MONEY CONFIDENT Kids®

Presented by T. Rowe Price®

Teaching Guide

GOAL SETTING

DECISION-MAKING

MONEY & INFLATION

ASSET ALLOCATION

DIVERSIFICATION

Teaching Guide

Dear Educators,

Welcome to *Money Confident Kids*®, a comprehensive financial literacy programme for Key Stage 3 students presented by T. Rowe Price. Students in Key Stage 3 typically have a short-term view of their finances. Our goal is to help children understand that every economic decision is associated with a timeline. For example, buying a snack has an immediate timeline; saving money for back-to-school clothes might take several months; and saving for university, a home, or retirement has a long-term timeline because it happens over many years. Money is a limited resource. If students learn financial literacy at a young age, they can make informed choices throughout their lives and plan a more secure future.

Concepts

The programme covers five concepts, each with its own section.

1. **Goal Setting**
2. **Decision-Making**
3. **Money and Inflation**
4. **Asset Allocation**
5. **Diversification**

Components

For each of the five concepts, you'll find a standard set of components that guides students to develop a routine as they progress through the programme. Each concept includes:

- Clear, step-by-step **lesson plans with sequencing suggestions, overviews, and key learning and vocabulary**
- Engaging **reading passages** that model financial concepts through a character named Nikki, who starts as a financially naive Key Stage 3 (in Year 7 at 11 or 12 years old) student and grows into a savvy young professional
- Real-world **worksheets, activities, and games**
- **Assessments** and answer keys

Standards and Support

- National curriculum in England: mathematics programmes of study—key stage 3
  https://www.gov.uk

We hope you enjoy using *Money Confident Kids*® with your students!

1

OVERVIEW

Because most Key Stage 3 students take a short-term view of money, they need to develop awareness of the impact of every financial decision they make. In this section, students learn that different money decisions have different timelines (short, medium, or long term) and that these timelines change as you get older.

Goal Setting

Key Learnings and Vocabulary

- Categorising financial goals according to **timelines** and setting **SMART** (specific, measurable, attainable, relevant, time-based) goals
- Creating and monitoring **budgets** to achieve goals
- Learning how **income** minus **expenses** equals **savings**
- Increasing savings by increasing income and/or cutting expenses (by **comparison shopping** and evaluating purchases that are **wants** but not **needs**)

Component	Name	Duration
Session 1		
Lesson 1 – Introduction	Discussion	*10 Minutes*
Lesson 1	Better Set a Budget	*20 Minutes*
Lesson 1 – Activity Sheet	It's in the Budget!	*10 Minutes*
Session 2		
Lesson 2 – Introduction	Discussion	*5 Minutes*
Lesson 2	Get the Big Picture	*10 Minutes*
Lesson 2 – Activity Sheet	Start With a Goal	*15 Minutes*
Assessment	Show What You Know	*10 Minutes*

LESSON COMPONENTS

Lesson 1 – Better Set a Budget

1. **Discuss** what students think about money now and how they spend and manage it. Ask what they think their spending will look like when they leave secondary school, then university and then at other stages later in life. What kind of longer-term financial goals might they have? *(10 minutes)*

2. **Explain** that they will be learning to manage money by reading about a girl who goes from typical teen to financial whiz by working hard and making smart money decisions.

   Instruct the class to read *Meet Nikki!* and Goal Setting Lesson 1.

   Discuss the concepts of timelines, setting goals, budgets and the following equation: **Income – Expenses = Savings**. Point out that different financial goals have different timelines. For example, saving up for a new electronic device has a short-term timeline of one to four years or less. Planning expenses for university might have an intermediate timeline of five to 10 years, while saving for retirement has a long-term timeline of more than 10 years. *(20 minutes)*

3. **Instruct** students to complete the *It's in the Budget!* activity sheet to find ways for Nikki to increase her savings. Encourage your class to apply this understanding to their own SMART goal. *(10 minutes)*

Notice

NOTE TO FACILITATORS

To keep a more consistent flow with Nikki's story and the financial decisions she could potentially face, the **Goal Setting** section has been split into two parts:

1. At the beginning, Nikki is in Key Stage 3 dealing with more short-term goals.
2. As Nikki completes her educational years, the focus is on goal setting in a long-term context.

At this point, you can move on to the next module—**Decision-Making**—which covers Nikki's secondary school and early university years that lay the foundation for Nikki to plan for her long-term goals, or feel free to continue with the next goal setting module and explain where Nikki is on her timeline.

