



adult financial capability framework

2nd edition



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adult financial capability framework

foreword from the Financial Services Authority and the Basic Skills Agency

The rationale behind the production of an Adult Financial Literacy Framework, what the Framework does and who might benefit from using it.

There has never been a more important time for everyone to improve their financial capability. New ways to earn and spend money, together with increasingly complex financial services, make it essential for individuals to gain the necessary skills, knowledge and understanding to make informed decisions and effective choices regarding their finances.

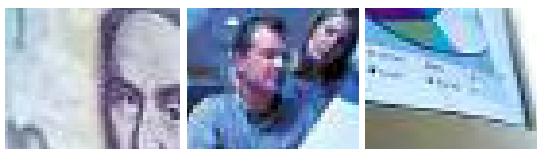
Both the Financial Services Authority and the Basic Skills Agency are committed to supporting those individuals and organisations working to improve the financial capability of themselves and others. The development of the National Strategy for Financial Capability, coordinated by the Financial Services Authority, and the commissioning of a baseline survey into the financial capability of the UK, will both contribute strongly in shaping future progress in this area.

Following the recommendations of the Adult Financial Literacy Advisory Group and *Skills for Life*, the national strategy to improve adult literacy and numeracy, we were keen to develop a framework that outlined the skills and competences that were deemed necessary for financial capability.

The result, the Adult Financial Capability Framework, launched for the first time in 2003, is a document which covers a broad range of money management and consumer issues. This current version is an update of the original framework taking into account how the world of finance and financial education changes over time.

The framework is for all those involved in financial capability education including money advisers, teachers, trainers and helpers interested in improving financial capability skills, knowledge and understanding. It aims to bridge the gap between personal finance education which is taught within the school curriculum and full engagement with financial services through the Financial Services Authority adult learning programme 'Learn on Line'.

Financial Services Authority
Basic Skills Agency



the structure of the framework

This framework is drawn in part from the Department for Education and Skills Personal, Social and Health Education guidance – Financial Capability through Personal Finance Education, July 2000.

Much work went into the development of that guidance for young people and this document considers the applications for adults at three different levels detailed below. It also seeks to take a broad approach not concentrating solely on money management topics, such as budgeting and debt, and to suggest activities based on life change events – both recommendations from the NACAB report, Summing Up, November 2001. Links to the Financial Services Authority 'Learn on Line' are referred to in the 'Extending competence and confidence' section.

The framework has three sections covering the three interrelated areas that go together to form financial capability.

The three interlinked sections are:

Financial Knowledge and Understanding

The ability to make sense of and manipulate money in its different forms, uses and functions. Financial knowledge and understanding allows people to acquire the skills they need to deal with everyday financial matters and make the right choices for their needs.

Financial Skills and Competence

The ability to apply knowledge and understanding across a range of contexts including both predictable and unexpected situations. Issues are identified and the necessary skills are available to plan, monitor, manage and resolve any financial problems or opportunities.

Financial Responsibility

The ability to appreciate the wider impact of financial decisions both on personal circumstances, the family and the broader community and to consider social and ethical issues. Rights and responsibilities together with sources of advice/guidance are understood and appreciated. Understand the need and have the skills/attitudes to plan, analyse, decide, evaluate and monitor financial decisions and choices.

There are three levels in this framework.

The three levels are:

Basic understanding and developing confidence

Aimed at those adults not engaged and requiring skills to make informed judgments concerning their finances, and to use appropriate financial services (denoted in the framework by a "B").

Developing competence and confidence

Aimed at those adults with a basic understanding and competence in handling financial services and the knowledge to apply skills to meet their needs (denoted in the framework by a "D").

Extending competence and confidence

Aimed at adults requiring the skills and knowledge to understand the wider range of services to make informed decisions regarding their own personal circumstances (denoted in the framework by an "E").

Each level is divided into nine components.

The nine components are:

- a. different types of money/payments,
- b. income generation,
- c. income disposal,
- d. gathering financial information and record keeping,
- e. financial planning – saving, spending, budgeting,
- f. risk and return,
- g. personal choices and the financial implications,
- h. consumer rights, responsibilities and sources of advice and
- i. implications of finance.



Within each component the specific skills, knowledge and understanding are listed together with some illustrations giving ideas on practical learning opportunities.

Reference system:

The framework uses a referencing system to help with the production of materials and programme planning:

e.g. **B(a)I** where

B refers to the level

Basic understanding and developing confidence,

(a) refers to the component
different types of money/payments and

I refers to Skill, knowledge or understanding
Recognise notes and coins and understand the difference in value.

Cross-referencing:

Each level has been cross-referenced to the Adult Literacy and Numeracy Curricula and the Extending level has been referenced to the FSA's Learn on Line programme.

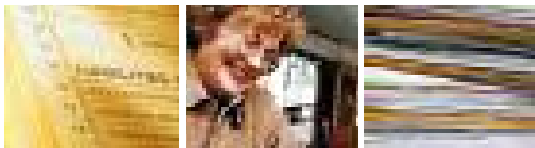
Glossary:

A glossary has been provided (Appendix I). Highlighted words in red that appear within the text of the framework can be found in this glossary.

Resources:

A list of useful resources has been compiled, including software and websites. Wherever possible the details have been checked and the details of suppliers given are up-to-date at the time of going to press.

Confidence is important at each stage as it is one of the key inhibitors to effective financial capability and with it comes the ability to develop the necessary skills/competence, a willingness to acquire appropriate knowledge, a true understanding of the relevant issues/services and a desire to question attitudes relating to financial matters.



how the framework can be used

This framework can be used by a wide range of people working in the field of financial capability to plan their work with adults or to help them to understand the needs of the people who have come to them for help.

People with financial capability needs may also have a need to improve their basic literacy and/or numeracy. This framework may help advisers see that difficulties may stem from e.g. not being able to do percentages, read a leaflet or fill in a form as well as not understanding how to resolve their debt problems.

The framework is linked to the adult basic skills core curricula both to indicate the level of basic skills required to take financial decisions and make informed choices and, also, to assist basic skills specialists to see where financial capability education can be used to deliver literacy and numeracy objectives. The framework also demonstrates that people do not have to be financial experts rather just equipped with the skills to question, challenge and seek advice to understand their financial requirements.

It must be stressed that the framework is meant to be used as a practical tool to develop ideas to help improve financial capability and it is not an attempt to try to measure the financial capability skills of the population. Contained within the framework are examples of activities illustrating how the knowledge, skills and understanding relating to financial capability might be looked at.

It must also be stressed that the sections and levels do not have to be completed in order. Different approaches will be taken according to the needs of different groups or individuals, for example, selecting a particular **strand** (debt, saving, borrowing, etc) across levels or **theme** (lifestage events such as marriage, having children, unemployment, etc) within a level.

You may want to identify the skills, knowledge and understanding required by a particular individual or group and set up an action plan for them to develop those skills or identify resources that may be appropriate for them. Alternatively you may use the framework to identify the support someone may need in sorting out their problems.

*Two illustrations of taking a **strand** approach across levels using 'saving' as the example:-*

B(e)1 Begin to understand that saving can offer options for future spending.



D(e)1 Understand the need to consider saving and the potential benefits.



E(e)3 Able to obtain information and analyse it to decide on an appropriate service taking care to evaluate and monitor the situation on an ongoing basis.

B(e)2 Begin to understand the different ways of saving.



D(e)2 Understand the variety of ways and places to save.



E(f)4 Understand the difference in risk and return between saving and investment products.



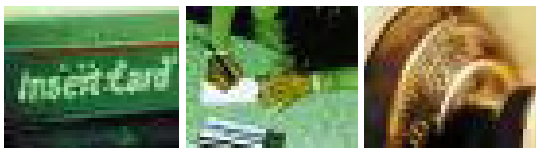
Two illustrations of taking a theme approach within a level using facing unemployment and having children as the examples:-

Facing unemployment – an example at the 'Basic understanding and developing confidence' level

- B(b)2** Understand money is available when there is no/insufficient work.
- B(b)3** Understand ways to increase income, e.g., work opportunities, benefits, etc.
- B(c)1** Understand the difference between essential and nonessential spending.
- B(c)2** Recognise household expenses and regular financial commitments.
- B(d)4** Be able to keep a simple record of money coming in and going out.
- B(g)1** Balancing needs and wants, prioritising spending.
- B(g)2** Begin to prioritise within the constraints of limited resources.
- B(h)1** Begin to understand different sources of advice/information, how to access such info/advice and know some local contacts, including advice on managing debt.
- B(i)1** Begin to understand the consequences of having more or less money.

