

Money Matters



Money Matters

Purpose

To think about spending habits and choices and how to manage money from a young age.

To learn about taxes, loans and interest .

Entrance of Pupils

A thought provoking slideshow introducing the theme of Money Matters for the pupils to enter assembly to (10 minutes)

Introduction

There's an old song that says 'Money makes the work go round' and it is, indeed, very important to understand about money matters from an early age.

Making Choices

Very few people have so much money that they can buy whatever they want, whenever they want it.

Most of us will have to make choices about what to spend our money on throughout our lives because we cannot afford everything that we may wish for.

Think about the following:

Your Aunty has kindly given you £10 birthday money.

There's a new Playstation Game out but it costs £35. You would also like a new item of clothing, a trip to the cinema and you love sweets and crisps.



Clearly, you can't have everything immediately. Should you:

1. Save up for the PS game as you know you will enjoy hours and hours of entertainment from it, but you will have to wait a while to get it?
2. Buy the clothes item and enjoy it, but know that once you've worn it a couple of times, it may not seem as special?
3. Enjoy the experience of a trip to the cinema?
4. Blow the money on crisps and sweets which you can have immediately but will be gone quickly?

It's a real problem isn't it?

Budgeting and Spending Habits

Many young people receive pocket money, an allowance or make some money by doing jobs such as a paper round or babysitting.

It's important to learn really good money habits from the start. We have already seen that you can't have everything at once.

One good tip is to put a percentage of your money away when you get it. Even 10% can make a real difference over time.

Another excellent habit is to focus on a goal, something you really want to buy, and then push yourself to save up for it over time. Something saved for seems to have an extra special pleasure when you have had to wait for it.

'Budgeting isn't about limiting yourself—it's about making the things that really excite you possible.'



Loans and Interest

Once you are 18, you will find that lots of different companies may offer you loans. Loans are an important part of the economy and many people have them.

With every type of loan, you agree to pay it back bit by bit including an extra cost called 'interest'. All lenders make their money by charging interest but the amount charged can vary very significantly. It is so important to work out how much you owe **including interest** and whether you can afford to pay it back each month.

Mortgage

A mortgage to buy a house, for example, is a type of loan. For this, you borrow the money over a long period of time (often 25 years) and pay it back bit by bit.

Interest tends to be quite low with a mortgage (about 3%) because you will be paying it for so long.

Example

Borrowing £100,000 for a house over 25 years

Eventually you will have paid back the mortgage company: £157740

That means that over the 25 years, you will have paid back an **EXTRA £57740** in interest to the bank as well as the £100000 that you borrowed.



Bank Loan

Banks and Building Societies also lend money for purchases like cars,

Example

Borrowing £5000 for a car over 5 years at 10% interest.

Eventually you will have paid back the mortgage company: £6250 including £1250 in interest.

Credit Cards

Many people like to have the ability to buy things on 'credit'. With a credit card, you agree that you can spend up to a certain amount and pay it back over a number of months. There is a real temptation with this to feel that you can simply go out and spend on things that you don't really need. It is also a MUCH more expensive way to borrow.

Example

Borrowing £5000 just to spend over 5 years at 25% interest.

Eventually you will have paid back the credit card company: £11250 including £6250 in interest.



'Pay Day Loans'

These 'emergency' loans are charged at an incredibly high rate and for many people it is almost impossible to manage to pay them back because including the interest, the amount that they owe goes up a **huge** amount each month.

Borrowing £5000 just to spend over 5 years at 1000% interest

Eventually you will have paid back the company: £130,000 including £125000 in interest.

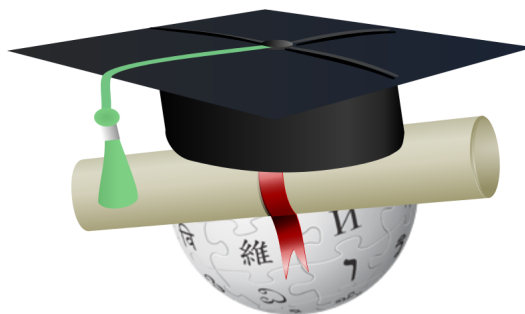


Student Loans

There is one exception to loans with high interest rates and that is a Student Loan. This is money borrowed from the government to complete a three year course at university including the cost of tuition fees and living expenses.

Because the government are so keen to make sure that ANYONE, no matter how well off their family is, can go to university, they offer a loan at just 1% interest. Additionally, students only have to start paying off their loan once they have a job which earns over about £20,000 per year.

This means that everyone can afford to keep studying if they want to and get good grades.



Saving

Equally, banks need to borrow money off people in order to have enough to lend to others.

When you have a savings account with a bank, they will pay you interest on what you have saved.

Example

If you save £100 for year at 3% interest, by the end of the year, the bank will owe you £103.



