



My Money

Primary Parents' Guide

A guide for parents and carers to help children understand money management



My Money Primary Parents' Guide

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Why do our children need to understand money?



Personal finance education can help your children to develop the knowledge, skills and attitudes they will need to manage their money now and in the future.

Learning how to manage money is an essential life skill; it's never too early to introduce children to the basics of personal finance. Your children will almost certainly be making decisions about money far earlier than you did.

Research amongst children of school age has shown that three quarters of the children surveyed owned at least one mobile phone. At the age of eight, 35% have a mobile and this rises to 85% by the age of 12. The same research also revealed that seven year olds were offering to do chores for cash to buy ring tones and mobile phones.¹

Furthermore 32% of children feel under pressure to make financial decisions despite their young age.

Three quarters of children aged 7–11 like to save their money. Some of this new generation of savers are putting money aside for fairly short-term goals like video games and consoles, but 10% have more long-term goals in their sights and are saving for their future.

We also know that by the time children reach the age of 17 more than 50% of them have either been in debt or are still in debt.²

Concerned about money

There has never been a better time to equip children with the essential ability to manage their money. At school your child will be learning about money through personal finance education. They will develop the knowledge, skills and attitudes they will need to manage their money now and in the future.

"Our research demonstrates that, even by the age of seven, children are aware of the impact of money in their lives. Learning how to respect and manage money in their early years will give them the confidence to make responsible financial decisions as adults."

Wendy van den Hende,
Chief Executive, pfeg

¹Research among primary school children conducted by EdComs, July 2007

²Online research conducted by EdComs, February 2007

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What do children need to know?



Your children will be learning all about personal finance education through a range of subjects across the school curriculum, including PSHE education, citizenship and mathematics.

Children need to be able to make informed choices about a whole range of issues involving money. They'll want to know the answers to questions like:

- How can I look after my money and what can I do with it?
- What is value for money?
- How do I know how much I have spent and how much I still have?
- How do my money choices affect me, my family, and other people?
- What might my family have to pay for?
- How can I decide if something is a need or a want?
- What happens to money when I save it?
- What does being in debt mean?

To answer questions like these, personal finance education is taught through three themes:

- **Financial understanding**
This helps children to understand the concept of money and enables them to answer questions like, 'Where does money come from and where does it go?'
- **Financial competence**
Children learn how to look after and manage money. Key questions might be 'How do we plan to look after our spending? How can we work out basic risk and return?'
- **Financial responsibility**
The children think about their personal life choices, including the ethics of money. They will consider questions like 'Do the choices we make affect other people – and if so, how?'

Your children will be learning all about personal finance education through a range of subjects across the school curriculum, including personal, social and health education (PSHE), citizenship, mathematics and special topics.

Children as savers

When asked what they would do if they didn't have enough money to buy something they wanted, a third of children suggested saving up would be the best thing to do.³

³Research among primary school children conducted by EdComs, July 2007

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About My Money

My Money is one way in which personal finance education will be delivered in schools. This project has been created by the Department for Children, Schools and Families (DCSF) to provide a completely joined-up approach to financial education – starting when a child first begins school and continuing right through the transition to working life or further education.

The aim of the My Money programme is to help children develop their understanding of money in a way which is most appropriate to their age and circumstances.

My Money Week is part of the same initiative and is a nationwide event that takes place in the summer term. It provides lots of opportunities for young people to take part in activities that help them to learn about personal finance, and your child's school may have chosen to get involved.

Your children may be working on activities introduced through the **My Money Primary Toolkit**. They will be developing their understanding of money through discussions, role-play, practical mathematics activities, reading and writing. The children may well take part in a special topic about money which includes other areas of the curriculum too; and this could involve asking you and other family members what they think.

Sensitive issues

The young people in our schools represent a range of different backgrounds and values, and they bring this experience into their learning. They will be encouraged to share their opinions and listen respectfully to others. Through case studies and role-play they will learn to empathise with the experience of other people. However, talking about money and home circumstances can be a sensitive issue and your right to privacy about such matters will always be respected by the teacher who will not wish to delve into the details of your son or daughter's personal financial circumstances.

'These attitudes and skills will enable young people to move into adulthood with confidence in their ability to deal effectively and efficiently with the range of financial decisions.'

