

Values

Money and Me

DO YOU NEED IT?

KS2 Learning Resources





LESSON 1 OUTLINE

Lesson 1 The Cost of a Loan

You will need:

- Do You Need It? – Interactive Storybook
- **RESOURCE 1.1**
Factsheet: Loans for each group/pair
- **RESOURCE 1.2**
Matching Loan Definitions sheet per pair

Lesson Outcomes

Children will determine the best option when borrowing money to purchase an item.

The Activity

- Begin the session by finding out what the children already know about loans to generate a definition together.
- Generate discussion further by asking the children, “What things do people get loans for?” and “Where do loans come from?” These ideas can be given verbally or written, then shared to establish prior knowledge.
- Provide the task sheet: Matching Loan Definitions, to allow the children to be familiarised with the vocabulary of loans. Children are to sort the terms with the definitions. Check these are correct using the Factsheet: Loans.

Take the
quiz here



What is a loan?

A loan, also called credit, is usually money lent to you for a fixed amount of time, from a few weeks to years, depending on the type of loan and what it is for e.g. TV, car, Mortgage, often by a bank or another lender. You always have to pay the money back. This can be in instalments.

What is debt?

If you owe money on credit, this is called being in debt. If you have more debt than you can afford – perhaps because you've lost your job – this is often called bad debt. Several organisations offer free help to people in bad debt.

What is a secured loan?

You can only get a secured loan if you have collateral. This means something is pledged as security for repayment of a loan. So for example, if the borrower doesn't make the repayments on a car loan, the car can legally be taken off them. The same applies with a mortgage loan on a house, where if repayments aren't made, the house will be taken off them. Lenders take into account how much the borrower can afford to pay back each month.

What is an unsecured loan?

Lenders trust the borrower to pay the loan back. There is no specific item that has been agreed that the lender can take from the borrower if they fail to pay back the loan. If the agreed payments aren't made, it could possibly make the loan even bigger.

What are interest rates?

Interest rates, also known as APR (which stands for Annual Percentage Rate) is the interest the borrower pays annually on a loan in order for the lender to make profit on the money being borrowed. Interest is what you pay extra in return for having borrowed money. It is calculated in different ways to allow those who borrow to be able to compare the cost of different loans on offer. The total payment with APR will be a percentage greater than the original loan.

What is a loan shark?

A person/people who offer loans with extremely high interest rates. These loans are unsecured. Loan sharks can enforce repayments of the loan by threatening the borrower.

What is a bank loan?

Money that is borrowed from a bank and is paid back over an agreed period with an agreed percentage of interest (APR).

What is a Payday loan?

This is a small, short term unsecured loan that must be paid back on the next months payday or an agreed date. If the payment isn't made on time, the interest rate goes up dramatically. This can make the loan very expensive.

Credit Reference Agencies

Information about any credit you take out and how you manage it is registered centrally with companies called credit reference agencies. This allows banks and lenders to check your credit history before agreeing to give you more credit.

MATCHING LOAN DEFINITIONS ACTIVITY

 Cut up the question cards and the definition cards

- Match the question with the definition to generate discussion
- Incorporate the factsheet: Loans to aid the task to check answers

What is a loan?	What is a debt?	What is a secured loan?
What is an unsecured loan?	What are interest rates?	What is a loan shark?
What is a bank loan?	What is a Payday loan?	What is a Credit Reference Agency?
This is money lent on a temporary basis.	If a borrower owes money on a loan.	A type of loan that you need to have collateral for.
A type of loan that if the agreed payments aren't made, it could possibly make the loan even bigger.	Also known as Annual Percentage Rate (APR).	A person/people who offer loans with extremely high interest rates which are unsecured.
Money that is borrowed and is paid back over an agreed period, with an agreed percentage of interest (APR).	This is a small, short term, unsecured loan that must be paid back on an agreed date.	These are companies that enable banks and lenders to check a borrower's credit history before agreeing to give them a loan.



Lesson 2 The Cost of Having Fun

You will need:

- Do You Need It? KS2 Interactive Storybook
- **RESOURCE 2.1**
Diamond 9 cards for each pair
- Access to the Internet
- **RESOURCE 2.2**
The Cost of Having Fun record sheet

Lesson Outcomes

Children will explore the financial cost of a range of leisure activities and rank them according to different criteria. They will compare the financial cost with the impact on health and well being.


