



Personal  
Finance  
Society

# MY PERSONAL FINANCE SKILLS



## Making Decisions and Risk – Presentation Guide

### Introduction

This session has been developed for Key Stage 4-5 pupils, predominately for those who are in the process of considering life beyond school. It can also be used to support Sixth Form students transitioning from school or college into the wider world.

**Schools and colleges may choose to integrate this session into the PSHE or enrichment curriculum.**

### Financial Education Planning Framework

The Financial Education Planning Framework is a national framework that aims to support the planning, teaching and progression of financial education by setting out the key areas of financial knowledge, skills and attitudes. This session aims to develop the following skills and attitudes:

- *I can assess the different types of insurance that I, and other people, may need in a range of circumstances.*
- *I appreciate the role insurance can play in maintaining my financial security and that of others around me*

### Session Outline

The focus of this session is for students to gain an understanding of their attitude towards risk and how this can influence the financial choices that they make. Students will also consider ways in which financial risks can be mitigated through insurance and when they feel this is appropriate to take out or when to take a risk.

### Learning Objectives:

By the end of the session, students will be able to:

- Discover why people may choose to take risks with their money
- Understand different types of financial risks and whether they carry a high, medium or low risk to an individual
- Understand how insurance and other methods can be used to protect themselves against financial risks



## In advance

Before you arrive at the school/college

- Ensure you have read through the slides, are comfortable with the content and activities and have noted the timings
- Ensure any materials and resources required to deliver the session are provided by the school or brought yourself
- ensure that you have viewed the relevant training webinar and have passed the financial education sign off process with the My Personal Finance Skills team.

## What you will need

For this session you will need:

- the presentation guide, the PowerPoint presentation and copies of the handout for each student
- to ask the school to have access to either a PC or laptop, projector, paper and pens for the students

## Length of session

This session is expected to take approximately 1 hour to deliver.

## Links to Your Money Matters Textbook

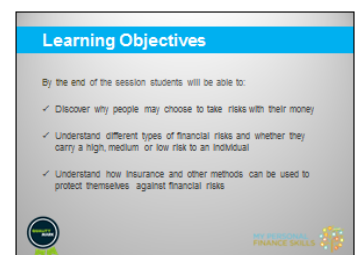
All state schools in England will have received copies of Your Money Matters textbook published by the Young Money charity. The chapter on “risk and rewards” focuses on a number of the points discussed in this session and could be referred to during the session. There are many more activities, case studies and questions in the book to help further develop the student’s understanding of these topics.

## Session Guidance

**\*where an activity is numbered, this means that this activity takes place on the student handout**

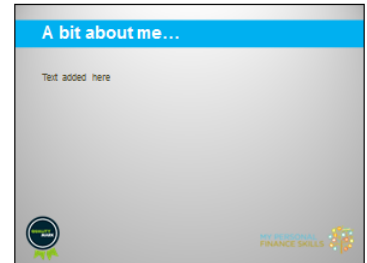
### General Introduction - Slides 1-3 (5 minutes)

Introduce the session topic and the learning objectives.





Explain a little bit about yourself, your job role and the role of the Personal Finance Society. Students are often inquisitive about visitors and what they do so ask students if they have any questions about your job.



## Starter Activity "Are you a risk taker?" - Slide 4-5 (5 minutes)

Ask students to complete the starter quiz on the handout provided to establish if they are a person who likes to take risks or someone who likes to play it safe. Remind the class that it doesn't matter if you're a risk taker or not but by knowing this may help them to make good financial decisions in the future.



Once they have completed the quiz, take some answers from the students and see how many of the class answered mostly A's, B's or C's. You can do this with a show of hands.