Having children – an example at the 'Developing competence and confidence' level

- D(e)1** Understand the need to consider saving and the potential benefits.
- D(e)2** Understand the variety of ways and places to save.
- D(e)3** Begin to be able to plan and think ahead.
- D(e)4** Understand how to use budgets to plan and control personal spending.
- D(e)5** Begin to understand the difference between long term and short term financial commitments and how planning and decision making for these differs. (Information gathered based on the need identified, analysed, a decision made and the result evaluated.)
- D(f)2** Begin to understand that both savings and borrowing are offered on differing terms and conditions.
- D(f)3** Understand money is made from money by saving and interest paid on borrowing.
- D(g)2** Ability to identify short, medium and long term needs.
- D(g)3** Ability to prioritise different needs working within the constraints of limited resources.
- D(h)1** Understand that different people and organisations may give different advice on finances.



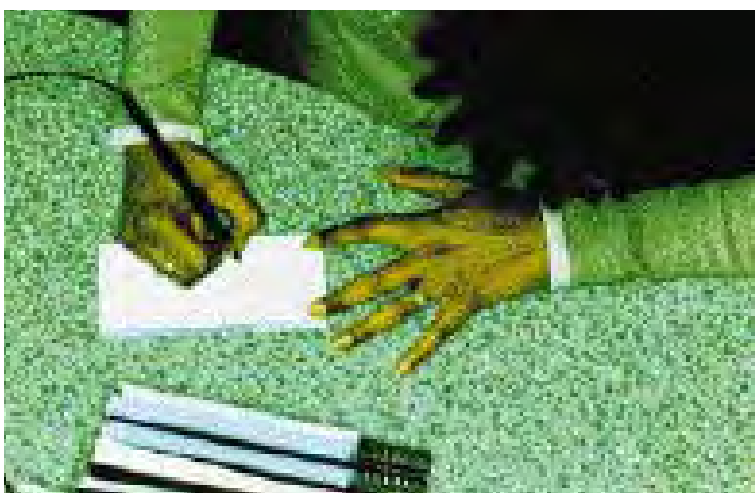
sensitive issues

People need to appreciate they make both logical and emotional financial choices. Inevitably, sensitive or controversial issues will arise based on personal circumstances, culture or attitudes.

Anyone working in the field of financial capability needs to be aware of the full range of factors which can influence a person's decision making when it comes to financial matters. It is important that these are considered appropriately and ground rules are set.

Case studies and generic material can be helpful when beginning to explore financial choices and decisions as they provide safety. However, the use of personal information, if used sensitively, can provide powerful learning opportunities due to the immediacy and relevance of the data. It is important to bear in mind that some people consider their financial affairs deeply personal and so this may not always be a suitable choice of content for learning. The aim of this framework is to provide individuals and groups with the tools to develop the skills, knowledge and understanding to explore making financial decisions. Having gained financial skills, knowledge and understanding learners will be able to make effective and informed decisions in their own lives.

Ethical, religious and social factors can also have a bearing on the development of financial capability. An example of this is the adoption of different financial practices and services which is relevant for those learners who may choose financial services which are designed to comply with Shariah law.





adult literacy, language & numeracy skills

A Fresh Start, published in March 1999 following the review chaired by Sir Claus Moser, identified up to 7 million (23%) of adults in England whose literacy is below the level we would expect of an 11-year-old. Even more have trouble with numeracy.

In order for adults to acquire financial capability they will require certain literacy, language and numeracy skills. As many adults do not have the literacy and numeracy they need to be financially capable, these skills have been identified to help people working in the field of financial literacy be aware that an individual's difficulties may arise from either a lack of financial literacy skills or literacy, language and numeracy skills or indeed a lack of both.

Where it is felt to be helpful, the literacy and numeracy skills have been referenced to the Adult **Literacy** and **Numeracy** Core Curricula. General literacy references have been given at the start of each level and a few suggestions within the illustrations- this is because literacy needs will vary depending on how the financial skill or knowledge is addressed. Numeracy references have been put in a column throughout each level as particular skills will be needed before the financial skills or knowledge can be addressed. If you are working with people whose first language is not English you may want to refer to the Adult ESOL Core Curriculum.

As adults move through the Financial Capability levels they will require higher levels of literacy and numeracy. It has been assumed that at each Financial Capability level adults will have or need to acquire the literacy and numeracy skills identified for that level and previous levels.

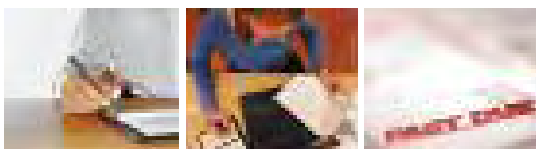
Also, the concept of functional mathematics is becoming increasingly more important. There is a great deal of potential for financial literacy to serve as a useful context for the delivery of functional mathematics. The 2005 pre-budget report issued by H.M. Treasury states (5.44):

“Building on the work of *Skills for Life*, the Government will embed financial capability in functional mathematics aimed at adults...”

The three levels of the national standards for adult literacy and numeracy correspond to the levels of demand of qualifications in the national qualifications framework. As a rough guide Level 1 is equivalent to GCSE grade D-G and Level 2 is equivalent to GCSE A*-C.

National qualifications framework

National qualifications framework:	Level 5
Key Skills:	Level 5
National qualifications framework:	Level 4
Key Skills:	Level 4
National qualifications framework:	Level 3
Key Skills:	Level 3
National qualifications framework:	Level 2
Literacy/numeracy:	Level 2
Key Skills:	Level 2
National qualifications framework:	Level 1
National curriculum:	Level 4
Literacy/numeracy:	Level 1
Key Skills:	Level 1
National qualifications framework:	Entry level
National curriculum:	Level 3
Literacy/numeracy:	Entry 3
National curriculum:	Level 2
Literacy/numeracy:	Entry 2
National curriculum:	Level 1
Literacy/numeracy:	Entry 1



a case study involving the use of the framework

This case study shows how a CAB adviser may work with a basic skills tutor, but parts might be relevant for anyone working with clients who have the same sort of problems as Anne. For example, Credit Union workers, money advisers and resettlement workers from housing associations.

A local CAB is involved with a nearby college in a pilot scheme which aims to help CAB clients with their immediate financial concerns and also to help them to improve their numeracy, literacy and financial skills.

A CAB adviser and a basic skills tutor are working together. The CAB adviser realises that improving clients' basic skills will help to keep them out of money difficulties in the future, and the basic skills tutor sees personal finance as an engaging context for basic skills development.

One day Anne comes into the CAB worried because she thinks she may be evicted from her flat and she is being threatened with court action over debt. Anne has a low income and is struggling to manage her finances generally.

The adviser talks through Anne's situation with her and begins to discover:

- > Rent arrears as a result of inadequately completed housing benefit forms;
- > Benefit overpayments because of incorrectly completed application forms;
- > Court action on a credit debt because the client purchased goods from a home shopping catalogue not realising this was an expensive way to buy;
- > Delay in paying gas arrears because the client did not have a bank account and the gas company would not accept the client's preferred method of postal orders;
- > A high milk bill because the client did not know that it would be cheaper to buy milk in their regular supermarket shop;

- > A series of reminders from TV Licensing – as she was unaware that she didn't have to pay the whole licence fee in one amount and she could pay the fee in installments using one of the payment methods available;

- > A worrying series of letters regarding debts because the client was unable to negotiate or explain the financial position by telephone or letter.

The CAB adviser deals with the here and now issues first. He helps Anne to deal with her rent arrears, benefit overpayments, the reminders from TV Licensing and the letters from the creditors. He also checks that she is claiming all the benefits she is entitled to. As Anne is in a real crisis situation he even helps her make phone calls and write some letters.

The adviser mentions to Anne, a financial literacy programme which runs at a nearby venue. Anne learns a lot from what the adviser tells her and becomes interested in the finding out more about finances so that she can begin to sort out some of the problems for herself. She feels that this might be useful and she would have less chance of getting into difficulties in the future. She even plucks up enough courage to admit she has difficulty filling in forms.

The CAB adviser introduces Anne to the basic skills tutor working on the project. Through discussion they draw up the areas that need to be looked at based on Anne's financial concerns.

Then using the framework the tutor can identify the financial capability skills and accompanying literacy/numeracy skills that Anne will need to be able to manage her money better in the future.



Area to look at	Financial Capability	Literacy/Numeracy skills
Rent arrears	D(g)5 Begin to understand how to plan and manage debt.	Writing L1 Filling in forms
Benefit arrangements	D(g)5 Begin to understand how to plan and manage debt.	Writing L1 Filling in forms
Credit debt	E(a)1 Understand the implications of different forms of credit and debt.	Handling data L2 Percentages L2
Opening a bank account	D(d)1 Understand keeping money in an account.	Handling data L1 Filling in forms L1
Best buys	D(g)4 Begin to be able to assess 'best buy' in a variety of circumstances.	Comparing decimals L1
Responding to letters & phone calls	D(d)3 Know about personal financial statements.	Speaking & listening L1 Reading L1 Writing L1 Letters

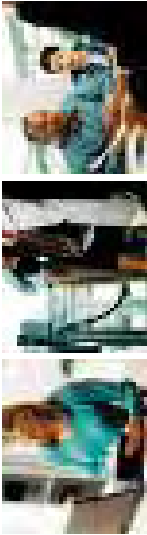
With help from the CAB adviser, the list can then be prioritised and a decision made about where to start. The tutor negotiates an action plan based on the assessment of Anne's current skills level. After further discussion the tutor suggests 'best buys' and 'opening a bank account' as starting points.