1

Goal Setting

Lesson 2 – Get the Big Picture

1. **Refresh** students' memories of your discussion about financial goals, and ask them if their goals will change over time. *(5 minutes)*

2. **Instruct** students to read Goal Setting Lesson 2, *Get the Big Picture*, in which we jump ahead to the end of Nikki's university years and observe her decision to invest in her future with a master's degree. Ask students if they agree with her decision. *(10 minutes)*

3. **Ask** students to complete the *Start With a Goal* activity sheet. Make sure students are able to accurately classify financial goals as short, medium or long term. *(15 minutes)*

4. **Give** the Goal Setting assessment either in class or as homework. *(10 minutes)*

2

OVERVIEW

We all have limited time and money, so making deliberate spending decisions—and resisting impulse buys—is a key financial strategy. In this section, students will learn the difference between necessary and unnecessary purchases.

Decision-Making

Key Learnings and Vocabulary

- Distinguishing between
  needs: the things you must have to survive, like food, water and medicine or things that will help you achieve your financial goals, and
  wants: the things you would like to have but don't really need that can distract you from reaching your goals, like a cool pair of jeans or a new phone cover
- Realising that some purchases, like **insurance**, are necessary even though they're not exciting
- Applying the concept of **comparison shopping**
- Understanding **loans** and **credit**: when either one can be appropriate and the consequence of **interest charges**; learning that maintaining a good **credit rating** depends on paying off **debt** on time

LESSON COMPONENTS

Component	Name	Duration
Session 1		
Lesson 1 – Introduction	Discussion	*5 Minutes*
Lesson 1	Get It for Less	*15 Minutes*
Lesson 1 – Activity Sheet	But I Really Want It!	*10 Minutes*
Lesson 1 – Game Sheet	Plan Your Party	*15 Minutes*
Session 2		
Lesson 2 – Introduction	Discussion	*5 Minutes*
Lesson 2	A Penny Saved...	*20 Minutes*
Lesson 2 – Activity Sheet	How Interesting!	*10 Minutes*
Session 3		
Lesson 3 – Introduction	Discussion	*5 Minutes*
Lesson 3	But I Love That New Car Smell	*15 Minutes*
Lesson 3 – Game Sheet	Is It Covered?	*20 Minutes*
Assessment	Show What You Know	*10 Minutes*

2

Decision-Making

Lesson 1 – Get It for Less

1. **Ask** students to give examples of things they bought recently or would like to buy, then identify whether the items are needs or wants. Answers could include snacks, clothes, entertainment, etc. *(5 minutes)*

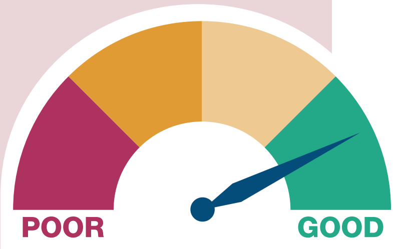
2. **Instruct** students to read Decision-Making Lesson 1, *Get It for Less*. Set up small groups (two to four students). Ask students if they've ever comparison shopped or done anything else to reduce or defer their expenses. Ask students to discuss how controlling expenses can help them achieve their goals. *(15 minutes)*

3. **Have** them work through the concepts with the *But I Really Want It!* activity sheet. Help them understand that some items, like Marcus's textbook, can be deemed needs, as they are investments that pay off later in life. *(10 minutes)*

4. **Review** the instructions for the *Plan Your Party* game sheet, and assign it as classwork or homework. Remind students to apply the knowledge and skills they learned from the lesson and activity about comparison shopping and controlling expenses as they plan the party. *(15 minutes)*

Lesson 2 – A Penny Saved...

1. **Ask** students if they would like to own a car when they get older and if they think they'll be able to afford one. Remind them that this is a purchase with a short or medium timeline depending on how long you need to save for it. Ask what kinds of expenses go along with owning a car. *(5 minutes)*



2. **Have** students read Decision-Making Lesson 2, *A Penny Saved...* Ask them what they know about loans (such as student loans) and credit. Make sure they understand that saving for your financial goals is best if you have time, but there may be times that they will need to use credit to pay for a large expense. They should also factor in interest payments and the importance of paying on time to maintain a good credit rating. *(20 minutes)*

3. **Hand out** the *How Interesting!* activity sheet. If your class has not mastered multiplying decimals and converting between decimals and percentages, complete the worksheet as a class or let students use calculators. Answers are included in the student workbook. Ask students to reflect on the difference between the cost of something they buy immediately and the cost of something they buy with credit. Prompt them to explore how to apply good decision-making skills when utilising credit. *(10 minutes)*

