



Lesson 4

Saving, borrowing and protecting my money

This lesson covers three key topics designed to develop financial capability – saving, borrowing and protecting my money. It provides a logical progression from the first three econoME lessons, in which students learn about the steps they can take to make informed decisions. It gives students a chance to develop their financial literacy and put their decision-making skills into practice. Students will explore why people might choose to save or borrow money (in the short and long term), the benefits of planning saving and borrowing, the effect of interest rates on saving or borrowing money, different types of lender and the difference between manageable and unmanageable debt. The lesson will also help students understand some of the risks around financial fraud and scams, and how to avoid them.

Intended age group:

Ages 11–14 (KS3/S1–3) and ages 14–16 (KS4/S4–5)

Curriculum areas:

PSHE; Citizenship; PSE; Health and Wellbeing; Social Studies; Learning for Life and Work; Economic Awareness; Thinking, Problem-Solving and Decision-Making (Please see the Teacher Notes for full curriculum links.)

Learning objective:

Students will learn about saving, borrowing and financial fraud.

Learning outcomes:

- I can describe the benefits of saving and borrowing.
- I can explain how interest rates work in relation to saving and borrowing.
- I can judge when financial situations can present significant risk and can explain why this may impact on someone's wellbeing.
- I can suggest ways to avoid negative financial risk from borrowing or fraud.

Equipment and resources:

- Presentation 4
- Activity sheet 8a and 8b: Financial terms
- Activity sheet 9: Saving case studies
- Activity sheet 10: Borrowing case study
- Activity sheet 11a and 11b: Fraud case studies
- Large sheets of paper and coloured pens (see 'graffiti walls' activity)
- Devices with internet access

**Preparation:**

Check that the Presentation is set up to run, and photocopy sufficient copies of the Activity sheets. Consider how much time you have and decide whether you wish to use any of the extension activities or set any of the activities for homework.

Suggested timing:

The activities are designed to be taught over a 60-minute lesson, but also allow for a flexible delivery approach, with extension ideas if you have extra time. They are also able to be taught over separate shorter sessions, for example in tutor time or throughout a financial education week.

To start (10 minutes)

If you have not done so as part of previous lessons, spend five minutes as a class establishing clear ground rules to create a safe learning environment, e.g. “We have the right to pass”, “We won’t ask personal questions or tell personal stories”, and “We will listen to others’ opinions respectfully”. (For more information about creating a safe learning environment, see the econoME Teacher notes.)

Hook students’ interest by displaying three ‘graffiti walls’ (large sheets of paper) around the room, each containing one of the following concepts: ‘Saving my money’ ‘Borrowing money’ and ‘Protecting my money’. Ask students to circulate the room (individually or in pairs/groups) and write down their knowledge and ideas about each concept. This can be used as a baseline assessment to gauge students’ existing knowledge and beliefs.

Look at students’ responses and discuss or summarise key points around:

- Choices people have around what to do with their money and why they might make that choice
- Why someone may wish to borrow money in the short term and long term, and at different stages of life
- Financial fraud or scams.

Share the learning objective/outcomes, using **slide 3** of **Presentation 4**.

Main activities (45 minutes)**Understanding financial terms and concepts (15 minutes)**

Students should work in pairs or small groups to match key terminology/concepts to their definitions, using **Activity sheet 8a** (or **Activity sheet 8b**, which has been differentiated with more advanced concepts for students aged 14–16) (**slide 4**). This activity is designed to help students become familiar with some of the financial terms and concepts around saving, borrowing and fraud, which they will explore during the lesson. Go through the answers to ensure all students have a secure understanding.



Saving and Borrowing: Calculating interest rates (15 minutes)

Organise students into pairs or small groups and go through the saving and borrowing questions on **slides 5 and 6**. Give students a copy of **Activity sheet 9**, which contains three saving case studies and **Activity sheet 10**, which contains borrowing case studies (show **slides 7 and 8**). Ask students to calculate the interest in the scenarios, using the Bank of England's borrowing and savings calculator (found at: <https://www.bankofengland.co.uk/education/education-resources/borrowing-savings-calculator>).

To aid student understanding of the calculator, you could share how the interest is calculated with this formula:

Amount of money
to save (or borrow)

x

Interest rate /
12 (months)

=

Monthly interest
earned (or owed)

Eg. £100 x 2% = £2 (annual interest) £2 / 12 (months) = 17p (rounded to 2 decimal places)

Ask students to share their answers and discuss their options. Which is the cheapest option? Why might a loan with a higher rate of interest be more suitable for Alfie? Why might he not want to take 10 years to pay off his loan?

Older or more able students could be asked to read and discuss Zara's case study around unmanageable debt. (**Activity sheet 10 - extension.**)

Show **slides 9 and 10**. Hold a class discussion around the benefits of:

- Careful planning when it comes to saving or borrowing money
- 'Shopping around' for the best interest rates
- Calculating interest to know the true cost a loan when borrowing money
- Understanding that the capital must be repaid as well as the interest owed.

Students aged 14-16 can also consider the following questions (**slide 11**):

- How do personal financial circumstances impact on borrowing habits and options?
- How are variable and fixed interest rates different? Why might someone prefer one or the other? Why might the loan period be important?
- What else might need to be considered when saving with or borrowing money from a bank (e.g. account fees, bank charges, early repayment fees, the Financial Services Compensation Scheme (FSCS))?

Protecting My Money - Exploring financial fraud case studies (15 minutes)

Take students through the information on financial fraud on **slides 12-13**.

Display **slide 14** and give students **Activity sheet 11a** and/or **Activity sheet 11b** (depending on age and/or ability). Either in pairs or small groups, ask students to review the fraud case studies and feedback their responses to the group. They should consider:

- What types of financial fraud is this an example of? (Answers - **11a**: 1. Fake competition 2. Fake website 3. Phishing email. **11b**: 1. Phishing call 2. Fake website 3. Money mule.)
- What could indicate that this is a scam?

What advice would you give to the person who was the target of fraud? Students should discuss their answers as a pair/group, before sharing their ideas with the class, and show them the tips and information around sources of help on **slides 15 and 16**.



To finish (5 minutes)

Show the success criteria on **slide 17**. Ask students to bear it in mind as they re-visit the baseline activity (graffiti walls), adding extra information they have learned using a different coloured pen.

To round off the learning, ask students to reflect on the following question: How will what you have learned today help you make better financial decisions in the future? (**slide 18**) (Allow students the option to do so confidentially, without having to share their answers, in order to protect their privacy.)

Conclude by reminding students who, within the school, they can speak to if they have any questions or concerns about the topics covered in the lesson.

Optional extension or homework activities (timing flexible)

Students could:

- Make a list of savings goals people may have at different stages of life (e.g. university, car, travelling, baby, property, retirement).
- Investigate the current Bank Rate, set by the Bank of England, as well as the interest rates offered by high street banks, to savers and borrowers
- Create a 'checklist' for borrowers to help them be as certain as possible that any debt will be manageable
- Further investigate different types of fraud, especially those commonly targeting young people (e.g. via actionfraud.police.uk, cifas.org.uk, takefive-stopfraud.org.uk or moneymules.co.uk) – students could use this knowledge to create their own case studies (as on **Activity sheets 11a and 11b**)
- Research recent news stories concerning financial fraud
- Create a fraud awareness leaflet or vlog – this could include information around what to do if affected by fraud and where to get advice.