

The fun of finance

Daniel Britton, author of the Financial Fairy Tales series of children's books, offers some advice on teaching children skills in good money management.

According to a 2011 survey commissioned by The Personal Financial Education Group (pfeg), as many as 94 per cent of teachers agree that they would like to see financial education as part of the school curriculum. It is now perhaps a question of what and how, rather than yes or no.

Imagine, for a moment, sending the children in your class home with a survey asking how much their parents earned. Can you picture the uproar that might cause, the volume of complaints to the head, governors, or the local authority? You would probably get less flak for asking for their bedroom secrets!

With such strong taboos around talking about money, it is perhaps little wonder that children are likely to inherit their financial beliefs and habits subconsciously from their parents and society. That may be fine if families are on top of their finances, but not so good at breaking cycles of poverty and dependence.

Countries all around the world are waking up to the fact that in order to avoid a repeat of the global economic meltdown we have been experiencing in the past few years, people need to be better educated about managing their money and that, logically, such an education should begin in schools.

Introducing the subject in primary schools is, in my view, an important first step. Many of a child's values and habits are formed during their early years and managing money can be as much about creating values and habits as it is about learning financial tools and techniques.

Take saving, for example. If a child forms the habit of saving a portion of their pocket money, they will often keep such a habit for life. Owing to the magic of compound interest (described by Einstein by the way as one of the wonders of the world), these early saving

habits can lead to a lifetime of security and prosperity.

But what are the essential elements of an early financial education?

The four corners of early financial literacy

What is money and where does it come from?

Pupils can learn to recognise notes and coins, and this should extend to an awareness of credit and debit cards. Although on the surface this may seem advanced, it is important that children understand the circular nature of earning and spending and the consequences of spending via plastic. Parents will thank you for helping explain that credit cards and hole in the wall machines are not infinite sources of supply and this might even avoid some toy shop tantrums!

It is also important to explain how money can be earned from jobs, from enterprise, and also from investments. In this way children will begin to learn that having a job is not the only way of earning money and become open to exploring additional sources of income.

Where does money go?

Here we can introduce the concept of choice and spending alternatives. We can discuss what the typical components of a household budget are and consider how we can make responsible choices. Exact figures are not necessary, but you may like to use pie chart type illustrations of proportions and the sort of expenses which need to be met.

How to save and invest

In my view an important element of financial education is how saving and investment can help money grow, or create extra income. You may like to discuss savings methods, including

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money boxes or bank accounts, mention simple examples of investments and introduce rates of interest.

It can be a fun class project to make and decorate piggy banks (see this month's poster). Plus it stimulates discussion at school and at home about the value of saving.

What is borrowing and debt?

Without having to go too deep, it is important for children to gain a basic understanding of the implications of buying on credit, the different types of borrowing typically available and what can happen if you can't pay it back. It may be useful to describe a credit card, a bank loan and perhaps a mortgage.

A principle message is that some debt is usually necessary – for example when used to buy a home or pay for university. Other debt is avoidable but allows you to have something quicker, even though you pay more in the long run.

Approaching personal finance

The 2011 pfeg survey, quoted earlier, found that 60 per cent of primary teachers would prefer money lessons to be incorporated into existing subjects, as apposed to 31 per cent preferring to use themed days or weeks. Here are some of the ways in which schools may deliver financial education.

Arrange a Money Week

Holding a Money Week is a great way of integrating money lessons across the curriculum and raising the profile of the topic. Maths and numeracy lessons

can present many opportunities such as using percentages or calculating sample household budgets, French lessons could look at the Euro and compare prices, geography lessons could consider other currencies worldwide.

Food technologists can encourage children to look at the cost of the ingredients and whether they could make a profit by selling their cakes. Consider making piggy banks in art or DT and bring the topic into literacy by encouraging pupils to describe a dream job or 'what I would do if I won the lottery'.

Parents can get involved, too, by talking with their children about spending decisions while shopping and by encouraging the child to keep a spending diary to see where their money goes in a week or a month.

Using existing subjects

PSHE and maths are the most common vehicles for the delivery of financial education in primary schools. There are

PARENTS CAN GET INVOLVED BY TALKING WITH THEIR CHILDREN ABOUT SPENDING DECISIONS AND BY ENCOURAGING THE CHILD TO KEEP A SPENDING DIARY

advantages in allocating responsibility to one subject or team; these may include specialised training, access to resources, or an interest and aptitude for the topic and ensuring it gets done!