2

Decision-Making

Lesson 3 – But I Love That New Car Smell

1. **Ask** students if they know what insurance is and why people buy it. Read Decision-Making Lesson 3, *But I Love That New Car Smell!* Help students understand that a flashy car is a want, not a need. Emphasise that car insurance helps cover the cost of repairs and damages if a driver is involved in an accident and that it's legally required in almost every country. *(20 minutes)*

2. **Reinforce** the value of car insurance with the game *Is It Covered?* Ask students to share what they have learned. *(20 minutes)*

3. **Give** the decision-making assessment either in class or as homework. *(10 minutes)*

NOTE TO FACILITATORS

If you bypassed the second part of the Goal Setting module above, you can return to this section now that you have completed the Decision-Making module, or feel free to continue with the next module and explain where Nikki is on her timeline.

Teaching Guide

3

OVERVIEW

In this section, students will learn how inflation erodes purchasing power over time and why they need to consider inflation's effect on their long-term financial goals.

Money and Inflation

Key Learnings and Vocabulary

- **Inflation** is the increase in the price of goods and services over time
- You must consider inflation when you're setting long-term financial goals
- A **mortgage** is a type of loan used to finance a home

LESSON COMPONENTS

Component	Name	Duration
Session 1		
Lesson 1 – Introduction	Discussion	*10 Minutes*
Lesson 1	A Place of My Own	*20 Minutes*
Lesson 1 – Activity Sheet 1	When Prices Rise	*10 Minutes*
Lesson 1 – Activity Sheet 2	The Rising Cost of Leaving Home	*10 Minutes*
Assessment	Show What You Know	*10 Minutes*

Lesson 1 – A Place of My Own

1. **Ask** students if they have ever heard their parents or grandparents say that things were less expensive when they were young. Discuss why they think prices were lower in the past, and help them to understand the concept of inflation (see Key Learnings and Vocabulary, above). *(10 minutes)*

2. **Have** students read the Money and Inflation lesson *A Place of My Own*. Explain that owning a home is a long-term commitment and that most people have to save for a deposit and borrow money to finance a home purchase by taking out a mortgage. Emphasise that you must consider the effects of inflation when you formulate a longer-term goal like buying a home, since the cost goes up over time. Help students to understand how inflation is calculated. *(20 minutes)*

3. **Complete** the *When Prices Rise* activity sheet. If students haven't learned how to calculate with percentages/decimals yet or need additional support, complete it as a class or let students use calculators. *(10 minutes)*

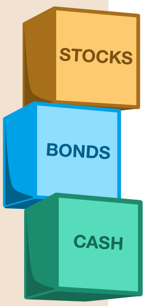
4. **Complete** the activity sheet *The Rising Cost of Leaving Home*, in which students learn about the effect inflation has had on tuition fees over the years. Students estimate what tuition fees will be when they're ready to go to university. **As an optional task**, students research fees at a university they would like to attend and project what those fees will be when they are ready to go there. *(10 minutes)*

5. **Give** the Money and Inflation assessment either in class or as homework. *(10 minutes)*

4

OVERVIEW

Once you accumulate some savings, you need to decide where to invest the money to help it grow. In this section, in light of what students have learned about inflation and what is ahead on their timeline, they will learn about asset allocation strategies to grow their assets. Students will learn: the difference between asset classes like cash (bank accounts), bonds and shares; that different asset classes have different levels of risk while exploring their attitude to investment risk; and why they need to consider their financial timeline when they make investment choices.



Asset Allocation

Key Learnings and Vocabulary

- **Asset allocation**: how your money is divided among shares, bonds and cash according to your financial timeline
- **Bond**: a loan to a government or corporation to be repaid with interest
- **Share**: an investment that includes part ownership of a company
- **Open-ended investment company**: a type of investment that holds a number of shares, bonds or other assets that is managed by a financial company
- **Asset class**: a group of financial assets with similar features
- **Investment risk**: the possibility of losing money on an investment
- **Personal pension plan**: a type of retirement account

LESSON COMPONENTS

Component	Name	Duration
Session 1		
Lesson 1 – Introduction	Discussion	*10 Minutes*
Lesson 1	Taking a Sensible Risk	*20 Minutes*
Lesson 1 – Activity Sheet	Can You Handle the Risk?	*10 Minutes*
Session 2		
Lesson 2 – Introduction	Discussion	*10 Minutes*
Lesson 2	Finding the Right Mix	*20 Minutes*
Lesson 2 – Game Sheet	$10,000 Investment Game	*20 Minutes*
Assessment	Show What You Know	*10 Minutes*