The Activity

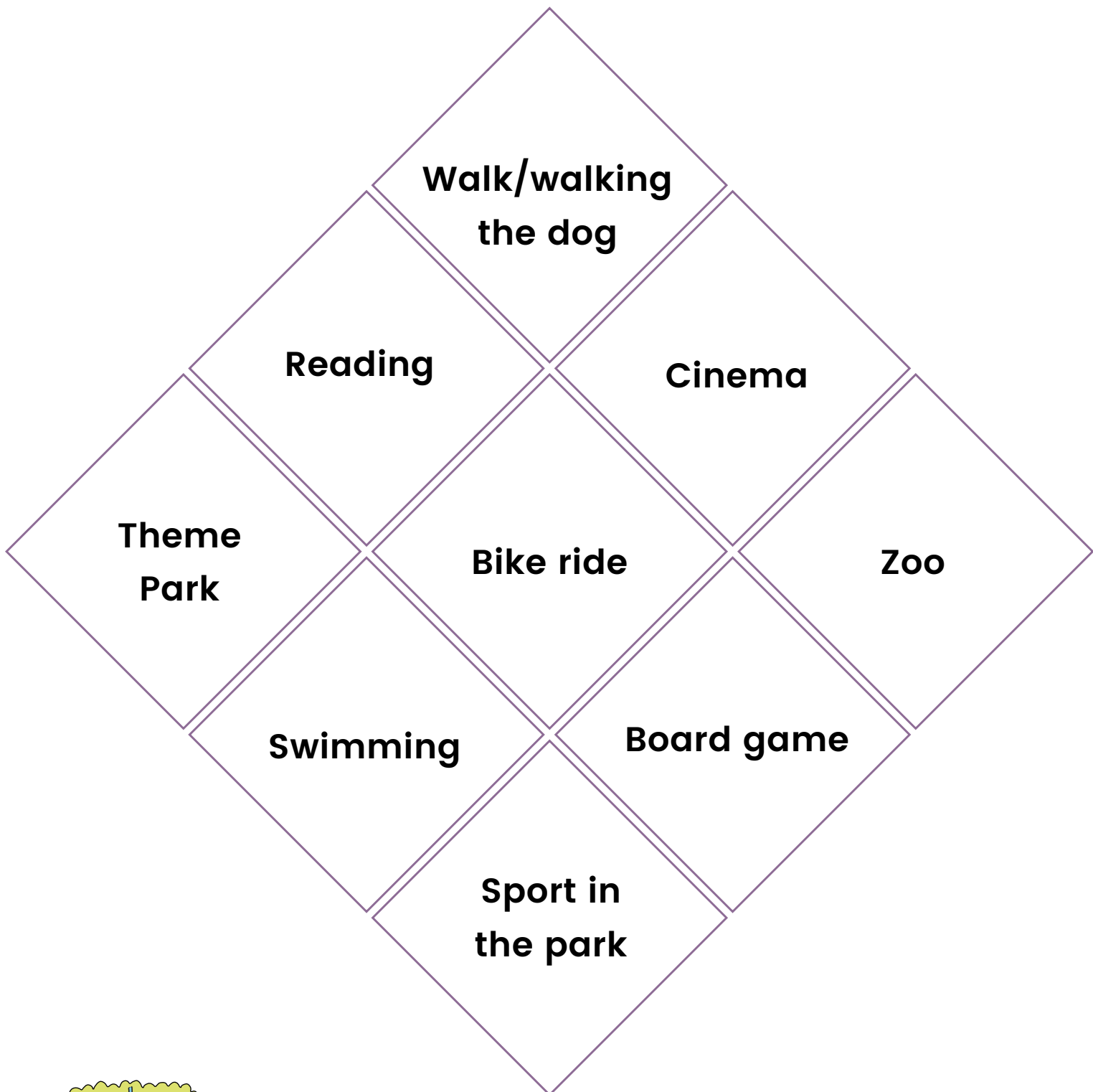
- Read the Do You Need It? Flip book story, as this activity focuses on the story ending.
- Encourage the children to explore positive activities that the Deacon family would like to do in the absence of the TV.
- Working in pairs, distribute the diamond nine cards and ask the children to rank the activities initially according to their own preferences. Share with the class their chosen top 3 activities giving explanations for their choices.
- Now ask the children to organise these 9 activities to form a list starting with what they think is the most expensive. Discuss where their original top 3 preferences are in the list and make comparisons to their choices and the cost of the chosen activity. At this point, children can research the actual cost of the activities via the Internet. Reorder the list if needed.
- Next, ask the children to order the activities according to impact on health and well being as opposed to financial cost. Discuss what this means to them. Once they have done this, share how their list order has changed.
- Having completed these tasks, ask the children to diamond 9 the activities again, taking into consideration financial cost and health/well being, to see if the top 3 has changed and why.