Conversely, schools which utilise the expertise and creativity from a range of staff and subject areas sometimes deliver a more balanced approach.

Money related games

Property millionaire and bestselling author Robert Kiyosaki learned many of his financial principles while playing *Monopoly*. While this may be too long and complex to run in the classroom, other finance-based games can be encouraged.

A nice example is money dominos, with coins on one edge and a value on the other to encourage coin recognition and comparison. Children may also be familiar with simulation type games on the computer or consoles, such as *SimCity* or *Tycoon*.

Enterprise events

The employment landscape has changed rapidly over recent years and is likely to be unrecognisable once your current primary aged children enter the workplace. Incorporating personal finance into enterprise events demonstrates that money can be earned from ideas as well as a job.

In my view these events work best when the participants have 'some skin in the game', that is some of their own money (or perhaps their parents') invested. By literally becoming a stakeholder in a venture's success or failure the children get a much more powerful and lasting lesson than from a paper-based or school funded exercise.

Children can become involved in the running of school fairs or productions. Classes can sell things made in art or technology, or whole school related items such as mugs, tea towels, or recipe books. This can be a fun exercise and even generate a little extra money.

Summary

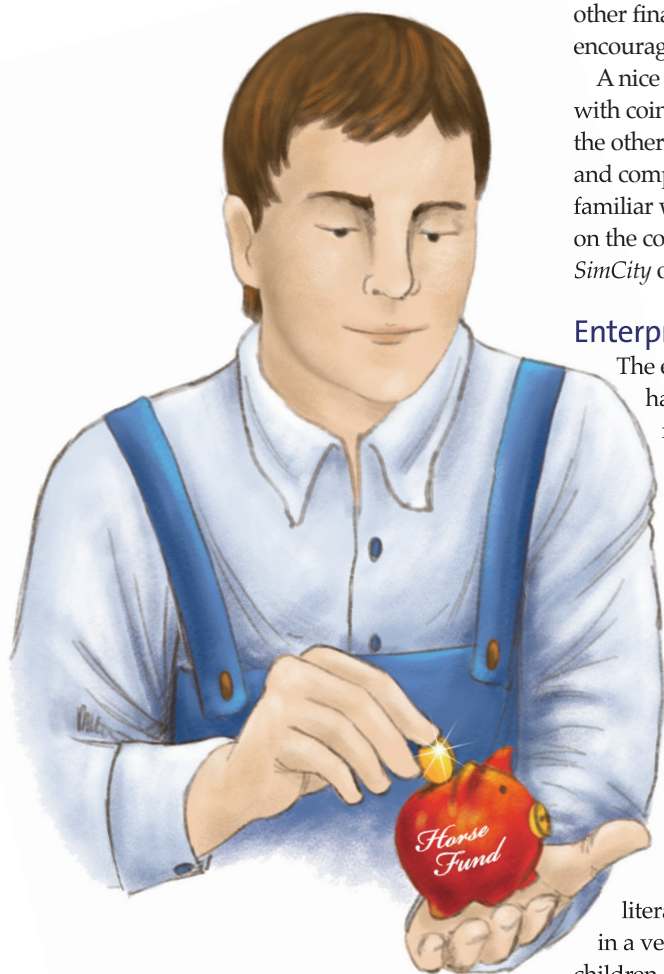
However you approach financial literacy, remember the three essential elements – make it Relevant, Appropriate and Fun. Teaching children about money does not have to be complicated, full of difficult maths or require you to be an expert.

Helping them develop the essential life skill of managing their money is both rewarding and enjoyable. It is also worth remembering that one day their taxes will be paying for your pension!

Resources available

- A good place to start is the pfeg website (www.pfeg.org.uk). This is a charity set up specifically to help teachers deliver financial education. It can provide guidance, materials and even experts to come and visit the school. All the recommended resources have been assessed and passed as fit for use in the classroom.
- Many high street banks and building societies offer financial literacy programmes. It can be helpful to have a member of their staff visit and talk about what they do. Be careful, however, that they are promoting your agenda as well as their own.
- The Financial Fairy Tales are a series of books accompanied by activities and a teachers' guide. They are designed to make learning about money fun by presenting values and techniques through stories and activities. A free story and sample materials are available to readers from www.thefinancialfairytales.com/schools

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Learning how to save is an important element of financial education