?
3. If you spent less than your estimate what did you do with the money you had left? Have you thought about adding it to your savings or Junior ISA? Adding just a little regularly can really help build up your savings.

MAKING A PLAN

It might be a game you want to buy, the latest shoes or clothing, or even a birthday present for someone special. There always seems to be something that you want to spend your money on.

Is there something coming up that you know you'll need to spend money on?

Have you got enough money saved up to pay for any unexpected costs?

It can sometimes be very difficult to even think about planning ahead – especially when you're only 11! In fact it can be a much easier than you might think. Think about next year. When will there be times that you know you'll need to spend a little more money than normal? These could be people's birthdays, Christmas, or a special treat that you have planned. Once you know when these times are you can begin planning to make sure you have enough money to cover them. One way of doing this is to regularly save a little money so that when the bigger costs come along you can use your savings to pay for them.

Ways to save:

- ▶ Just by spending a small amount less each week you'll have something that can be saved.
- ▶ It may seem very small at the time, but if you can save the same amount each week it can build up quite quickly.
- ▶ Rather than keeping your savings at home, ask your carer about opening your own savings account at the bank. You may already have a type of savings account called a Junior ISA that you could add money to. Banks will often pay interest on your savings.
- ▶ If you get any unexpected income, rather than spending the lot think about boosting your savings with a small amount of it.

Interest is money the bank pays you for having your savings in their account. It is usually up to 4% of the money you have in the account, so if you have £100 the bank would pay you £4 interest over a year.

The banks are able to use your savings to make money themselves so they pay interest as a reward.

WHAT IS INTEREST?

WHY DO BANKS PAY INTEREST?

MAKING A PLAN

Activity 1, Major life events.

The boxes on the left show some of the most common events that take place throughout a person's life. Write them into the boxes on the right, putting them in order of what age they might happen.

MOVING IN WITH A PARTNER

FIRST CAR

HAVING A CHILD

LIVING INDEPENDENTLY

FIRST JOB

ADD ONE OF YOUR OWN IN THIS BOX

Age 16

Age 20

Age 30

Like planning ahead for Christmas and birthdays some of these life events also need a lot of thought and planning too. Many of them can be quite expensive and savings would need to be made in order to afford them. For example the average cost of a wedding is around £11,000!

Have a think about some of the costs, and the planning involved, with the other life events you have put in order.

MAKING A PLAN

Activity 2, Saving for a special item or an unexpected event.

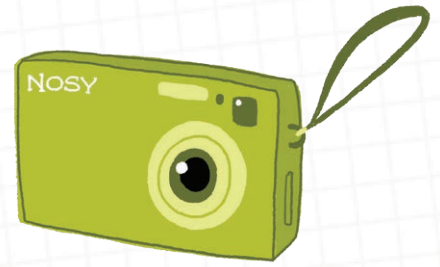
Charlie has just had a bit of a shopping spree. Charlie spent all of his savings on quite a number of things he wanted. There are just three things on his wish list that he wasn't able to get. These are a DVD, a game for his console and a digital camera. Use the information below to help Charlie work out a plan to save for these items.



**DVD
£12**



**GAME FOR A CONSOLE
£24**



**DIGITAL CAMERA
£40**

Charlie gets £8 pocket money and is able to save £4 of that every week.

How long would it take him to save for each of the items he wants?

Fill in the number of weeks below:

1. The DVD would take weeks.
2. The game would take weeks.
3. The digital camera would take weeks.

Of the three items the digital camera is the one that Charlie wants as quickly as possible. He is going on a trip in five weeks time. He knows that the £4 per week he is currently saving just isn't enough.

How much would he need to save each week in order to buy the camera in just five weeks?

Is there something you really want to save for? Look back at your budget and see how long it might take you to save for it. Could you make any changes so that you could save any quicker?

COMPARE THE MARKET

How do you choose the best bank account for you? Where is the best place to put your savings? We take a look at what you might want to compare, and how to go about making the right choices for you.

Do you already have a bank account?

Is the account the best one for you?

Most of us need to keep some cash with us for those little things you want to buy, but it can be a little unsafe to always carry around all of your money. Really you should only take what you need with you. The safest place for the rest of your money is in a bank account.

Bank accounts come in many different forms and can seem a little confusing at first. There are some accounts that are for everyday income (money in) and expenditure (spending). These are called current accounts. The other main type of bank account is a savings account, such as a Junior ISA. These are accounts to keep your savings in.