National Spending, Tax and National Insurance

Who do you think pays for hospitals, schools, roads, Libraries, police force, army, social security, child benefits, family credit, pensions and many other aspects of life in the UK?

Many think it's the government, but in fact the government do not have any money of their own. All of these are paid for by taxes and National Insurance.

Every person who earns money pays taxes. People who earn below £37500 per year pay 20% of everything that they earn to the government. If you earn more than, you pay up to 40%.

Additionally we pay further taxes. For example almost everyone with a car will pay Road Tax once a year. If you sell a house, you may pay a tax called Stamp Duty.

Did you realise that YOU pay tax too? Many of the goods that you buy everyday have VAT (Value Added Tax) of 20% added to the basic price. Goods like tobacco and alcohol are heavily taxed in the UK.



Learning, the World of Work and Future Economic Well Being

It's really important as good citizens and for our own benefit to try to get a good job that gives us a regular income and a comfortable standard of living.

This not only benefits ourselves and our families, but it also means that we are supporting all the important things that make the UK a great and safe country to live in.

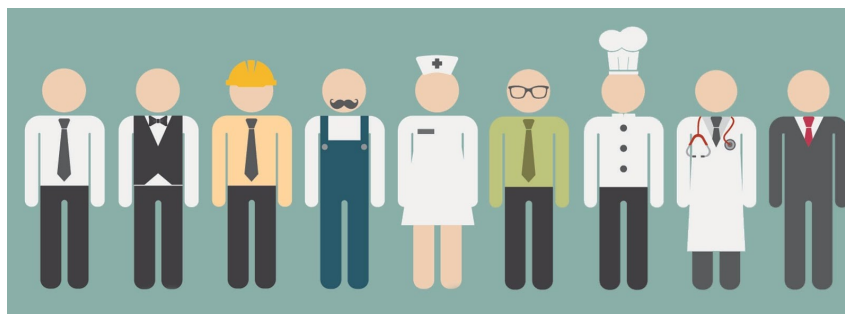
To do this, the first and most important step is to get a really good , all round education. Sometimes it is difficult to see why we have to learn so many subjects—especially those that we find more difficult, but during our school years, we do not yet know what we might like to end up doing as a career.

It is also important to have good careers advice from an early age. This doesn't mean that you have to know or commit to what you are hoping to do, but it does help when choosing which options to take later on in school.

It's also important to try to make the most of other activities that school and the community offers. Most places in the world of work, value people who have taken part in sports, drama, music, scouting, or any one of a whole host of interesting activities.

Give yourself the best chance possible to do well in and after school so that you can afford the not only the essentials, but also a few of the luxuries in life.

Money is not everything, but money does matter!!



The Bible Says

'Jesus looked around and saw rich people dropping their gifts into the temple treasury and he also saw a very poor widow dropping in two little copper coins. He said 'I tell you that this poor widow put in more than all the others. For the others offered gifts from what they had to spare of their riches; but she, poor as she is, gave all she had to live on.'



Luke 21: 1-4

Let's Pray

Dear God

Please help us to do our very best in our education so that we can learn to be productive and useful citizens.

Help us to know the difference between enjoying rewards and becoming consumed by money and the wish for riches.

Remind us to share our good fortune with others especially those less well off than ourselves.

Amen

Exit of Pupils

A thought provoking slideshow of the key issues raised in the assembly about the theme of Money Matters for the pupils to exit assembly to (10 minutes)



Putting it into Practice for the Rest of the Week

There are many resources available to follow up 'Money Matters'

One programme has been developed by the Nat West Bank. It is called 'MoneySense and has materials for 8-12 year olds and 12-16 years olds on the following topics:

- ⇒ **Borrowing and Debt**
- ⇒ **Budgeting**
- ⇒ **Financial security**
- ⇒ **Enterprise**
- ⇒ **Critical Consumers**
- ⇒ **Careers, work and income**
- ⇒ **Money and wellbeing**
- ⇒ **Money Safety**
- ⇒ **Money management**
- ⇒ **Money in the world**
- ⇒ **My Money Future**

Materials link PSHE with Maths, Computing and Business Studies.

Differentiated materials for SEND are also available.

Resources are in the forms of online games and downloadable worksheets

The site also include a Teacher Home section

www.natwest.mymoneysense.com



Collective Worship

Day 2

Dear God

Please help those in financial hardship . May they find people to turn to in their troubled times and meet human kindness in their times of need.

Amen

Day 3

Dear God

I want to be wise and generous with the money that I have. Help me to learn how to do this by thinking carefully about what I buy, remembering to keep some money by for a 'rainy' day' and to share my good fortune with others.

Amen

Day 4

Dear God

We often reflect on things that we want or haven't got and rarely spend enough time on thanking you for all that we have. Help us to try not to be materialistic; to be thankful for all that we have ; and to help those less fortunate than ourselves.

Amen

Day 5

Dear God

Help me to work to my very best today knowing that everything that I learn helps me to build towards a good job in the future. Amen