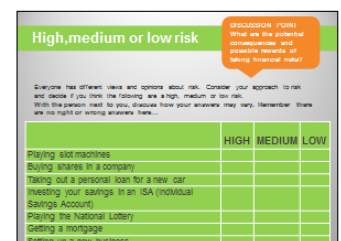


## Financial Risks - Slide 6 (10 minutes)

Discuss the different types of financial risks that exist and ask the class to explain what they understand by some of these key terms. Some students may not understand the concept of buying shares or the different types of borrowing so here's your opportunity to shine. Read the "discussion point" question and ask the class why some people may wish to take risks with their money and why others don't. Take some answers from students. Answers may include making a financial gain and protecting yourself financially in the future.



## High, medium or low risk? – Slide 7 (5 minutes)





Set the students their second task; ask them to individually decide what level of risk each of the scenarios pose – are they a high risk, medium risk or a low risk? Once complete, give the class a couple of minutes to discuss their responses with the person next to them and see if there are any differences in their answers. Take some answers from the students and see if they made the same decisions or not.

Again read the “discussion point” question and ask the class what are the potential consequences of taking financial risks (e.g. spend more than you are earning, unaffordable repayments, risk of losing assets, asset may decrease in value, effects on health and wellbeing, credit history) and the possible rewards (improved lifestyle, personal satisfaction.) Take some answers from the class. Discussion point answers can also be found on the slide notes.

## Insurance – Slides 8- 10 (10 minutes)

Explain to the students that there are ways of mitigating the risks and that one of the ways is by taking out an insurance policy. Read the information about insurance from the slide, ensuring that students understand the concept. Perhaps use your own experience to enhance their understanding – students love anecdotes and stories.

**Protecting yourself against financial risk**

**INSURANCE**

**DISCUSSION POINT**  
What other ways can you protect yourself against financial risk?

“A way to protect yourself against the financial loss of something going wrong: insurance provides a guarantee of compensation for specified loss, damage, illness, or death, in return for payment of a specified premium.” (My Money Matters, 2018)

The premium is the amount of money that you will pay the insurance company for the insurance policy.

? Q: Can anyone think of any examples?

Ask students if they can think of any examples and use the discussion point to draw out any suggestions of protecting themselves against financial risk (suggested answers are given on the PowerPoint notes)

Ask students to look at the different types of insurance on the slide and ensure that all students understand what the policy is for. Give examples of some of the more obscure policies that can exist for example body parts of athletes (Cristiano Ronaldo’s legs are insured for around £90million), voices for singers (vocal chords covered for £3million) and hair for celebrities who use their hair to sell other products like shampoo (Joey Essex insured his hair for £1million when he introduced a new range of hair products.)

**Activity - Types of Insurance**

Motor

Pet

Life

Travel

Health

Income protection

Legs (and other body parts)

Home buildings

Voice

Home Contents

Phone

**QUESTIONS**

1. Which type of insurance is compulsory?
2. In your opinion, what are the benefits and disadvantages of taking out insurance?
3. Can you think of any other types of insurance?



Ask students, in pairs, to answer the questions on the slide. Students should write their answers down and be prepared to discuss their responses. Take answers from around the class.

Explain the idea of self-insuring and why this may be an option for some people. See what the students think about this idea by debating the “discussion point” question. People can also protect themselves by budgeting and planning, conducting research, spreading the risk when investing, understand your own attitude towards risk (like the quiz at the beginning of the session)

**To buy or not to buy?**

**i** Some people choose not to buy insurance by self-insuring. This means:

- They feel the risk is too small to warrant paying the premium
- They have enough savings to pay for any damages or repairs
- They plan to put some money aside each month which will be used to cover any losses, damages, or replacements

**DISCUSSION POINT**  
What's the pros and cons of that? What would be the opportunity cost when self-insuring?

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## Case Studies - Slide 11-13 (15 minutes)

Read through the case studies with the students on the worksheet and in pairs ask them to complete the questions. You should give them about 10 minutes to write down their answers. Once complete, take answers from the group. Answers include:

### Dolly's Nine Lives

1. £25 per month x 24 months = £600
2. £3,000-£600 = £2,400
3. No
4. Now needs to find £3,000 - may need to borrow and pay interest, may need to go into debt to pay for the treatment
5. £3,900 (13 years x £300 per year.) Could be considered a waste of money, however if she had been ill, it would have covered the bills. It's the risk you take but may give people peace of mind.