Most young people will not have a current account until they begin work, but some may well have a savings account. Each of the banks may offer a number of different savings accounts and it can be difficult to choose which is best for you. As we saw in the previous chapter interest is the amount the bank pays you for keeping your money with them. The amount of interest can be different between savings accounts so is definitely something to look out for.

Many banks offer free goodies for young people who open an account with them. Be certain that you are choosing the account because it is the best one for you, not because it has the best freebie!

It has been proven that the bank you open your first account with is most likely to be the bank that you will stay with for the whole of your life. This is why it is so important to choose wisely! You can of course change banks any time though...

Why is it a good idea to keep your money in a bank?

- ▶ You won't lose it or have it stolen. Banks are the safest place to keep money.
- ▶ They will often pay you interest on the money you save with them.
- ▶ You can budget better if you know your money is all in one place.
- ▶ You're able to get free help and advice from your bank if you have an account with them.

The interest rate that banks pay on savings accounts is known as the AER (Annual Equivalent Rate). It is a percentage, so an AER of 4% would pay £4 interest on a savings account with £100 in over a year.





COMPARE THE MARKET

Activity 1, Your Bank Account.

Take a look at the list below. Tick the box of all the statements that you would agree are what you would want from a bank account. If the statement is not that important to you leave the box empty.

I want my bank account to:

- Be somewhere that keeps my money safe
- Be somewhere I can take my money out of when I need it
- Be an account that pays me interest on my savings
- Be an account that gives away free gifts when you open it
- Be with a bank that has a branch close to me
- Have a free magazine which gets sent to me once a month
- Let me check my balance (how much money I have in my account) online
- Give me a card so I can get money from a cash machine
- Let me check my balance using my mobile phone
- Be the same one as my friends
- Be with a bank I know and trust
- Not charge me for having an account with them
- Have someone I can go in and speak to about it

These are all the kind of things you need to think about when choosing which bank account is right for you. It can be hard to try and forget about the free gifts, or the accounts you friends have chosen, but the main thing is that you think about what you need from your bank account.

Are there any other things you would like from your bank account?



COMPARE THE MARKET

Activity 2, Types of Account.

The two most common forms of bank account are a current account and a savings account. Many adults have one of each of these because they are used for different things.

Look at the items below. Try to work out whether each one would be something linked to a current account or a savings account. Once you have decided write the appropriate letter into the correct side of the table below:

C. Storing your birthday money

B. Paying for something in a shop using a debit card

F. Taking money out for a big purchase

A. Taking money out of a cash point machine

E. Receiving interest

D. Paying in your regular earnings

CURRENT ACCOUNT	SAVINGS ACCOUNT

Of the two types of account in the table above, which do you think would be best for you now?

How might this change as you get older?

GETTING AHEAD

The world of money can change very quickly, and things like the interest you can get on your savings account can also change rapidly. It can be very useful to be aware of these changes to make sure you're always getting the best deal.

Who could you ask for more information about money?

How good are you at understanding some of the words used in financial matters?

The minute you buy a new phone it's usually out of date and a new and better one has come along. It can be a bit like that in the world of money too. Whether you're looking for a pair of new trainers or a new bank account it is always worth shopping around for the best deal.

There are also changes that might happen in your own life that mean you might need financial products you have not thought about before, such as a loan, or an account have your wages paid in.

One of the biggest problems about money matters is understanding some of the terms that are used. These can seem really difficult and complicated, but in most cases they are fairly simple once it's been explained. If there are any terms you have heard before but don't fully understand you can look them up in the glossary at the back of this book.

FRONTLINE STORY

Ali, 13

I went to buy an MP3 player, and when I got to the desk to pay they asked me if I wanted to 'take out protection' on it. I didn't have a clue what he was talking about, and didn't want to look silly by asking so I said 'yes'.

When I got back home I asked my carers and they explained all about insurance to me. You pay extra for it, but then if something happens, like it gets stolen, or dropped and breaks, the insurance people will arrange for you to get a new one at no extra cost. They said you can get insurance for lots of things such as cars, pets and even your own health.

My MP3 player is still working fine so maybe I didn't need the insurance after all. When I think back I paid quite a bit extra for that and might not have really needed it. My MP3 player is so old now that I might buy a new one anyway.





GETTING AHEAD

Activity 1, Understanding Money Terms.