Anne finds working on a programme tailored to her needs very rewarding. The framework helps the tutor to devise a step-by-step approach to developing financial capability. The CAB adviser uses the framework to help identify the skills that Anne would benefit from developing. He reads through the framework and identifies areas where clients may have basic skills/financial capability needs. This helps him in his future work with clients and enables him to work more closely with the basic skills tutor to help clients more effectively.

Note:

Basic skills assessments such as 'Fast Track' are available (from the Basic Skills Agency tel. 0870 600 2400) which the non-specialist can use to identify a need for support with literacy and numeracy skills. The questions in 'Fast Track' could be contextualised to include questions relating to e.g. reading letters from the bank and keeping track of the money coming in and going out. Examples on how to develop literacy, language and numeracy skills are outlined within the Adult Literacy, Numeracy and ESOL Core Curricula. To support the Core Curricula, a manual 'Access For All' has been produced to help make the curricula accessible to the whole range of learners, including those with disabilities and/or learning difficulties.

See Appendix 2.



summary of the framework

Progression through the levels of financial knowledge, understanding, skills, competence and responsibility

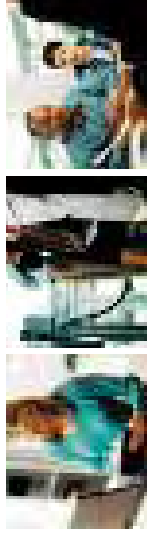
Component	Page	Component	Page	Component	Page
Financial Knowledge and Understanding (a) different types of money/payments, (b) income generation, (c) income disposal,	13	Financial Skills and Competence (d) gathering financial information and record keeping, (e) financial planning – saving, spending, budgeting, (f) risk and return,	14	Financial Responsibility (g) personal choices and the financial implications, (h) consumer rights, responsibilities and sources of advice, (i) implications of finance.	15

Note:

Words highlighted in red appear in the Glossary on Page 37.



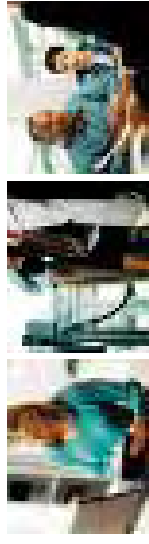
Section	Component	Basic level	Developing level	Extending level
Financial Knowledge and Understanding	Different types of money/payments (a)	<ol style="list-style-type: none"> 1. Recognise notes and coins and understand the differences in value. 2. Recognise there are different forms of money, e.g. cheques, plastic cards, coupons, vouchers. 3. Understand cash isn't the only way to pay for goods/services. 4. Understand different forms of exchange, e.g. money for goods/services, in-kind exchange, etc. 	<ol style="list-style-type: none"> 1. Understand that money means different things to different people. 2. Understand that cash isn't the only way to pay for goods and services and recognise the alternatives. 3. Understand different forms of payment including cheques, cheque guarantee cards and debit cards. 4. Understand and compare different forms of payment including standing orders and direct debit arrangements. 5. Understand the key words credit and debt and relate these terms to savings and borrowing currently undertaken. 	<ol style="list-style-type: none"> 1. Understand the implications of different forms of credit and debt including credit cards, store cards and catalogue shopping. 2. Understand that exchange rates fluctuate and that commission may be charged to change currency. 3. Increased understanding of implications of credit and debt including overdrafts and different loan arrangements and ways to compare interest rates.
	Income generation (b)	<ol style="list-style-type: none"> 1. Recognise there are regular and unpredictable sources of money and identify your sources of income. 2. Understand money is available when there is no/insufficient work. 3. Understand ways to increase income, e.g. work opportunities, benefits, etc. 	<ol style="list-style-type: none"> 1. Understand how earnings and salaries are calculated. 2. Understand there are different forms of benefit, where the money comes from to pay them and how to access them. 3. Begin to understand the need for retirement provision 	<ol style="list-style-type: none"> 1. Understand the need for money in retirement – pension – and how this could be paid for. 2. Begin to understand how companies and other organisations are financed including shares. 3. Understand how deductions such as tax, National Insurance and pension contributions are made.
	Income disposal (c)	<ol style="list-style-type: none"> 1. Understand the difference between essential and nonessential spending. 2. Recognise household expenses and regular financial commitments. 3. Begin to understand the tax, pension, National Insurance systems and how deductions are made. 	<ol style="list-style-type: none"> 1. Understand personal expenditure and how to manage it. 2. Understand why money, such as pension deductions, National Insurance and tax is deducted from earnings. 3. Begin to understand local and national taxation and spending. 	<ol style="list-style-type: none"> 1. Understanding of the range of personal expenditure and how it may be managed. 2. Understand local and national taxation and spending and a basic understanding of how and why Government is financed.



< summary of the framework continued

Section		Component	Basic level	Developing level	Extending level
Financial Skills and Competence		Gathering financial information and record keeping (d)	<ol style="list-style-type: none"> 1. Recognise the need to keep money safe and the options available, e.g. at home, banks, credit unions, etc. 2. Understand the need to keep financial records including receipts, benefit claims, council tax payments, etc. 3. Appreciate the importance of bills, etc, as forms of identification needed for various transactions and to open accounts. 4. Be able to keep a simple record of money coming in and going out. 	<ol style="list-style-type: none"> 1. Understand keeping money in an account, e.g. bank, post office, building society, credit union. 2. Know about some official financial records, e.g. bank statements, ATM services, credit card vouchers, etc. 3. Know about personal financial statements and other ways of recording income and expenditure. 4. Able to check for accuracy bank statements, utility and other bills. 	<ol style="list-style-type: none"> 1. Understanding of personal financial statements including bank statements, credit card statements, TV Licence payment arrangements, utility and other bills. 2. Able to reconcile a bank statement to allow for items not yet presented. 3. Understand credit card statements and other loan/credit financing documents. 4. Able to gather, compare and contrast information on financial services to inform a decision.
		Financial planning – saving, spending, budgeting (e)	<ol style="list-style-type: none"> 1. Begin to understand that saving can offer options for future spending. 2. Begin to understand the different ways of saving. 3. Be able to consider different possibilities for spending money. 4. Identify items that may not be bought from regular income. 5. Use simple budgets to plan and control spending – begin to plan ahead including considering long-term saving/pensions. 	<ol style="list-style-type: none"> 1. Understand the need to consider saving and the potential benefits. 2. Understand the variety of ways and places to save. 3. Begin to be able to plan and think ahead. 4. Understand how to use budgets to plan and control personal spending. 5. Begin to understand the difference between long term and short term financial commitments and how planning and decision making for these differs. (Information gathered based on the need identified, analysed, a decision made and the result evaluated.) 	<ol style="list-style-type: none"> 1. Understand ways in which to plan, monitor and control personal income and expenditure. 2. Fully understand the difference between short, medium and long term financial commitments and how the planning and decision making for these differ. 3. Able to obtain information and analyse it to decide on an appropriate service taking care to evaluate and monitor the situation on an ongoing basis. 4. Begin to understand local government finances (council tax) and the national budget.
		Risk and return(f)	<ol style="list-style-type: none"> 1. Understand the consequences of losing money. 	<ol style="list-style-type: none"> 1. Begin to understand the principles of probability and insurance. 	<p><i>continued ></i></p>

