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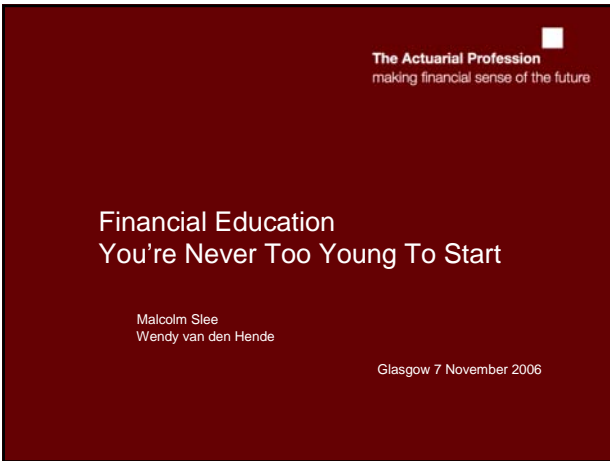
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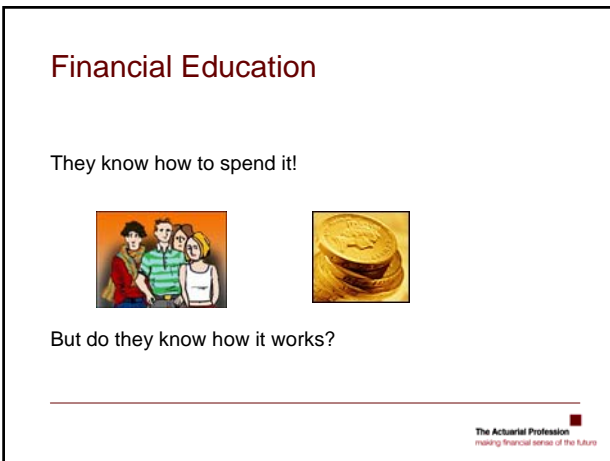
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## Financial Education

Are these the people to help



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making financial sense of the future

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## Financial Education

### Agenda

- Who are we
- Background
- Examples
- The way forward
- Q & A

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## Financial Education

We understand it – I sincerely hope

- How did we acquire this knowledge
- Was it soon enough
- Was it good enough

I am talking about how you get through life in the real world – not say the esoteric management of a life company with everything that throws at you.

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## Financial Education

Is it stating the obvious to say the ideal is for everyone to have this fundamental knowledge

- How and when should they get it
- Who should provide it
- Why should we care

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## Financial Education

Why should we care

- Altruistically -we are professionals and this is for the common good
- Selfishly – would better knowledge reduce the prospect of future mis-selling scandals

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## Financial Education

Why us?  
Who would you suggest?

- parents
- teachers
- specialists

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## Financial Education

The profession did produce some education fact sheets some time ago but my suspicion is they were not widely used – or known about

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## Financial Education

My elder daughter said to me  
“I’ve heard of Compound Interest”

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## Financial Education

My elder daughter said to me  
“I’ve heard of Compound Interest”  
My second daughter said  
“In our General Studies A level discussions we asked why aren’t we taught how mortgages work rather than some of the vague stuff we are taught”

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## Financial Education

My elder daughter said to me  
"I've heard of Compound Interest"  
My second daughter said  
"In our General Studies A level discussions we asked why  
aren't we taught how mortgages work rather than some of  
the meaningless stuff we are taught"  
My son (11) said  
"Why can't we buy another playstation game, we can  
afford it"

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## Financial Education

Leaving aside the need to educate your own  
family it is too easy to quote the mantra  
  
Something Must Be Done

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## Financial Education

The FSA have expressed a strong interest in this  
and issued a number of strategy documents and  
initiatives. It is also becoming part of the National  
Curriculum in England and Wales  
  
So how do you turn this into something practical

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## Financial Education

Aim was to do a presentation at a life conference and then by chance I came across reference to pfeg

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## Financial Education

Aim was to do a presentation at a life conference and then by chance I came across reference to pfeg



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## Financial Education

We are practical – aren't we?

This is a practical, pragmatic, and working approach

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## Financial Education

**pfeg' s role**

**what we can do**

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## Financial Education

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**Wendy van den Hende**  
Chief Executive  
**pfeg**



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### What is financial capability?

- Attitudes
- Skills and competence
- Knowledge and understanding




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### What is financial capability?

#### Attitudes

- taking personal responsibility for financial decisions;
- wanting to seek advice and gather information on available choices
- evaluating advice, product advertising and other information
- questioning how far to participate in financial products and services
- recognising the importance of 'the bottom line'

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### What is financial capability?

#### Skills and competence

- day-to day money management
- thinking ahead about financial needs in the future
- applying knowledge and understanding about money in different situations
- being able to plan and budget and match this to actual spend
- using money and financial skills to make money

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## What is financial capability?