Use the financial terms below to complete the sentences underneath. If you have any problems understanding any of the terms try looking them up in the glossary at the back of the book.

DEBIT CARD

CURRENT ACCOUNT

INSURANCE

CREDIT CARD

SAVINGS ACCOUNT

MORTGAGE

JUNIOR ISA

1. A can be used in shops to pay for things. The money goes straight out of your current account.
2. Most people do not have enough money to buy a house from their savings so they take out a with a bank. This is a large loan, but you pay it back over a long time (usually around 25 years).
3. A bank account you use for your everyday needs, such as paying in any income from a job, or buying the food shopping is called a
4. At the end of the month all of your spending using a gets sent to you in a bill. You either pay all of it off or you get charged interest which is added to you bill next month.
5. A is a special type of savings or investment account, but only for young people.
6. is a product that you can buy to protect something you own. For example, you can buy this for a mobile phone and if it breaks you will receive a new one at no extra cost.
7. Anyone can open a to help them build up a sum of money for when they might need it.



GETTING AHEAD

Activity 2, Sources of Information.

Listed below are a number of different ways in which you could find out more about financial matters. For each one try to think about one advantage and one disadvantage of getting your advice from that place. These may be similar for the different sources, but try to see if you can come up with different ones.

One advantage and disadvantage for each source has been completed for you. Try to think of any others that you can write in.

	ADVANTAGES	DISADVANTAGES
NEWSPAPER	<ul style="list-style-type: none"> ▶ Easy to get hold of 	<ul style="list-style-type: none"> ▶ A bit boring to read through
TV AND RADIO	<ul style="list-style-type: none"> ▶ Lots of different channels for different views 	<ul style="list-style-type: none"> ▶ Not much about money
FRIENDS	<ul style="list-style-type: none"> ▶ They may know you best 	<ul style="list-style-type: none"> ▶ Might not know too much about finance
CARERS	<ul style="list-style-type: none"> ▶ They've had to make money decisions in their lives 	<ul style="list-style-type: none"> ▶ Might not know too much about finance
FINANCIAL ADVISOR	<ul style="list-style-type: none"> ▶ Should know what they're talking about 	<ul style="list-style-type: none"> ▶ Could cost money
YOUR BANK	<ul style="list-style-type: none"> ▶ They can give lots of information about what they offer 	<ul style="list-style-type: none"> ▶ They'll only give you information about their own services

All of these places could be useful in giving you advice. Friends and carers know you the best but may not be able to give you the advice you need, whereas the others might be able to give you specialist advice but don't know you very well.

It can often be useful to get advice from a number of places before making a final decision.





ANSWERS

Most of the choices or decisions we make about money are exactly that, just our own thoughts and often there isn't a right or wrong answer. In this book there are a few activities which do have answers that can be checked. These are listed below.

STRETCHING YOUR MONEY OUT

Activity 1, Offers and Deals.

Pair of trainers £20

Cheapest deal was £10 off. Making the trainers cost £20. However, if you NEEDED two pairs then the 'Buy 1 get 1 half price' would have been a great deal. These deals always look good, but make sure you need the items and are not just buying it because of the offer!

Upgrade to mobile phone contract £14

This one very much depends on how many calls you make every month, and whether this is over your call plan. If not, the 30% off deal would be the best. 30% off £20 is £6. This makes the cost of the upgrade only £14.

Cycle helmet £20

Well, as you bought the trainers you can get the cycle helmet for half price. This is the best deal, making the cost of the cycle helmet only £20.

If you chose the options above you could have got all of the items for £54, which is definitely lower than the £60 you had.

WHERE DOES IT GO?

Activity 1, Jo's Diary.

Jo's Diary

Monday, 3rd August

My Birthday today! Got a total of £65 birthday money. Also got my £10 pocket money today – Bonus! Feels like I'm rich. Gonna have to think about what to do with all this money. I feel a trip to the shops coming on.

Tuesday, 4th August

Bought two new PS3 games. The shop had a deal on so I got both for £30 - Bargain! Met up with Tyler and Frankie and went to the cinema in the afternoon - £8 for a seat and £4 on food and drink. Well expensive.

Wednesday 5th August

Went over the park and kicked a ball around with Frankie for a while. Bought us both one of those really big ice creams with strawberry sauce and sprinkles for only £5. Went back to Frankie's house and he paid me back £2.50 for his ice cream.