Section	Component	Basic level	Developing level	Extending level
Financial Skills and Competence	Risk and return(f) < <i>continued</i>	<ol style="list-style-type: none"> Understand that you need to pay to borrow money and will be paid money if you save money. 	<ol style="list-style-type: none"> Begin to understand that both savings and borrowing are offered on differing terms and conditions. Understand money is made from money by saving and interest paid on borrowing. Begin to understand that interest rates vary over time. 	<ol style="list-style-type: none"> Understand the principles of probability and insurance in complex situations, identifying potential risks and how to protect against them. Understand that both saving and borrowing are offered on differing terms and interest rates vary over time. Understand that some loans and purchase agreements are secured whilst others are unsecured. Understand the difference in risk and return between saving and investment products. Understand the need to monitor and evaluate financial services to assess performance and relevance over time.
Financial Responsibility	Personal choices and the financial implications (g)	<ol style="list-style-type: none"> Balancing needs and wants, prioritising spending. Begin to prioritise within the constraints of limited resources. Begin to understand the implications of debt. Begin to be able to discuss how satisfaction from purchases can vary. Begin to consider choices based on personal financial information gathering, identifying needs, what needs to be spent, and what is left if any. 	<ol style="list-style-type: none"> Begin to make decisions on the basis of short or medium term needs. Ability to identify short, medium and long term needs. Ability to prioritise different needs working within the constraints of limited resources. Begin to be able to assess 'best buy' in a variety of circumstances. Begin to understand how to plan and manage debt including beginning to look at dealing with debt in a crisis. Begin to put a financial value on differing needs and wants. 	<ol style="list-style-type: none"> Understand the difference between short, medium and long term needs and make appropriate decisions. Understand the difference between manageable, planned debt and unmanageable, unplanned debt including dealing with debt in a crisis. Able to assess best buy in a variety of financial circumstances. Knowledge and understanding of a range of generic financial products in the short, medium and long term. Ability to identify personal requirements, obtain information/advice, analyse and decide. <p><i>continued ></i></p>

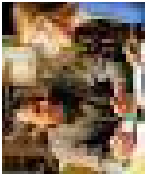


< summary of the framework continued

Section	Component	Basic level	Developing level	Extending level
Financial Responsibility	Personal choices and the financial implications (g) <i>< continued</i>			<p>5. Ability to analyse consumer information and understand the difference between this and advertising/marketing information.</p> <p>6. Ability to make informed choices based on personal financial information gathering on resources available, outgoings (both needs and wants) and what is left, if any.</p> <p>7. Ability to put a personal financial value on differing needs/wants and to prioritise these within the constraints of limited resources.</p> <p>8. Ability to undertake ongoing monitoring and evaluation of needs/wants/services based on changing life circumstances.</p> <p>9. Ability to evaluate the choice of a particular product on lifestyle, etc.</p> <p>10. Ability to assess the financial implications of personal life choices in terms of education, life long learning opportunities.</p> <p>11. Ability to make informed choices when experiencing a drop in income or other changes to financial circumstances.</p>
	Consumer rights, responsibilities and sources of advice (h)	<p>1. Begin to understand different sources of advice/information, how to access such info/advice and know some local contacts, including advice on managing debt.</p>	<p>1. Understand that different people and organisations may give different advice on finances.</p> <p>2. Be aware of the purpose of advice, advertising and marketing information and how it might influence customer choice.</p>	<p>1. Know about the different sources of generic financial advice, including financial advisers and Citizens Advice Bureau.</p> <p><i>continued ></i></p>

Section	Component	Basic level	Developing level	Extending level
Financial Responsibility	Consumer rights, responsibilities and sources of advice (h) <i>< continued</i>	<ol style="list-style-type: none"> Be able to identify product information and be aware of the purpose of such information. Know that consumers should expect to receive good service. Understand that consumers have rights and responsibility for paying for goods ordered. 	<ol style="list-style-type: none"> Understand we have responsibilities as well as rights. Recognise different sources of advice to help in understanding rights and responsibilities in relation to financial services. 	<ol style="list-style-type: none"> Know about the different sources of advice and the differences between generic and personal advice. Be able to assess and compare different sources of financial advice and information. Understand there are different rights and responsibilities in relation to different financial products. Understand how to identify if it is appropriate to comment or complain and be able to access the procedures.
	Implications of finance (i)	<ol style="list-style-type: none"> Begin to understand the consequences of having more or less money. Begin to understand the roles of financial organisations. 	<ol style="list-style-type: none"> Know about the roles of financial organisations. Begin to understand that local/national finance can impact on your own life. Begin to understand how local/national decisions may affect personal finances. 	<ol style="list-style-type: none"> Understand there is an ethical, social and religious dimension to financial decisions. Understand how to plan and manage debt. Understand what to do if difficulties arise in repaying debt. Understand the role of regulation and consumer protection in financial institutions. Understanding of the wider implications of personal financial decisions, e.g. the pros and cons of ethical investment. Develop an understanding of how local and national decisions may affect personal finances. Develop an understanding that local, national and global finances can impact on one's own life, e.g. setting of interest rates.

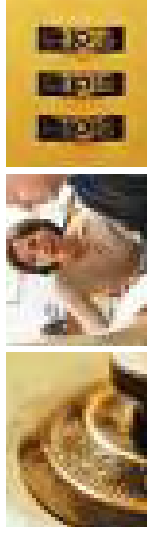
the framework



By level	Page	By level	Page	By level	Page
Basic understanding and developing confidence	19	Developing competence and confidence	25	Extending competence and confidence	30



basic understanding & developing confidence



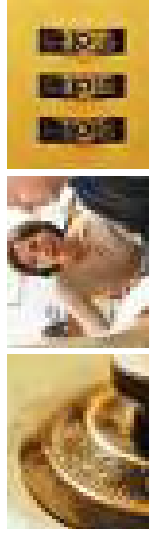
Underpinning adult literacy skills

Speaking and listening skills at Entry 3 (SLE3) are needed for the discussions to enable understanding. At this level adults can listen and respond, speak to communicate and engage in discussion in familiar formal exchanges connected with education, training, work and social roles.

Reading skills at Entry 3 (RE3) are needed to read simple forms and information sheets. At this level adults can read and understand short straightforward texts on familiar topics and obtain information from everyday sources.

Writing skills at Entry 3 (WE3) are needed to complete simple forms and record a simple budget. At this level adults can write to communicate information with some adaptation to the intended audience.

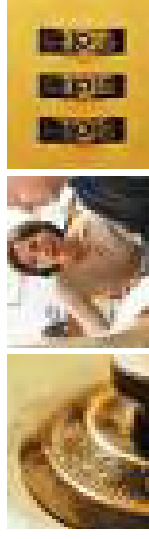
Section	Component	Skills, knowledge and understanding	Illustrations	Underpinning adult numeracy skills
Financial Knowledge and Understanding	B(a) Different types of money/payments	<ol style="list-style-type: none"> 1. Recognise notes and coins and understand the differences in value. 2. Recognise there are different forms of money, e.g. cheques, plastic cards, coupons, vouchers. 3. Understand cash isn't the only way to pay for goods/services. 4. Understand different forms of exchange, e.g. money for goods/services, in-kind exchange, etc. 	<ul style="list-style-type: none"> > Explore shopping using money and change through family learning work. > Recognise different payment methods on advertisements/shop doors/tills, etc. > Explore barter methods or local exchange systems for goods/services, e.g. LETS. > Recognise different payment methods, e.g. mail order, catalogue and Internet shopping. 	<p>Recognise and select coins and notes MSS1/E1.I</p> <p>Add and subtract sums of money using decimal notation MSS1/E3.I</p>
	B(b) Income generation	<ol style="list-style-type: none"> 1. Recognise there are regular and unpredictable sources of money and identify your sources of income. 	<ul style="list-style-type: none"> > Explore which components of a budget are regular and those that are unpredictable, e.g. benefits, salary, overtime/piece work, etc. 	<i>continued ></i>



< basic understanding & developing confidence continued

Section	Component	Skills, knowledge and understanding	Illustrations	Underpinning adult numeracy skills
Financial Knowledge and Understanding	B(b) Income generation < continued	<ol style="list-style-type: none"> Understand money is available when there is no/insufficient work. Understand ways to increase income, e.g. work opportunities, benefits, etc. 	<ul style="list-style-type: none"> ➤ Discuss different forms of benefit and allowances. (Include in discussion the proposed automation of benefit payments into an account from 2003 and the potential introduction of the Universal banking service.) ➤ Show how benefits and work co-exist, i.e. tax credits, etc. 	
	B(c) Income disposal	<ol style="list-style-type: none"> Understand the difference between essential and nonessential spending. Recognise household expenses and regular financial commitments. Begin to understand the tax, pension, National Insurance systems and how deductions are made. 	<ul style="list-style-type: none"> ➤ Use case studies to explore the differences between essential and nonessential spending and how different people have different priorities. (Case studies could be based on life stage events such as having children, employment, unemployment or retirement.) ➤ List a number of things a person may want and why they may want them. Then rank them in order of priority – discuss this list. Look at things like peer pressure, advertising, what influences choice. Wt/E3.2 ➤ Use a mock budget to identify regular and one-off payments, e.g. rent, utility bills, TV licence, school uniforms, funeral, etc. ➤ Explore what taxes are used for and how they are collected. 	<p>Add and subtract sums of money using decimal notation MSS1/E3.1</p> <p>Round sums of money to nearest £ and 10p and make approximate calculations MSS1/E3.2</p> <p>Use a calculator to calculate using whole numbers and decimals to solve problems in context, and to check calculations N2/E3.4</p>