Lesson 1 – Taking a Sensible Risk

1. **Ask** students to think about their timeline and what age they think they will be when they stop working and retire. Also, ask students how long they think their money needs to last after they retire. Yes, it's a long time away in the future, but discuss the benefits of starting to save early and the need for a mix of investments to reach long-term financial goals. *(10 minutes)*

2. **Read** Asset Allocation Lesson 1, *Taking a Sensible Risk*. Make sure that students can identify and define the basic financial building blocks—cash, bonds and shares—and that they understand the risks and rewards associated with each. *(20 minutes)*

3. **Complete** the *Can You Handle the Risk?* worksheet. Review that each asset class has a risk/return trade-off. Discuss how people's attitudes towards risk can change over time, especially as they get older and their time horizon for a goal changes from long term to short term. *(10 minutes)*

4

Asset Allocation

Lesson 2 – Finding the Right Mix

1. **Ask** students if they have any relatives who are retired. Discuss what it means to be retired, and determine what the students already know about how retirees pay for living expenses. *(10 minutes)*

2. **Read** Asset Allocation Lesson 2, *Finding the Right Mix*. Ensure that students understand that even though retirement may seem like a long way away, it will be wise to start planning for it as soon as they begin working. *(20 minutes)*

3. **Complete** the *£10,000 Investment Game* and explain to students that the mix of investments are different for short-, medium-, or long-term time horizons due to the risk each investment carries. Then, review to make sure students understand the importance of planning to achieve goals with different time horizons. *(20 minutes)*

4. **Give** the Asset Allocation assessment either in class or as homework. *(10 minutes)*

5

OVERVIEW

When it's time to invest your hard-earned cash and help it grow for the future, you don't want to make your financial future dependent on a single investment. In this section, students will learn the concept of diversification as a strategy to reduce the risk of your investments losing value when economic or political events hurt a particular industry or company.

Diversification

Key Learnings and Vocabulary

- **Diversification**: a strategy that reduces risk by distributing funds across different types of investments
- **International Shares**: companies generally located outside the UK
- **Portfolio**: the total of a person's financial assets

LESSON COMPONENTS

Component	Name	Duration
Session 1		
Lesson 1 – Introduction	Discussion	*10 Minutes*
Lesson 1	Investment Choices, Part A	*15 Minutes*
Session 2		
Lesson 2	Investment Choices, Part B	*15 Minutes*
Lesson 2 – Activity Sheet 1	Spread It Around!	*10 Minutes*
Lesson 2 – Activity Sheet 2	Can This Portfolio Be Saved?	*30 Minutes*
Assessment	Show What You Know	*10 Minutes*

Lesson 1 – Investment Choices Part A

1. **Ask** students if they have ever heard the saying "Don't put all your eggs in one basket." What do they think it means? Simply, if something happens to the basket, all the eggs may be lost. *(10 minutes)*

2. **Have** students read Diversification Lesson 1, *Investment Choices Part A*. Point out the dangers of putting all one's funds into one stock or industry. Ensure that students have an understanding of the "mix" of investments provided with mutual funds. *(15 minutes)*

5

Diversification

Lesson 2 – Investment Choices Part B

3. **Have** students read Diversification Lesson 2, *Investment Choices Part B*. Review key vocabulary. Students should know that investors can choose from small, medium-sized and large companies; domestic and internationally based companies; and shares in different industry sectors. *(15 minutes)*

4. **Complete** the *Spread It Around!* activity sheet, in which students review the performance of different types of companies under different economic conditions. Review the answers as a class and point out how a diversified portfolio can help an investor guard against a disastrous decline in one industry. *(10 minutes)*

5. **Have** students complete the Diversification activity sheet *Can This Portfolio Be Saved?* Have students share their experiences with diversifying their clients' portfolios, and review the features of a diversified portfolio (e.g., including shares from different industries, different-sized companies, and domestic as well as international companies). *(30 minutes)*

6. **Give** the Diversification assessment either in class or as homework. *(10 minutes)*

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Conclusion

Conclude

- Conclude with the Final Assessment.
- Read the summary of Nikki's story to outline the programme's concepts.
- *Optional*: Ask students to review their Goal Setting visual. Based on the "end" of Nikki's story, they may write their own financial goal "conclusion" based on their earlier goals and new learnings.

Thank you for your participation in the *Money Confident Kids*® programme and for helping kids build a solid foundation to grow and manage their financial future.

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