Thursday 6th August

Got taken to the theme park as my birthday treat. Jocelyn (my carer) paid for me to get in, but I wanted to go on the arcade machines and ended up spending £12 on them. Also spent £4 on some candy floss and a hotdog – had to eat them out of sight of Jocelyn as she had brought a picnic!

Friday 7th August

Can't believe it - I got a late birthday card this morning with £20 in it!! Went round for Tyler and both went to the skate park. Bought a couple of drinks and a sandwich for £4. Walked into town and spent £12 on some new headphones – no more crackling!



WHERE DOES IT GO?

What is the total of Jo's INCOME? **£97.50**

What is the total of Jo's EXPENDITURE? **£79.00**

Is there any money left over? If, so how much? **£18.50**

Jo's Budget

INCOME		EXPENDITURE	
Birthday money	£65	PS3 games	£30
Pocket money	£10	Cinema food	£8
Repaid by Frankie	£2.50	Cinema drink	£4
Late birthday money	£20	Ice creams	£5
		Arcades	£12
		Candy floss and hot dog	£4
		Drinks and sandwich	£4
		Headphones	£12
TOTAL	£97.50	TOTAL	£79.00



ANSWERS

MAKING A PLAN

Activity 2, Saving for a Special Item or an Unexpected Event.

The DVD would take **3** weeks.

The Wii game would take **6** weeks.

The digital camera would take **10** weeks.

How much would Charlie need to save each week in order to buy the camera in just five weeks? **£8**

Saving up for something can seem like it is taking an age, but people often find that once they have started saving it gets easier and feels a lot quicker.

It's probably best not to try and save all of your money because that would mean there are things you could be missing out on. The trick is to find a balance between the money you spend and the money you save.

COMPARE THE MARKET

Activity 2, Types of Account.

CURRENT ACCOUNT	SAVINGS ACCOUNT
A	C
B	F
D	E

GETTING AHEAD

Activity 1, Understanding Money Terms.

1. A DEBIT CARD can be used in shops to pay for things. The money goes straight out of your current account.
2. Most people do not have enough money to buy a house from their savings so they take out a MORTGAGE with a bank. This is a large loan, but you pay it back over a long time (around 25 years).
3. A bank account you use for your everyday needs, such as paying in any income from a job, or buying the food shopping is called a CURRENT ACCOUNT.
4. At the end of the month all of your spending using a CREDIT CARD gets sent to you in a bill. You either pay all of it off or you get charged interest which is added to you bill next month.
5. A JUNIOR ISA is a special type of savings or investment account, but only for young people.
6. INSURANCE is a product that you can buy to protect something you own. For example, you can buy this for a mobile phone and if it breaks you will receive a new one at no extra cost.
7. Anyone can open a SAVINGS ACCOUNT to help them build up a sum of money for when they might need it.





GLOSSARY OF FINANCIAL TERMS

Account

An Arrangement with a bank or building society to hold your money in an account and allow you to take it out when required.

Balance

The amount of money you have in your account at any particular time or which you owe on your credit or store card or on a purchase after the deposit has been paid. It will be shown on your statement.

Bank account

A service from a bank or building society which lets you pay in money, get cash out and pay bills etc. The bank keeps a record of all transactions.

Bank statement

A piece of paper that shows all the money that has been paid into an account and paid out from an account. Statements are usually sent each month.

Banknote

A piece of paper money, where the bank will pay the amount of money shown on the note.

Borrowing

Getting money from someone else that you intend to pay back after some time. You might borrow informally from friends and family or take out a formal loan with a written agreement from a bank or building society.

Budget

An amount of money set aside for something or it can also be a summary of intended expenditure and income to cover it.

Cash

Cash is the simplest way of buying something. It is not a good idea to send cash payments through the post, but you can pay bills such as gas and electricity in cash by using the Giro payment system available through post offices and banks.

Cashcard

Cashcards or cashpoint cards are the simplest type of account cards. They can usually only be used at cash machines (with a personal identification number, or PIN) to withdraw cash, check your balance or print out a mini-statement.

Child Trust Fund

A Child Trust Fund (CTF) is a tax-free saving/ investment account opened for children born between 1 September 2002 and 2 January 2011. The Government made contributions into these accounts until this latter date. CTFs for children in care without anyone in a position of parental responsibility are managed by the Official Solicitor, and The Share Foundation has made additional contributions to some of these accounts between 2005 and 2010.