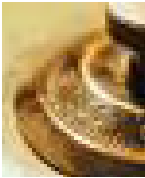
Section	Component	Skills, knowledge and understanding	Illustrations	Underpinning adult numeracy skills
Financial Skills and Competence	B(d) Gathering financial information and record keeping	<ol style="list-style-type: none"> 1. Recognise the need to keep money safe and the options available, e.g. at home, banks, credit unions, etc. 2. Understand the need to keep financial records including receipts, benefit claims, council tax payments, etc. 3. Appreciate the importance of bills, etc, as forms of identification needed for various transactions and to open accounts. 4. Be able to keep a simple record of money coming in and going out. 	<ul style="list-style-type: none"> > Explore the most appropriate place to keep sums of money. Identify the full range of options to keep money safe. > Gather information from a range of organisations (banks, building societies, post office, credit unions) on accounts including the basic bank account and Post Office Card Account. Practise filling in information required to open a bank account. Ww/E3.1 > Use a case study of someone paying bills and then going on a spending spree to show how to keep track of spending and income. > Discuss why you would need to keep financial records, e.g. bills, as a form of identification. > Look at mock bank statements to understand the terminology. Rw/E3.1 > Look at predicted income and expenditure for a student in FE/HE. > Discuss how to remember PINs and how to keep them secret. 	<p>Add and subtract sums of money using decimal notation MSS1/E3.1</p> <p>Represent information so that it makes sense to others HD1/E2.5</p> <p>Use a calculator to calculate using whole numbers and decimals to solve problems in context and to check calculations N2/E3.4</p> <p>Read, measure and record time MSS1/E3.3</p>
	B(e) Financial planning – saving, spending, budgeting	<ol style="list-style-type: none"> 1. Begin to understand that saving can offer options for future spending. 2. Begin to understand the different ways of saving. 3. Be able to consider different possibilities for spending money. 4. Identify items that may not be bought from regular income. 5. Use simple budgets to plan and control spending – begin to plan ahead including considering long-term saving/pensions. 	<ul style="list-style-type: none"> > Consider when it is best to buy now or save and buy later. > Discuss the range of places where money can be saved. > Discuss the different ways of spending a windfall/unexpected sum of money. > Look at how you would spend a lump sum gained on retirement. > Discuss the different ways for spending a weekly salary. 	<p>Use a calculator to calculate using whole numbers and decimals to solve problems in context and to check calculations N2/E3.4</p> <p>Add and subtract sums of money using decimal notation MSS1/E3.1</p> <p>Represent information so that it makes sense to others HD1/E2.5</p> <p><i>continued ></i></p>



< basic understanding & developing confidence continued

Section	Component	Skills, knowledge and understanding	Illustrations	Underpinning adult numeracy skills
Financial Skills and Competence	B(e) Financial planning – saving, spending, budgeting < continued		<ul style="list-style-type: none"> > Consider the need to buy furniture or a car and the different ways of paying. > Use a case study to predict future spending needs and record a budget to plan for them. (Use events such as redundancy/illness – consider priority household payments such as the TV Licence.) > Investigate a credit union to understand the services they offer and how they could assist budgeting. 	
	B(f) Risk and return	<ol style="list-style-type: none"> 1. Understand the consequences of losing money. 2. Understand that you need to pay to borrow money and will be paid money if you save money. 	<ul style="list-style-type: none"> > Discuss how money/items would be replaced if lost/stolen and what are the possible safeguards, introducing the idea of insurance. > Discuss that money can be lost or gained through investments and different people's views on investment. > Discuss that money can be lost or gained through gambling and different people's views on gambling. > Investigate methods of saving to show that money is paid in the form of interest. 	
Financial Responsibility	B(g) Personal choices and the financial implications	<ol style="list-style-type: none"> 1. Balancing needs and wants, prioritising spending. 2. Begin to prioritise within the constraints of limited resources. 3. Begin to understand the implications of debt. 4. Begin to be able to discuss how satisfaction from purchases can vary. 	<ul style="list-style-type: none"> > Discuss essential and nonessential spending and how different people have different priorities. > Discuss the power of advertising on different financial choices. > Explore identifying needs which encompass self and dependants (present and future). 	<p>Add and subtract sums of money using decimal notation MSS1/E3.1</p> <p>Represent information so that it makes sense to others HD1/E2.5</p> <p><i>continued</i> ></p>

Section	Component	Skills, knowledge and understanding	Illustrations	Underpinning adult numeracy skills
Financial Responsibility	B(g) Personal choices and the financial implications < <i>continued</i>	5. Begin to consider choices based on personal financial information gathering, identifying needs, what needs to be spent, and what is left if any.	<ul style="list-style-type: none"> ➤ Discuss long term desires compared to immediate wants. Could be argued that people who are able to prioritise their long term desires over their short term ones are often more able to achieve their goals – but we need to satisfy some short term desires to make life fun. ➤ Discuss the criteria used to decide on supermarket purchases e.g. well known brand versus supermarket brand versus fairly traded products. ➤ Use life stage events to identify priorities, e.g. having children, marriage, unemployment, etc. ➤ Use a case study on the implications of being in debt maybe arising from divorce, bereavement, unemployment, etc. ➤ List the different forms of debt. ➤ Group work to discuss when people have been dissatisfied with a purchase bought on a whim. (Retail therapy) ➤ Use budgets to look at future needs/wants and begin to discuss planning for emergencies or luxuries. 	
	B(h) Consumer rights, responsibilities and sources of advice	<ol style="list-style-type: none"> 1. Begin to understand different sources of advice/information, how to access such information/advice and know some local contacts, including advice on managing debt. 2. Be able to identify product information and be aware of the purpose of such information. 3. Know that consumers should expect to receive good service. 	<ul style="list-style-type: none"> ➤ Research potential sources of advice locally, e.g. friends, family, CAB, voluntary organisations, credit unions, etc. ➤ Look at the features that make up product information and how you could access the information. ➤ Use case studies to illustrate good or bad service. ➤ Establish when a faulty product can be returned. 	<i>continued</i> >

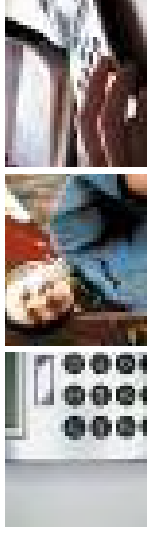


< basic understanding & developing confidence continued

Section	Component	Skills, knowledge and understanding	Illustrations	Underpinning adult numeracy skills
Financial Responsibility	B(h) Consumer rights, responsibilities and sources of advice < continued	4. Understand that consumers have rights and responsibility for paying for goods ordered.	<ul style="list-style-type: none">> Discuss what happens when a service has gone wrong, e.g. a hairdresser cuts your hair in a way you don't like. You have rights of redress but you also have responsibilities too – to accurately describe what haircut you wanted in the first place.	
	B(i) Implications of finance	<ul style="list-style-type: none">1. Begin to understand the consequences of having more or less money.2. Begin to understand the roles of financial organisations.	<ul style="list-style-type: none">> Use a case study where someone has debt problems outside their control resulting in a shortfall in cash.> Discuss the financial implications of divorce, unemployment, bereavement or retirement.> Research different types of financial organisation, e.g. bank, post office, CU.	



developing competence and confidence



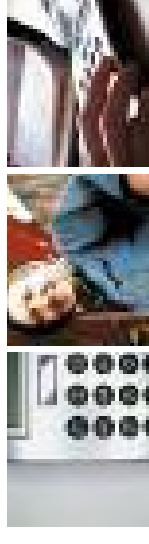
Underpinning adult literacy skills

Speaking and listening skills at Level 1 (SLL1) are needed for the discussions to enable understanding. At this level adults can listen and respond, speak to communicate and engage in discussion in formal exchanges connected with education, training, work and social roles.

Reading skills are required at Level 1 (RL1). At this level adults can read, understand and obtain information in reports, instructional, explanatory and persuasive texts.

Writing skills at Level 1 (WL1) are needed to complete forms, write simple letters and record a budget. At this level adults can write to communicate information, ideas and opinions clearly using length, format and style appropriate to purpose and audience.