Financial Capability through Personal Finance Education – Guidance for Schools at key stages 1 & 2



Your children may be working on activities introduced through the My Money Primary Toolkit in which they will be developing their understanding of money through discussions, role-play, reading and writing.

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Helping young children

There are many ways in which you can help your children understand about money. Here are a few ideas, starting with activities for the younger children.

Get talking

- Talk to even your very young children about the concept of money. They will be interested as soon as they begin to count.
- Start with the basic money concepts first of all. Talk about what it means to earn, spend and save money.

Getting to know coins

- Ask your child to help you count the money in your purse or wallet after a shopping trip and talk about the different coins. Can they see the difference?
- Which are the biggest and the smallest?
- Can they see any numbers written on them?
- Ask them to put all the 1p pieces together, then all the 2p pieces and so on.
- Can they find one of each coin? How many different coins are there altogether?

Pocket money

If you give your child pocket money, start by giving them money in 1p coins. Children find it hard to associate a 2p piece with 2 x 1p pieces.

- When you have time play exchange games swapping the 1p coins for 2p pieces, and then 5p pieces. Gradually work towards 10p pieces. Explain that there are no 3p or 4p pieces.

Play shopping

- Children love to play 'shops'. Not only will they learn to handle money and begin to find out about the purpose of money but they will also develop their language as they role-play shopkeeper and customer.

Write some simple prices on a few items from the store cupboard. Keep the prices below 10p, or what can be paid for with a single coin so that young children don't have to struggle with giving change. Take turns to be the shopkeeper and customer and do lots of talking. 'Hello, how are you today? I'll have a packet of tea please. How much is that?' Count out the pennies as you pay for the goods.

Saving

- Help the children to start the habit of saving.

Encourage saving

42% of children prefer to store their money in a traditional money box.

Research among primary school children conducted by EdComs, July 2007



Introduce your children to the value of saving versus spending. Explain the concept of earning interest on savings and encourage them to save for something they really want.

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Ideas for bringing money to life at home



If you have the Internet at home make sure your children are aware of the implications of buying online.

Your interest and support is vital

When asked, parents and carers came first (78%) on children's list of money-experts.⁴

As your children progress through primary school there are many ways in which you can support them in their understanding of how money works.

- Take the opportunity to talk with your children about their wants and needs and explain the difference. Something we need is essential to our health and wellbeing – things like food, clothing and shelter. A 'want' is not an absolute essential but it helps us to enjoy our lives – this could be something like a new television or a holiday.
- Introduce them to the value of saving versus spending. Explain the concept of earning interest on savings and encourage them to save for something they really want.
- Open a savings account for them and show them how the money grows over time. Can they see how interest increases their savings? Take some time to look at the different interest rates which are on offer.
- If you give your children pocket money they are able to make decisions about how to control their spending or saving, and this is a powerful way for them to begin to learn about the value of money.


Everyday money matters

- Share some of your shopping experiences with the children and help them learn about 'value for money'. Look at 'three for two' and other special offers and help them to see how to work out if it's really a good deal.
- If you have the Internet at home make sure they are aware of the implications of buying online.
- Compare the difference in price of the same purchase in different catalogues or websites.
- Talk about the ways in which money is used to support the family. Do they know about all the different bills that have to be routinely paid? Discuss electricity, phone bills, etc and also your child's responsibility in these areas. How can they help the household to make sure that there's no waste, for example?

⁴Research among primary school children conducted by EdComs, July 2007

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My Money in school



Your children will benefit from your support and interest in the My Money project. The children may well have some special activities to carry out at home. This could be finding something out on the Internet, investigating the local shops and finding out about special offers; or they may want to ask your opinion about something. Or they may come home with a suggestion about a simple game to play which will help to reinforce the classroom learning. You may even be asked to watch a particular TV programme together on a money-related topic and to make a few comments.

In many of these situations the knowledge of a parent or guardian is useful. You may want to talk to your child about your first job, or your family's weekly shopping when you were a child of their age. This will be of great interest to the children and enables them to see how prices and products have changed, and even how we shop and pay for goods. Any articles like old shopping lists, savings books and payslips will also be of interest.

Watch out too for any special assemblies and other opportunities for the children to show you what they have been doing.

If your child is using the My Money Primary Toolkit resources

Many of the activities in the My Money Primary Toolkit resources have been designed to encourage the children to talk to their parents and carers and we hope that you can set time aside to do this.