### Knowledge and understanding

- knowing about basic financial services, e.g. savings accounts, debit and credit cards
- knowing when and how I might need them, e.g. student loans and mortgages
- understanding broadly how my finances fit into the economy as a whole
- understanding the concept of money

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## Where does it fit into the curriculum?

Within several areas of the national curriculum:

- Personal, social and health education (PSHE)
- Citizenship
- Work-related learning
- Mathematics (from 2008), and
- Every Child Matters

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## PSHE, careers and citizenship

### Examples:

- Why can't I just say 'no'?
- How do I budget and how do I then manage within it?
- How would I set up and run a bank account?
- What are the financial implications of going to university and how would I manage these?
- What do local services cost and how does the Council pay for them?
- How are my spending choices affecting people elsewhere in the world?

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## Work-related learning and enterprise

### Examples:

- How do the different jobs in this company relate to how much people are paid?
- What are the financial benefits of a job as opposed to self-employment?
- How do I work out my costs in my business plan? Can I get advice on this?
- How do I go about borrowing money for my business idea?
- Why are businesses relocating operations to India and China?

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## Mathematics

### Key ideas:

- Understand and calculate sources of income
- Make decisions about value for money and ways to pay
- Understand and manage accounts, bills and budgets
- Use percentages understand credit, loans and overdrafts
- Plan long term and short term financial needs
- Compare interest rates, past performance and risk and return in order to
- Manage savings and investments over time

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## Every Child Matters

### Five outcomes:

- Be healthy
- Stay safe
- Enjoy and achieve
- Make a positive contribution
- Economic well-being



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## What is pfeg's role?



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## Key points about pfeg

- **pfeg** is a registered charity – our independence and integrity are important
- By supporting teachers, **pfeg** aims to achieve its mission of empowering and equipping young people to manage the financial complexities of adult life
- **pfeg** does not have all the answers and welcomes flexibility and diversity in finding the solutions

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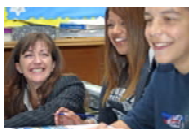
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## pfeg's mission

to ensure that all school leavers are equipped with the knowledge, confidence and skills in financial matters to allow them to participate fully in society



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## pfeg values

- Inclusive
- Importance of financial acumen
- Recognition of pressures under which schools and teachers work
- Partnership approach




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## The need for financial education

### FSA baseline survey – main themes:

- Large numbers not planning ahead
- Over-indebtedness
- Poor product choice and exposure to risk
- Under 40's typically less financially capable
- Start at school

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## What pfeg does

- UK wide remit
- Children and young people aged 4 – 19 years
- Teachers the prime focus
- Influencing policy
- Increasing the quality and quantity of personal finance education




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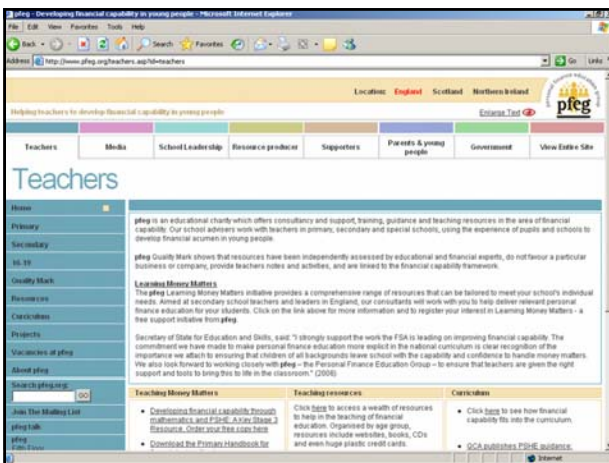
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**Supporting teachers and school leaders**

- Termly newsletters
- Comprehensive website [www.pfeh.org](http://www.pfeh.org)
- Classroom resources and the Quality Mark
- Telephone support
- Teacher training events and conferences
- Support from trained and certificated school consultants
- Innovative projects



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**Learning Money Matters**

- 5 year initiative for English secondary schools to create a step change in levels of financial capability
  - FSA funded
  - 5 regional offices
  - National and local campaign to raise the profile
  - Customised support to schools

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### Role of school consultants

Help with:

- Developing a coherent scheme for personal finance education across the curriculum
- Planning units of work and lessons
- Accessing suitable and readily available teaching resources
- Supporting in the classroom
- Providing evaluation and ongoing planning

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### Role of school consultants




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### Choice of 5 levels of support

- intensive in-school support – 3 days
- half day in-school support
- telephone and e-mail support
- off site training events
- in-school teacher training

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## Bringing financial education to life



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## How can actuaries help with this?



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Role of financial volunteers in schools

- Source of financial expertise
- Assist rather than teach
- Support teachers with real life examples of financial transactions and products
- Database of volunteers
- Distance learning from **pfeg**

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[www.pfeg.org](http://www.pfeg.org)

[wendy.vandenhende@pfeg.org](mailto:wendy.vandenhende@pfeg.org)

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making financial sense of the future

Back  
to the  
**Future**

5-7 November 2006




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