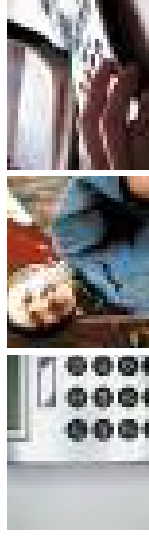
Section	Component	Skills, knowledge and understanding	Illustrations	Underpinning adult numeracy skills
Financial Knowledge and Understanding	D(a) Different types of money/payments	<ol style="list-style-type: none"> Understand that money means different things to different people. Understand that cash isn't the only way to pay for goods and services and recognise the alternatives. Understand different forms of payment including cheques, cheque guarantee cards and debit cards. Understand and compare different forms of payment including standing orders and direct debit arrangements. Understand the key words credit and debt and relate these terms to savings, borrowing currently undertaken. 	<ul style="list-style-type: none"> > Collect and exchange stories and phrases on attitudes to money. > Investigate different payment methods, e.g. mail order, catalogue, internet. > Calculate the cost of an item and write a cheque or use a debit card. > Pay utility bills using cheques. > Compare paying utility bills by prepayment, cash, monthly, quarterly or direct debit. > Collate examples of everyday credit and debt, e.g. TV cash easy entry scheme, buying from a catalogue. > Understand how to pay for goods and services using chip and PIN. 	<p>Read, write, order and compare numbers, including large numbers. N1/L1.1</p> <p>Order and compare percentages, and understand percentage increase and decrease. N2/L2.7</p>



< developing competence and confidence

Section	Component	Skills, knowledge and understanding	Illustrations	Underpinning adult numeracy skills
Financial Knowledge and Understanding	D(b) Income generation	<ol style="list-style-type: none"> 1. Understand how earnings and salaries are calculated. 2. Understand there are different forms of benefit, where the money comes from to pay them and how to access them. 3. Begin to understand the need for retirement provision. 	<ul style="list-style-type: none"> > Calculate weekly/monthly take home pay from an annual salary. > Discuss salaries and deductions when someone is about to enter employment. > Gather together several simple benefit leaflets and look at financial terms and the main points within leaflets. Rt/L1.3 > Explore the implications of budgeting on a state pension; especially with those approaching retirement. 	<p>Add, subtract, multiply and divide sums of money and record MSS/L1.1</p> <p>Add, subtract multiply and divide decimals up to two places N2/L1.5</p>
	D(c) Income disposal	<ol style="list-style-type: none"> 1. Understand personal expenditure and how to manage it. 2. Understand why money, such as pension deductions, National Insurance or tax is deducted from earnings. 3. Begin to understand local and national taxation and spending. 	<ul style="list-style-type: none"> > Compare case studies with different spending levels to demonstrate how money can be managed. > Discuss the need to pay tax, etc, and use mock salary slips to show salaries and identify the different deductions. > Discuss what taxes could and should be used to fund. > Draw up lists of items on local and national taxation and the differences between them. 	<p>Find the arithmetical average (mean) for a set of data HD1/L1.3</p> <p>Represent information so that it makes sense to others HD1/E2.5</p> <p>Add, subtract, multiply and divide sums of money and record MSS/L1.1</p> <p>Percentages N2/L2.7-10</p>
Financial Skills and Competence	D(d) Gathering financial information and record keeping	<ol style="list-style-type: none"> 1. Understand keeping money in an account, e.g. bank, post office, building society, credit union. 2. Know about some official financial records, e.g. bank statements, ATM services, credit card vouchers, etc. 	<ul style="list-style-type: none"> > Investigate different types of a/c for everyday use and the advantages and disadvantages of each option. (Including basic bank accounts and Post Office Card Accounts.) 	<p>Extract and interpret information HD1/L1.1</p> <p>Collect, organise and represent discrete data HD1/L1.2</p> <p><i>continued ></i></p>

Section	Component	Skills, knowledge and understanding	Illustrations	Underpinning adult numeracy skills
Financial Skills and Competence	D(d) Gathering financial information and record keeping < <i>continued</i>	<ol style="list-style-type: none"> 3. Know about personal financial statements and other ways of recording income and expenditure. 4. Able to check for accuracy bank statements, utility and other bills. 	<ul style="list-style-type: none"> > Compare suitability of different accounts at different life stage events, e.g. starting work. > Explore examples of financial records and discuss the terminology/layout. > Case study on organising a social event keeping track of receipts/ticket sales, etc. > Check receipts, bills to a statement. Compare meter readings to a utility bill. > Discuss how to safeguard against identity fraud. 	<p>Add, subtract, multiply and divide sums of money and record MSS1/L1.1</p> <p>Add, subtract multiply and divide decimals up to two places N2/L1.5</p>
	D(e) Financial planning – saving, spending, budgeting	<ol style="list-style-type: none"> 1. Understand the need to consider saving and the potential benefits. 2. Understand the variety of ways and places to save. 3. Begin to be able to plan and think ahead. 4. Understand how to use budgets to plan and control personal spending. 5. Begin to understand the difference between long term and short term financial commitments and how planning and decision making for these differs. (Information gathered based on the need identified, analysed, a decision made and the result evaluated.) 	<ul style="list-style-type: none"> > Compare saving to pay utility bills quarterly by direct debit to prepayment. > Consider regular and one-off savings including access to funds and rate of return. > Use family learning opportunities to identify future spending on children. (Include exploring the implications of the Savings Gateway and the Child Trust Fund.) > Use mock figures to build a uniform annual budget using a variety of weekly, monthly, quarterly and annual figures. > Use budget case studies to show how adjustments can increase/decrease cash available. > Consider the best way to pay for various items, e.g. food, a holiday, house, etc. 	<p>Add, subtract, multiply and divide sums of money and record MSS1/L1.1</p>
	D(f) Risk and return	<ol style="list-style-type: none"> 1. Begin to understand the principles of probability and insurance. 2. Begin to understand that both savings and borrowing are offered on differing terms and conditions. 	<ul style="list-style-type: none"> > Discuss what types of insurance are best for set circumstances, e.g. life insurance, flood, theft. > Gather different account information showing different interest rates and accessibility. Discuss the best place for short, medium or long term needs. > Explore how different types of savings and investments have different levels of risk attached. 	<p>Show that some events are more likely to occur than others HD2/L1.1</p> <p>Order and compare percentages, and understand percentage increase and decrease N2/L2.7</p> <p><i>continued</i> ></p>

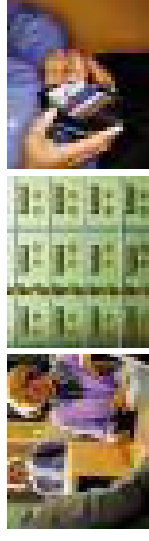


< developing competence and confidence

Section	Component	Skills, knowledge and understanding	Illustrations	Underpinning adult numeracy skills
Financial Skills and Competence	D(f) Risk and return < continued	<ol style="list-style-type: none"> Understand money is made from money by saving and interest paid on borrowing. Begin to understand that interest rates vary over time. 	<ul style="list-style-type: none"> > Practise saying the information you would need to give over the phone when reporting an insurance claim. SLc/L1.3 > Compare interest rates for saving or borrowing now and one month or one year ago. (Begin to understand the impact of inflation on return from savings.) 	
	D(g) Personal choices and the financial implications	<ol style="list-style-type: none"> Begin to make decisions on the basis of short or medium term needs. Ability to identify short, medium and long term needs. Ability to prioritise different needs working within the constraints of limited resources. Begin to be able to assess 'best buy' in a variety of circumstances. Begin to understand how to plan and manage debt including beginning to look at dealing with debt in a crisis. Begin to put a financial value on differing needs and wants. 	<ul style="list-style-type: none"> > Compare the cost of daily, weekly or monthly travel cards. > Use a case study to look at different life stages and various needs at different times. > Set a budget for the month of December and decide how to spend the money on both essentials and luxuries for Christmas. > Compare own brand versus supermarket brands using supermarket price labels. Is the biggest always best value? > Compare different retail 'deals', e.g. £150 item with 20% off compared to £20 off. > Compare the cost of a washing machine buying on credit or saving up. > List different forms of debt and put them into order of priority. > Recognise the benefits and drawbacks of using different payment methods, e.g. credit cards, store cards and catalogue shopping, to pay for goods. > Discuss how ethical and religious choices can impact on financial decisions. 	<p>Read, measure and record time, including knowing the units of time MSS1/L1.2</p> <p>Read, write, order and compare decimals up to three decimal places N2/L1.4</p> <p>Add, subtract, multiply and divide decimals up to 2 places N2/L1.5</p> <p>Find simple percentage parts of quantities N2/L1.9</p>
Financial Responsibility				

Section	Component	Skills, knowledge and understanding	Illustrations	Underpinning adult numeracy skills
Financial Responsibility	D(h) Consumer rights, responsibilities and sources of advice	<ol style="list-style-type: none"> 1. Understand that different people and organisations may give different advice on finances. 2. Be aware of the purpose of advice, advertising and marketing information and how it might influence customer choice. 3. Understand we have responsibilities as well as rights. 4. Recognise different sources of advice to help in understanding rights and responsibilities in relation to financial services. 	<ul style="list-style-type: none"> > Discuss the different sorts of advice you might receive from friends, family, banks, voluntary orgs, CAB, IFAs tied and independent/fees, fee charging debt management/consolidation companies, etc. > Draw up a list of questions to obtain information from an adviser. SLd/LI.2 > Investigate how you could check the credentials of a product before purchasing. > Discuss the issues of ownership and not taking what doesn't belong to you. SLd/LI.1-3 > Undertake research into local sources of advice and discuss how they explained rights and responsibilities. (Example could be discussing extended warranties with a local CAB to see how much more protection they give than their rights under consumer law.) 	
	D(i) Implications of finance	<ol style="list-style-type: none"> 1. Know about the roles of financial organisations. 2. Begin to understand that local/national finance can impact on your own life. 3. Begin to understand how local/national decisions may affect personal finances. 	<ul style="list-style-type: none"> > Compare banking on the high street, on-line, via supermarkets. > Discuss how changes in the annual Government budget affect individual's spending. > Consider the effects of a slow down in the economic cycle on personal circumstances, e.g. down turn in the stock market and the impact on pensions. > Discuss how local council changes may alter council tax rates and spending. 	

extending competence and confidence



Underpinning adult literacy skills

Speaking and listening skills at Level 2 (SLL2) are needed for the discussions to enable understanding. At this level adults can listen and respond, speak to communicate and engage in discussion in a wide range of formal exchanges.