Credit cards

A small plastic card available from most banks that allow you to borrow money up to a certain limit. When you buy something with your credit card the amount you spend is added to your total borrowing. Every month you are sent a statement to show how much you have borrowed and how much you need to repay. If you don't repay the full amount, you will start paying interest at quite a high rate. Some organisations charge you more for using a credit card than a debit card.

Current account

A low-interest bank or building society account which helps you to manage your day-to-day money, pay bills, receive money and keep money secure.

Debit cards

A small plastic card used to buy things without using cash or a cheque when paying in shops, shopping by phone or on the internet. When you make a payment or withdraw cash with your debit card, the money is taken straight out of your account electronically. You cannot borrow money on a debit card.

Debt

If you are in debt you owe money to someone or an organisation.

Direct debit

An instruction to your bank to release money from your account to pay bills and other amounts automatically. The billing company requests the money from the bank directly. You are told in advance in writing how much will be taken and the date it will be taken out of your account.



Expenditure

The amount of money you spend on goods or services.

Income

Income is the total money you have coming in, such as wages, benefits (like income support or child benefit) and child maintenance payments and income from investments.

Interest

The reward you get for lending your money to, for example, a bank or a building society. It is also the extra cost you pay when you borrow money through a loan or credit agreement. It is usually worked out as a percentage (the interest rate) of the money you have borrowed. For instance, if an interest rate is 10 per cent and you borrowed £100, the interest you have to pay will be 10 per cent of £100, or £10.

Investments

Investments are offered by a wide range of financial service organisations. The most common types are funds and stocks and shares. They carry a varying degree of risk, meaning that your money can be worth less than originally invested, but they can also provide a significantly higher return than leaving your money in a savings account. Junior ISAs for young people under 15 years old will generally include investments.

ISA

Individual Savings Account; an account where you don't pay tax on interest earned. There is a set limit of how much you can save in an ISA each tax year.

Junior ISA

Junior ISA is a savings or investment account for children and young people aged under 18. No tax is payable on interest earned or gains in investment values. There is a maximum limit of how much can be saved in a Junior ISA each tax year (6th April to 5th April in the following year). All children and young people in care continuously for over one year and without a Child Trust Fund will have a Junior ISA opened for them by The Share Foundation with an initial £200 from the Government.

Personal loan

Loans that you can use to pay for whatever you want (subject to certain restrictions).

PIN

Personal Identification Number: a four-digit security number used with cash machine, credit cards and debit cards. It is like an electronic signature that stops anyone else using your account.

Salary

An amount of money paid to an employee for a job, usually paid directly into his or her bank account every month.

Savings

Any money you put aside for future use. This may be in a deposit account or under your bed (but this is probably not the best place for it!).

Savings accounts

Savings are often kept in bank, building society or National Savings accounts. The amount you put in does not fall in value but may grow as interest is added.

Transaction

A transaction is any payment in or out of a bank account.

Withdrawal

Money taken out of your account.

Further support

If you have enjoyed using this workbook, you may like to have a look at some other resources, games and books that will help you get to know money even more. Have a look on **pfeg's** website:

www.pfeg.org/resources



CARERS, TEACHERS AND CORPORATE PARENTS

This workbook is designed to help children in care develop their financial capability, so that they are better able to manage their finances when they become independent.

This document forms part of the financial educational element of the Department for Education initiative to provide Junior ISAs for Looked After Children (also known as children in care). The initiative, led by the Share Foundation, provides children in care who are not in receipt of a Child Trust Fund, with a junior individual savings account (Junior ISA). For more information on the Junior ISA initiative, see www.sharefound.org.

Along with this workbook for young people in care aged 11, **pfeg** (Personal Finance Education Group) has also produced, on behalf of The Share Foundation, the following materials as part of this project:

- ▶ A workbook for young people in care aged 15
- ▶ Financial Capability and Looked After Children: the role of Corporate Parents
- ▶ Financial Capability and Looked After Children: guidance for carers and residential care workers

All materials are available at www.pfeg.org/JISA or www.sharefound.org. There are also a plethora of resources, games and materials for use with young people around money matters, all available at www.pfeg.org

About this resource

Whilst this resource has been designed specifically to enable young people to access it independently there may be circumstances where carers or designated teachers (where applicable) do work alongside in a supporting role, or with a group of young people. In such circumstances, there are some ideas below as to how you may engage the individuals you are working with in personal finance education:

- ▶ The idea of doing 'extra work' outside of school, particularly on a topic such as money that can be seen to be a bit dull and boring, can be a very hard sell. It can be useful to initiate discussion around sought after items, such as mobile phones. The vast majority of these will have financial elements attached to them that can be linked to the themes in this resource. By making the link between money and sought after items you can build engagement and develop a sense of ownership of what the learning could help the young person to achieve.
- ▶ Discuss with the young person the fact they may have a Junior ISA, or other savings product, and that a relatively significant sum of money may become available to them at 18. This again generates a purpose for them to understand a little more about managing their money, and in turn will develop engagement.
- ▶ The info pages for each section could be used as a discussion tool. Talk together about some of the key issues and how they could be relevant to the young person. Following this work collaboratively through one of the accompanying activities, possibly allowing the second activity to be completed independently.
- ▶ Accompany the learning within the resource with some real life examples of money issues. These could be from your own experiences, an article on the news, or snippets from television shows. Young people really appreciate the opportunity to explore the relevance of their learning and through such examples you will be helping to provide this.
- ▶ Be prepared to jump from one section to another and then back to the first. There is no set order in which to approach the resource content. What is most important is that you use the parts that are most relevant for the young person you are working with.
- ▶ Although not always possible, practical experience of what has been learnt from using the resource can be hugely beneficial. Examples of this could be looking at real bank statements, planning the food budget for a week or exploring accounts in different high street banks.



The resource follows the five learning domains identified by the Financial Services Authority¹ (albeit using slightly more child friendly titles):

- ▶ Making ends meet (Stretching your money out)
- ▶ Keeping track of my finances (Where does it go?)
- ▶ Planning ahead (Making a plan)
- ▶ Choosing financial products (Compare the market)
- ▶ Staying informed about financial products (Getting Ahead)

For each of these domains there exists a page of key information for the young people to read and reflect upon. Following this are two related activities designed to be completed independently, and in many cases interactively, to develop the learning. There is no prescriptive order to the completion of the learning domains.

Topic areas covered within the resource are a result of two focus groups of young people in care.

Personal Finance Education

Personal finance education aims to equip young people with the knowledge, skills, and confidence to manage their money well. Equally important – each person will need to understand their attitude to risk and will need to be aware of their own behaviour and emotions when making financial decisions.

Personal finance education consists of three components of learning:

- ▶ **Financial knowledge and understanding**
- ▶ **Personal finance skills**
- ▶ **Attitudes to managing personal finance**

The use of this resource book aims to allow young people in secondary education the opportunity to develop and extend their learning in this very real, relevant and extremely important area.

Further support available

In addition to the materials listed above, **pfeg** also provides a specialist telephone support service.

This helpline support corporate parents, carers and designated teachers across the UK by helping them select relevant educational materials which can be used by carers and the young people in their care, to encourage learning about money and in particular savings and Junior ISAs. Access the **pfeg** financial education advisory service helpline at 0300 6660 127 or **support@pfeg.org**

About The Share Foundation (www.sharefound.org)

The Share Foundation is an independent charity which has been appointed by the Department for Education to provide Junior ISA savings/investment accounts for all young people in care (known as 'Looked After') for over one year continuously, who do not have a Child Trust Fund. The Share Foundation is responsible for:

Establishing each account with an initial grant of £200 from the Government;

Raising additional voluntary money by encouraging individuals and organisations to contribute and invest in the futures of these young people.

Monitoring the operational and investment performance of these accounts for best results; and

Providing financial education with the help of **pfeg**.

About **pfeg** (www.pfeg.org)

pfeg (Personal Finance Education Group) is the UK's leading organisation helping schools to plan and teach children and young people how to manage their money now and in the future.

pfeg's mission is to support education providers in giving children and young people the skills, knowledge and confidence to manage money. We do this by:

- ▶ Influencing policy and practice
- ▶ Supporting educators in teaching money matters with confidence
- ▶ Providing education resources that will engage and inspire.

¹ FSA (2006) Financial capability in the UK: establishing a baseline



MAKING YOUR MONEY WORK FOR YOU

A workbook for young people in care aged 11 onwards



Design by IE Design Consultancy | Illustrations by Daniel Taylor | www.iedesign.co.uk

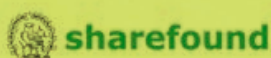
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Building an inheritance for young people in care



'The UK's leading financial education charity'



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