



Financial Literacy

Purpose: To inform older children about basic financial literacy.

Outline:

What is financial literacy?

Buy or save?

Needs vs Wants

Interactive scenario activities



What is financial literacy?

Financial literacy is understanding how to manage money. This includes earning an income (by having a job), spending and saving money. Everyone must make financially responsible decisions to take care of themselves.

Buy or save?

When you are buying something, this means you are exchanging money for a good or service. If you want to buy products from the store, you must spend money to receive the item/s.



Saving money means you are keeping your money instead of spending. Expensive items such as a house, medical aid or travel take a longer time to save up to afford such items.



Scenario Activities

1.1 Difficulty: Intermediate

Answer the following questions:

You receive \$5 allowance a week
 (\$5 x 4 = \$20 per month).
 You also receive \$20 birthday money.

In total, you have \$40.

There are three items you would like to buy:

Bike: \$45 Jeans: \$30 Purse: \$10



Which items can you purchase with your total allowance?

(Hint: Do not spend more than you earn!)

1.1 Difficulty: Advanced

What is a budget?

A plan that allows you to track your income and spending.

Goal savings:

Why should I save this amount?

Monthly budget planner

Estimated Income	
Allowance	\$
Work	\$
Birthday earnings	\$
Other	\$
Total income	\$

Estimated Expenses		
Things i want to buy	Cost	Need or want?
1.	\$	
2.	\$	
3.	\$	
4.	\$	
Total expenditure cost	\$	

Monthly savings (Total income – Total expenses)

1.3: What do you think?!

<http://www.practicalmoneyskills.com/assets/games/ff/play/>

Answer the following multiple choice questions:

1. Is it safer to put your money into one investment or into multiple investments?

A. Multiple investments are best because if one investment performs poorly, then the other investment may counteract the bad investment (*diversification*)

B. One investment is best because if it performs well, the investor can reap the benefits.
2. Which prize is **greater** in value?

A. \$800 cash
B. Earning \$500 every year for the next 10 years
3. Australians have the same income and education level. This means that one financial plan can be applicable to all Australians.
A. False
B. True
4. Keep your money under your mattress instead of depositing into the bank.
A. True, because then you can personally protect the money.
B. False, because you can earn bank interest that will increase your value.

Resources

- What's currently happening?
<http://www.financialliteracy.gov.au/news/2018In>
- Interactive Financial Football Online Game