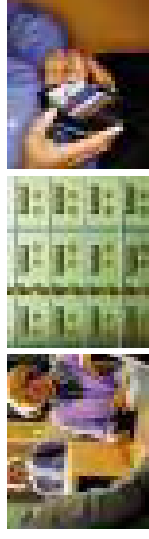
Reading skills are required at Level 2 (RL2). At this level adults can read, understand and obtain information in a wide range of text types.

Writing skills at Level 2 (WL2) are needed to write letters, complete complicated forms and write up research. At this level adults can write to communicate information, ideas and opinions clearly and effectively, using length, format and style appropriate to purpose, content and audience.

Section	Component	Skills, knowledge and understanding	Illustrations	Underpinning adult numeracy skills	FSA Learn online
Financial Knowledge and Understanding	E(a) Different types of money, payments	<ol style="list-style-type: none"> Understand the implications of different forms of credit and debt including credit cards, store cards and catalogue shopping. Understand that exchange rates fluctuate and that commission may be charged to change currency. Increased understanding of implications of credit and debt including overdrafts and different loan arrangements and ways to compare interest rates. 	<ul style="list-style-type: none"> > Compare the cost of paying cash or using a credit card or catalogue repayments. > Compare buying currency for a foreign holiday through a bank, travel agent, through the Internet. > Select an item to purchase and investigate different deals comparing rates and conditions, e.g. APR. 	<p>Extract discrete and continuous data HD1/L2.1</p> <p>Calculate with sums of money and convert between currencies MSS1/L2.1</p> <p>Percentages N2/L2.7-10</p>	
	E(b) Income generation	<ol style="list-style-type: none"> Understand the need for money in retirement – pension – and how this could be paid for. Begin to understand how companies and other organisations are financed including shares. 	<ul style="list-style-type: none"> > Consider where the state pension comes from and other provision that could act to supplement it: e.g. pensions (stakeholder, occupational, personal), investments, saving, property. 	<p>Percentages N2/L2.7-10</p> <p>Use fractions to order and compare amount or quantities (e.g. overtime) N2/L2.1</p> <p><i>continued ></i></p>	

Section	Component	Skills, knowledge and understanding	Illustrations	Underpinning adult numeracy skills	FSA Learn online
Financial Knowledge and Understanding	E(b) Income generation < <i>continued</i>	3. Understand how deductions such as tax, national insurance and pension contributions are made.	<ul style="list-style-type: none"> > Discuss the implications at different life stages, e.g. action to consider when starting work, when less money is available, e.g. unemployment. > Compare voluntary orgs to private companies. Use the FT, teletext to follow shares and explain the stock market. > Use mock salary slips to show salaries and calculate deductions. 		
	E(c) Income disposal	<ol style="list-style-type: none"> 1. Understanding of the range of personal expenditure and how it may be managed. 2. Understand local and national taxation and spending and a basic understanding of how and why Government is financed. 	<ul style="list-style-type: none"> > Catalogue personal expenditure and identify where spending could be increased/decreased. > Undertake research into Government funding and the different uses for local, national taxation. > Know what VAT is and how to calculate it. 	<p>Calculate with sums of money and convert between currencies MSS1/L2.1</p> <p>Read, write, order and compare positive and negative numbers of any size in a practical context NI1/L2.1</p> <p>Percentages N2/L2.7-10</p>	Mod 3.1 Assessing resources
Financial Skills and Competence	E(d) Gathering financial information and record keeping	<ol style="list-style-type: none"> 1. Understanding of personal financial statements including bank statements, credit card statements, TV Licence payment arrangements, utility and other bills. 2. Able to reconcile a bank statement to allow for items not yet presented. 3. Understand credit card statements and other loan/credit financing documents. 4. Able to gather, compare and contrast information on financial services to inform a decision. 	<ul style="list-style-type: none"> > Collect/interpret a range of bills, statements to compare the differences and similarities. > Case study with credits/debits to check to a statement and balance to a cheque book. > Compare the implications of making the minimum payment, no payment or the full payment on a credit card statement and decide what to do. 	<p>Read, write, order and compare positive and negative numbers of any size in a practical context NI1/L2.1</p> <p>Extract discrete and continuous data from tables, charts and line graphs HD1/L2.1</p> <p><i>continued ></i></p>	

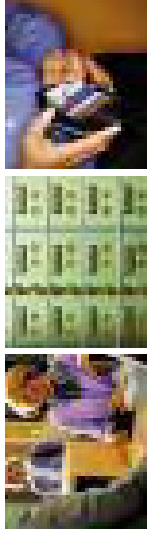
< extending competence and confidence



Section	Component	Skills, knowledge and understanding	Illustrations	Underpinning adult numeracy skills	FSA Learn online
Financial Skills and Competence	E(d) Gathering financial information and record keeping <i>< continued</i>		<ul style="list-style-type: none"> > Collate a range of information on one product/service from many sources. Compare key data/features, including 'small print'. (Examples could include, investments, pensions, mobile phone contracts.) R/L2.6 > Gather information from different utility suppliers to compare prices/terms. 		
	E(e) Financial planning – saving, spending, budgeting	<ol style="list-style-type: none"> 1. Understand ways in which to plan, monitor and control personal income and expenditure. 2. Fully understand the difference between short, medium and long term financial commitments and how the planning and decision making for these differ. 3. Able to obtain information and analyse it to decide on an appropriate service taking care to evaluate and monitor the situation on an ongoing basis. 4. Begin to understand local government finances (council tax) and the national budget. 	<ul style="list-style-type: none"> > Investigate different ways of keeping track of money including spreadsheets, budgets, predictions on investment returns, etc. > Understand weekly budget schemes to pay an annual cost, e.g. TV Licence payments scheme. > Individuals identify their potential short, medium and long term commitments, e.g. saving for children's FE/HE, getting married, buying a holiday, house, furniture, etc. > An identified investment need is used to gather information, advice, analysis made and decisions discussed. > Council tax statements used to discuss spending. Also the national budget statement. 	<p>Calculate, measure and record time in different formats MSS/L2.2</p>	<p>Mod 1 Choosing financial products</p> <p>Mod 2.1 Borrowing money</p> <p>Mod 2.3 Saving money</p> <p>Mod 3.2 Setting financial priorities</p> <p>Mod 3.3 Reviewing plan</p>

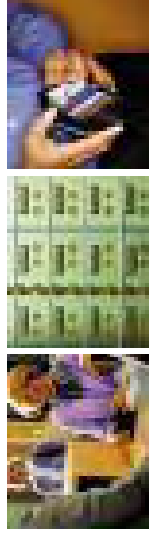
Section	Component	Skills, knowledge and understanding	Illustrations	Underpinning adult numeracy skills	FSA Learn online
Financial Skills and Competence	E(f) Risk and return	<ol style="list-style-type: none"> Understand the principles of probability and insurance in complex situations, identifying potential risks and how to protect against them. Understand that both saving and borrowing are offered on differing terms and interest rates vary over time. Understand that some loans and purchase agreements are secured whilst others are unsecured. Understand the difference in risk and return between saving and investment products. Understand the need to monitor and evaluate financial services to assess performance and relevance over time. 	<p>➤ Investigate life, health, critical illness insurance, mortgage protection plans, accident sickness unemployment cover. Compare costs and benefits including commission.</p> <p>➤ Complete a house insurance claim form using the information from a case study. Wt/L2.3</p> <p>➤ Compare rates of return on savings over 1 or 5 years. Which offers the best return if needed in an emergency?</p> <p>➤ Investigate the differences between credit cards and store cards, catalogues, hire purchase (HP) and credit deals where there is interest free credit if you pay on time – what are the implications for failing to pay?</p> <p>➤ Gather information on credit cards or mortgages to compare if secured or unsecured. What happens if repayments cannot be met?</p> <p>➤ Discuss the differences between deposit based saving and equity based investments. What effect could each have on the capital invested? Discuss the pros and cons of each.</p> <p>➤ Use a case study on managing risk over time including pension planning.</p> <p>➤ Use a case study to review the performance of savings (including tax free saving initiatives), investments, mortgages to see if different financial choices should be made and any potential penalties.</p>	<p>Order and compare percentages, and understand percentage increase and decrease N2/L2.7</p> <p>Calculate with sums of money and convert between currencies MSS1/L2.1</p>	<p>Mod 1 Choosing financial products</p> <p>Mod 2.2 Insurance</p> <p>Mod 2.4 Investment</p>