Take the
quiz here



THE COST OF HAVING FUN DIAMOND 9

 Cut out the activity cards for the children to rank them in the form of diamond 9 or place in a list for Lesson 1: The Cost of Having Fun.

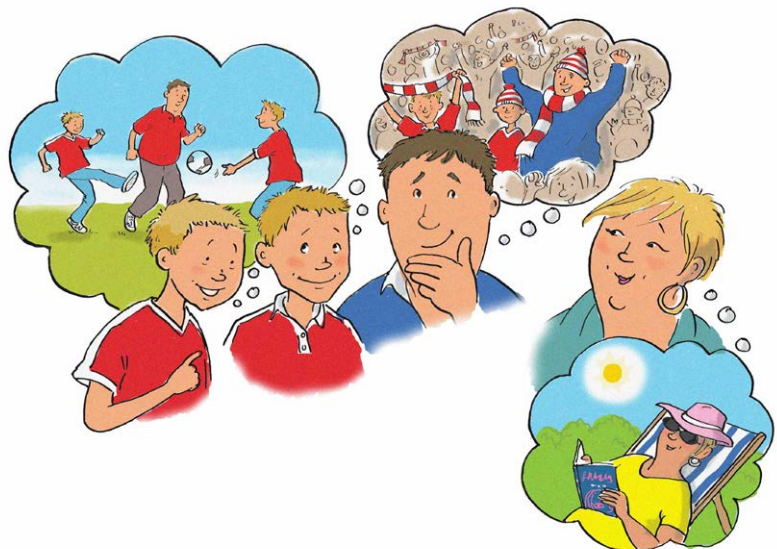


THE COST OF HAVING FUN

RECORD SHEET

Use the Internet to find out the financial cost for each of the activities.

Activity	Cost
Walk / walking a dog	
Reading	
Cinema	
Theme park	
Sport in the park	
Bike ride	
Zoo	
Swimming	
Board game	



Dear Parent/Carer

Your child has been working hard on the Values, Money and Me programme. She/he is bringing this activity home in the hope you can do some learning together that they can take back into school.

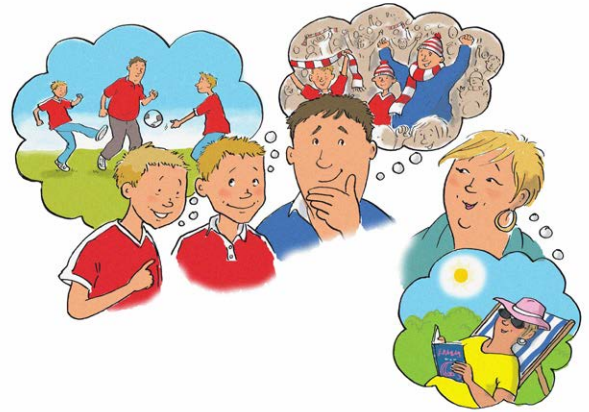
The unit we have been working on is called Do You Need It? The lessons in this unit are:

Lesson 1
The Cost of a Loan

Using the interactive story dilemma, children explore the loan options and the cost of each option for the Deacon family. They are looking at the implications associated with secure and unsecured loans.

Lesson 2
The Cost of a Day Out

From the outcome of the interactive story, the children can help the Deacon family find other ways to spend their leisure time. They will discuss the financial cost of these, as well as the physical and emotional value.



We would like you to do the following activities if it is practical (or more if you wish)

- Read the Do You Need It? Interactive story online with your child.

This can be found at: www.valuesmoneyandme.co.uk/teachers/do-you-need-it

- or read the story sheets provided by the teacher. This will familiarise you with the unit and promote discussion on the issues raised.
- Look at the Loan fact sheet. Read it with your child to help them to understand facts associated with loans.
- Consider involving your child helping to plan a day out with a limited budget.