The children will be learning about money through three themes:

- **Understanding My Money**
This includes activities which enable children to understand the really important aspects of money and insights into its function and uses.
 - **My Money works**
The children learn about different ways money can be looked after and begin to think about saving for the future.
 - **My Money impact**
The children become aware of the wider impact of the different money choices they make on themselves, their families and the community.
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The Child Trust Fund



42% of children prefer to store their money in a traditional money box.

The Child Trust Fund (CTF) is a long-term savings and investment initiative set up by the government for all children born on or after 1 September 2002. Children born after this date who have a Child Trust Fund – and no one else – can withdraw the money once they are 18. The aim is to give children a financial head start in adult life and to help teach them the value of saving.

Learning about how to make the most of their money is a key part of the Child Trust Fund initiative. Talk to the children about their Child Trust Fund and help them to understand how their savings will grow and how that money will be useful to them once they are 18.

10 things you should know about the Child Trust Fund

- 1 Children born on or after 1 September 2002 will be sent a Child Trust Fund voucher worth £250 about a month after you first start receiving Child Benefit. Children in families receiving Child Tax Credit may be entitled to an additional payment of £250.
- 2 Government will make a further contribution of £250 when your child is seven; with children in lower income families receiving an additional £250.
- 3 Neither you nor your child will pay tax on income and gains in the account.
- 4 Once you have the voucher, you need to choose and open an account for your child.
- 5 There are lots of financial providers to choose from, and three types of account:
 - a. Savings account
 - b. Accounts that invest in shares
 - c. Stakeholder account
- 6 You then manage the account on your child's behalf. This means checking and keeping statements and keeping essential details up to date. Let your child know what you are doing, and then at 16, they take over this management role and can make decisions about their money.
- 7 No one, not even your child, can withdraw the money in their Child Trust Fund account until they are 18.
- 8 The money belongs to your child and when they are 18 they can spend it on whatever they want. What do they think their needs will be once they are young adults?
- 9 Anyone can put money into the account – you, your family, your friends, and your child when they're older – up to £1,200 a year in total.
- 10 The Child Trust Fund website will give you all the information you need. Visit www.childtrustfund.gov.uk to find out more.

My Money guide to the Child Trust Fund

As part of the My Money project, a specific resource to help teachers explain the Child Trust Fund to their pupils has been developed. This printed resource comes with lesson plans and activity sheets as well as a poster, all of which are designed to explain how saving with a Child Trust Fund works. The resource is available to order or download for free from the My Money website www.mymoneyonline.org/resources.

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Useful websites

Here are some good websites to help parents and carers teach money management skills at home:

www.moneymatterstome.co.uk/	Practical and interactive site supported by NIACE (National Institute of Adult Continuing Education).
www.parentspenniespounds.co.uk/kids/	Plenty of games and interactive resources for parents, carers and young people.
www.bbc.co.uk/raw/money/	Lots of financial advice and information fronted by TV's Jasmine Birtles and Dominic Littlewood.
www.nationwideeducation.co.uk/parents/fin/	Loads of discussion points that parents and carers could raise with their children and tips for parents/carers on what financial topics they could cover. Also some excellent interactive activities that could be completed together.
www.moneysavingexpert.com and www.moneysavingexpert.com/demotivator	A consumer advice site from Martin Lewis. Guidance on all sorts of financial products. Use the Demotivator tool to explore the cost of buying things you don't need.
www.apacs.org.uk/resources_publications/documents/APACScardsguideforparents-28.09.07.pdf	Designed to help parents /carers to help their teenagers understand plastic and manage money.
www.childtrustfund.gov.uk/	Information on the Child Trust Funds, what it is and how to choose an account and manage it.
http://www.whataboutmoney.info	Site from the Financial Services Authority (FSA) to advise young people about money management.
www.moneysmartworld.com	Free resources and downloads to help teach children how to understand basic money concepts and develop good money habits.
www.myeggnest.com/Info/Teaching-Children-about-Money-Menu.aspx	Lots of ideas for activities to do with children to foster good money habits.
www.moneymadeclear.fsa.gov.uk/tools/tools.html	A good first port of call if you're looking for sound and impartial financial information. Step-by-step guides to help manage everyday money, family finances, studying and working etc with excellent links to other useful sources of information on all things financial. Includes online calculators for budgets, loans, mortgages and more from the FSA.

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