

## Approximately 45 minutes' worth of materials for a Y8-9 Citizenship/PSHE lesson on Managing money / Personal finance.

### Learning objectives:

- understanding that some money choices are risky
- evaluating the risk involved in different money choices.

### Skills:

- working as a team
- listening to others
- reflecting on choices.

**Key words:** building society; debt; interest; invest; payday lender; payday loan; reward; risk assessment; risk control; shares.

### Resources:

- definitions of key words (p.4 below)
- choices cards (p.5 below), cut up
- 14 pegs/paperclips
- a length of string to make a washing line
- sticky tack to hold up your washing line
- (optional) PowerPoint with choices cards instructions (downloadable from [www.teachitcitizenship.co.uk](http://www.teachitcitizenship.co.uk) by searching for 23297).



## Activities

### Starter: risk and reward

**NB** Use your discretion when doing this activity, and pick students who will behave sensibly and trust each other.

Ask four students to come to the front of the class. Three of them should take turns to stand 50cm in front of the fourth, with their back to him/her. They will fall backwards, when asked, and the fourth student will catch them. Offer the 'fallers' a sweet for doing this, but only one of them will receive the sweet.

Afterwards discuss questions such as:

- *How did you feel when you were doing this activity?*
- *How risky do you think it was?*
- *Was the reward (the sweet) worth it?*
- *Would it have been worth it for a bigger reward? What?*

### Main activity 1: key words bingo

Introduce the activity to the students:

***We are going to look at some risks to do with saving, spending and borrowing money. Firstly we need to be familiar with some important terms.***

Display the following terms on the board: *building society; debt; interest; invest; payday lender; payday loan; reward; risk assessment; risk control; shares.*

Ask students to draw a grid of three squares by two and to write six of the terms into their grid, one per square.

Give the definition of one term (using the definitions on p.4 below) and ask students to identify the term. You may need to give further explanations and examples. When the correct answer has been given, all the students can cross out the term if it is in their grid.

Continue until one student has crossed out all the terms. For a challenge, ask the students for the definitions of the words they have crossed out!

### Main activity 2: choices cards

**Now let's think about some risks and rewards to do with money.**

Put students into pairs or small groups and hand out the choices cards (p.5 below).

Say and display the following instructions (on the PowerPoint):

***Which choices on the cards do you think are good decisions? Which are bad decisions? Which are somewhere in between? Put the cards in a line, with good decisions on one side and bad decisions on the other. Think carefully about how risky each decision is.***

When students have done this, they should do the following (also on the PowerPoint):

***Now think about why someone might make each of these choices. What might the reward be? Write the reason or reward on the back of each card.***

Now ask one pair or group to pin/peg their cards on the washing line. Ask the others to say whether they broadly agree or disagree and to give their reasons.

Point out that there are few correct or incorrect answers, as the risk involved will depend on various things, such as how reliable your friends are or whether the bank is having financial difficulties. However, borrowing from a payday lender is always risky, as they charge very high rates of interest. Making a bet every day is obviously also very risky, as the odds are very high (i.e. lots of people place a bet, but only a few can win).

Possible discussion points:

- *Which cards might apply to you now and which might apply in the future?*
- *How much would you spend on lottery tickets a year if you bought a £2 ticket each week? (Answer: £104 if you don't win anything back.)*
- *How much would you spend on the horses in a year if you bet £10 every day? (Answer: £3,650 if you don't win anything back.)*
- *How can you reduce the risks when you buy things online? (Answers: only buy things from sites which friends or family members have used and recommended; if you're using eBay, buy from local sellers and don't pay until you've been to see the product; use passwords which are hard to guess; change passwords regularly; use a PayPal account; use a credit card or a card which doesn't take money from your main bank account.)*
- *Is debt always a bad thing? (Answer: not always. There is good debt and bad debt. If you plan when you are going to pay the money back, and then pay it at the right time, you can show your bank that you can be trusted. This can help when you need to borrow money again in the future, e.g. to buy a house or to start a business.)*

### Plenary

Display and discuss the following questions:

**1. *What makes us decide how much risk to take with our money?***

**Possible answers:**

- If we're really desperate for money, we might be tempted to take more risks, but this could just make the situation worse, e.g. payday loans.
- If we've got a lot of money, it might not matter so much if we lose some.

**2. *What is the risk of lending money to a friend?***

**Possible answers:**

The borrower could feel bad about borrowing the money. The lender may not like to ask for the money back. It could spoil your friendship if your friend doesn't pay the money back.

**3. *How can you refuse to lend money without spoiling your friendship?***

**Possible answers:**

You could explain the risks and say that your friendship is too important to be worth risking.

**4. *What can we do to keep our money safe?***

**Possible answers:**

- Keep it in an account with a respected bank.
- Plan ahead: start saving for your future studies or for expensive things you want to buy.
- Buy things from shops rather than street sellers and make sure you get a receipt. This makes it easier to take the product back if there's a problem with it.
- When taking money from a cash dispenser: make sure no one is looking when you type in your pin; make sure there are no strange devices attached to the cash dispenser.
- When paying online: (as before) only buy things from sites which friends or family members have used and recommended; if you're using eBay, buy from local sellers and don't pay until you've been to see the product; use passwords which are hard to guess; change passwords regularly; use a PayPal account; use a credit card or a card which doesn't take money from your main bank account.

## Definitions of key words

|                         |   |
|-------------------------|---|
| <b>building society</b> | Like a bank, except that everyone who puts money in it can help decide how it is run. An example is Nationwide.   |
| <b>debt</b>             | When you owe money to someone.  |
| <b>invest</b>           | Put money into something (e.g. a successful company) in the hope that you will get more money back, by earning interest.  |
| <b>interest</b>         | <ol style="list-style-type: none"> <li>1. Money you receive from a bank or a company because you have put your money there.</li> <li>2. Money you have to pay when you borrow money from a bank or financial organisation, on top of the actual amount you borrowed.</li> </ol> |
| <b>payday lender</b>    | A company which lends people small amounts of money at high interest rates. The idea is that people pay the money back as soon as the company they work for next pays their wages.  |
| <b>payday loan</b>      | A small amount of money lent at a high interest rate, usually for a short period of time. (Money lent by a payday lender.)  |
| <b>reward</b>           | Something good (possibly money) that you receive from an action or decision that you take.  |
| <b>risk assessment</b>  | Working out if a choice could be dangerous or risky. Companies do this to make sure their actions won't make them lose money and won't harm people or the environment.  |
| <b>risk control</b>     | Changing your behaviour to make it less risky. Companies do this after doing a risk assessment.   |
| <b>shares</b>           | Parts of a company's money or value. People can buy these parts, and then if the company does well, they earn money from the company's success. If the company does badly, they can lose money.   |

Choices cards

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|--|---|
| Make a £10 bet on horses every day.                  | Pay cash for a second hand mobile phone from someone selling them in the street.      |
| Save in a building society or bank.                  | Buy a second hand iPad on eBay.   |
| Borrow from a payday lender.                         | Buy shares in a business.   |
| Buy a £2 lottery ticket each week.                   | Hide money at home.   |
| Give money to a charity.                             | Lend to a friend.   |
| Borrow from a bank.                                  | Spend all the money you have on things you want.                                      |
| Buy a bargain in order to sell it at a higher price. | Enter your parents' credit card details online in order to buy tickets for a concert. |