### Kai's dilemma

1. £60 per month x 24 months = £1,440  
Insurance = £100 per year x 2 years = £200 Total = £1,640
2. Some students may think that the policy is peace of mind and means they do not have to worry about replacing the item. Others may feel that in hindsight it was a waste of money. However, it is the risk that you take.
3. Answers will depend on own views
4. For homeowners, phone may be covered on their contents insurance, more prefer to self-insure.
5. Do I have enough money saved? How will I pay? What would happen if I lost my job? Where could I borrow the money and how much interest will I pay?

**Activity 2 - Case Studies**

**Dolly's Nine Lives**



Read Kai's story about poor Dolly the cat and decide whether she could have benefited from insurance.

**Kai's dilemma**



Read about Kai's new phone and decide if insurance is a worthwhile risk.

Read the case studies and in pairs, answer the questions on your handout sheets.

**Activity 2 - Case study answers**

**Dolly's Nine Lives**

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3. No
4. Now needs to find £3,000 - may need to borrow and pay interest, may need to go into debt to pay for the treatment
5. £3,900 (13 years x £300 per year.) Could be considered a waste of money, however if she had been ill, it would have covered the bills. It's the risk you take but may give people peace of mind.

Be ready to answer questions in your pairs!

**Activity 2 - Case study answers**

**Kai's dilemma**

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2. Insurance = £100 per year x 2 years = £200
3. Total = £1,640
4. Some students may think that the policy is peace of mind and means they do not have to worry about replacing the item. Others may feel that in hindsight it was a waste of money. However, it is the risk that you take.
5. For homeowners, phone may be covered on their contents insurance, more prefer to self-insure. Do I have enough money saved? How will I pay? What would happen if I lost my job? Where could I borrow the money and how much interest will I pay?

Be ready to answer questions in your pairs!



## Plenary Activity 3 – True or False? Slides 14-15 (5 minutes)

To consolidate the student’s learning, ask them to finally complete the true or false quiz on the worksheet provided. Choose individuals to suggest answers and see how many agree/disagree. You could add more of your own knowledge and experience here too.

Plenary activity 3 – True or False?		
	TRUE	FALSE
Car insurance is optional		
Standing in a high risk activity	TRUE	
A credit card is a way of borrowing	TRUE	
There is no such thing as free money	TRUE	
Share prices can go up or down, so you are never guaranteed to make a profit	TRUE	
If you have home and contents insurance, you are always covered for all possible risks		FALSE
If I have my car insurance policy with the same company every year, I will always get the cheapest deal		FALSE

Recap the learning objectives and discuss what they have achieved during the session.

Learning outcomes
You should now be able to:
<ul style="list-style-type: none"> <li>✓ Understand why people may choose to take risks with their money</li> <li>✓ Understand different types of financial risks and whether they carry a high, medium or low risk to an individual</li> <li>✓ Explain how insurance can be used to protect themselves against financial risks</li> </ul>

## Next Steps and feedback– slide 16 (5 minutes)

Bring the session to an end and suggest that students could also complete the extension activity below. Discuss how the students could now investigate possible phone insurance for themselves using what they have learned today.

Next Steps and Feedback
<ul style="list-style-type: none"> <li>! Think about Kate's phone dilemma, what would happen if you damaged or lost your phone?</li> <li>- Research phone insurance prices (if you already have it, can you find a cheaper, better policy?)</li> <li>- Determine if self-insuring may be more beneficial for you.</li> </ul>
<p>Feedback – we want to hear from you! Please provide us with feedback on the forms provided making sure that you do not write your name on the forms</p>

Conclude by asking students to complete their feedback form remembering to keep it anonymised.

## Extension activity

Using the case study on Dolly the cat to help, students could put their own case study together about an insurance dilemma. They should think about the type of insurance they want to write about, the characters and their needs and something that requires them to use problem solving techniques. Students could also set questions about their own case study too.