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Section	Component	Skills, knowledge and understanding	Illustrations	Underpinning adult numeracy skills	FSA Learn online
Financial Responsibility	E(g) Personal choices and the financial implications	<ol style="list-style-type: none"> 1. Understand the difference between short, medium and long term needs and make appropriate decisions. 2. Understand the difference between manageable, planned debt and unmanageable, unplanned debt including dealing with debt in a crisis. 3. Able to assess best buy in a variety of financial circumstances. 4. Knowledge and understanding of a range of generic financial products in the short, medium and long term. Ability to identify personal requirements, obtain information/advice, analyse and decide. 5. Ability to analyse consumer information and understand the difference between this and advertising/marketing information. 6. Ability to make informed choices based on personal financial information gathering on resources available, outgoings (both needs and wants) and what is left, if any. 7. Ability to put a personal financial value on differing needs/wants and to prioritise these within the constraints of limited resources. 8. Ability to undertake ongoing monitoring and evaluation of needs/wants/services based on changing life circumstances. 	<p>> Use case studies to look at different needs at different life stages and the financial implications. (Examples include employment, unemployment, having children, getting married, divorce, retirement, etc.)</p> <p>> Discuss when debt becomes unmanageable and the sources available to help, e.g. Citizens Advice Bureaux.</p> <p>> Use consumer information to compare products and ways of financing purchases. (Use mobile phone payments, contracts as an example.)</p> <p>> Obtain a range of information on an appropriate product, e.g. basic bank a/c. Compare terms, advice available and suitability.</p> <p>> Research a range of information on a product deciding which is advertising and what contains true consumer information.</p> <p>> Use the FSA 'Learn on Line financial planning section to work through making informed choices.</p> <p>> Investigate balancing eating healthily and budget buying.</p>	<p>Calculate, measure and record time in different formats MSS1/L2.2</p> <p>Calculate ratio and proportion</p>	
					<i>continued ></i>

Section	Component	Skills, knowledge and understanding	Illustrations	Underpinning adult numeracy skills	FSA Learn online
Financial Responsibility	E(g) Personal choices and the financial implications < continued	<p>9. Ability to evaluate the choice of a particular product on lifestyle.</p> <p>10. Ability to assess the financial implications of personal life choices in terms of education, life long learning opportunities.</p> <p>11. Ability to make informed choices when experiencing a drop in income or other changes to financial circumstances.</p>	<p>> Investigate the financial implications of education/training opportunities both long and short term.</p> <p>> Consider opportunities to up-skill or retrain and implications on finances.</p> <p>> Use case studies to discuss a course of action in changed circumstances. Consider advice available and how to plan ahead.</p>		
	E(h) Consumer rights, responsibilities and sources of advice	<p>1. Know about the different sources of generic financial advice, including financial advisers and Citizens Advice Bureaux.</p> <p>2. Know about the different sources of advice and the differences between generic and personal advice.</p> <p>3. Be able to assess and compare different sources of financial advice and information.</p> <p>4. Understand there are different rights and responsibilities in relation to different financial products.</p> <p>5. Understand how to identify if it is appropriate to comment or complain and be able to access the procedures.</p>	<p>> Ask a local CAB representative, an independent and a tied financial adviser to explain the advice they would offer.</p> <p>> Use case studies to identify the most appropriate sources of advice/information in different circumstances.</p> <p>> Compare the terms of loans from a bank and a credit union.</p> <p>> Discuss a case study to identify if a product is inadequate and to investigate the procedures to complain, etc.</p> <p>> Write a letter of complaint. W/L2.1-7</p> <p>> Understand the role of credit reference agencies.</p>	Order and compare percentages, and understand percentage increase and decrease N2/L2.7	
	E(i) Implications of finance	<p>1. Understand there is an ethical, social and religious dimension to financial decisions.</p> <p>2. Understand how to plan and manage debt.</p> <p>3. Understand what to do if difficulties arise in repaying debt.</p>	<p>> Discuss the environmental impact of different products. Is it worth paying more not to damage the environment?</p> <p>> Explore the principles of Shariah finance.</p> <p>> Understand the reasons behind, and the steps taken by financial organisations to reduce fraud.</p>	Order and compare percentages, and understand percentage increase and decrease N2/L2.7 <i>continued ></i>	



< extending competence and confidence

Section	Component	Skills, knowledge and understanding	Illustrations	Underpinning adult numeracy skills	FSA Learn online
Financial Responsibility	E(i) Implications of finance < continued	<ol style="list-style-type: none"> Understand the role of regulation and consumer protection in financial institutions. Understanding of the wider implications of personal financial decisions, e.g. the pros and cons of ethical investment. Develop an understanding of how local and national decisions may affect personal finances. Develop an understanding that local, national and global finances can impact on one's own life, e.g. setting of interest rates. 	<ul style="list-style-type: none"> > A list of products could be read over with a price for each. Then the production conditions for each product could be exposed. Discuss whether they would still purchase the product? > Use a case study illustrating the effect of 'bad debt', ie, debt that cannot be repaid, on an individual. > Illustrate what happens if people cannot repay different creditors – which creditors are more important? > Explore information on debt management companies to see how they work. > Research how consumers are protected from bad financial advice or the collapse of financial organisations. > Discuss the pros and cons of ethical investment. > Use case studies to discuss how changes in tax/benefits impact on individuals. > Find out how interest rates are set and consider the impact of high/low interest rates. (Example could be buying a house and the impact of a change to interest rates on mortgages.) 	Order and compare percentages, and understand percentage increase and decrease. N2/L2.7	



appendix 1

glossary

accidental damage

some contents insurance policies will allow you to claim for accidental damage. It is the damage done to your possessions by accident, for example, you spill a pot of paint over your carpet.

accommodation

where you live. This includes living with your parents, in a hostel, renting somewhere or buying on a mortgage.

account

this is the service provided by a bank or building society that holds money for you. A current account is an everyday account for money to be paid in or taken out – it helps you budget and manage your money and pay for things in a convenient and secure way. A deposit account is for savings.

AER

stands for annual equivalent rate. This shows what the interest rate would be if the interest on savings were paid and added to savings at the end of each year. Actually interest is often paid more often, such as four times a year. The AER is worked out in a standard way so you can compare interest rates directly with each other. The higher the AER, the better the return is on your savings.

after tax

means what you are left with after tax has been paid. You must pay tax on most types of income (such as interest from savings, earnings from your job and pensions), but everyone can have some income tax-free. In 2002–3, the tax-free allowance for people under age 65 was £4615. Older people may get a higher allowance.

all-risks

this means that your possessions are covered by the contents insurance policy even though you have taken them outside your home.

a.m.

it means 'ante meridiem' which is Latin for 'before noon'.

annually

every year.

APR

is the Annual Percentage Rate. This tells you the cost of a loan, taking into account the interest you pay, any

other charges and when the payments fall due. The cost is standardised as an annual percentage rate so you can easily compare the cost of one loan with another e.g. a loan with an APR of 15% is more expensive than one with an APR of 11%.

ATM

Automated Teller Machine is a cash-dispensing machine, which you find in many places including banks, shopping centres and railway stations. In order to be able to use an ATM you need a cash withdrawal card and a Personal Identification Number (PIN). People often refer to ATM's as a 'hole in the wall'.

available credit

this is the amount of money the store card or credit card company will lend you now. That is, your credit limit take away the amount you have already borrowed. You can use this money to buy goods or as a loan.

balance

is the amount of money you have in your account at any particular time or which you owe on your credit or store card. It will be shown on your statement.

balance brought forward

the balance that was shown on your last statement.

bank

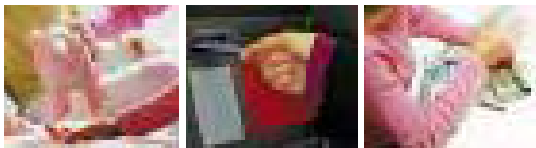
a commercial organisation that undertakes to provide a range of financial services, such as current and deposit accounts. Banks must be authorised to take your money.

bankruptcy

a person or a company faces bankruptcy when they owe more money than they have. It is a procedure which sorts out how money is distributed to people who are owed money by the selling of possessions (assets). A bankrupt person also loses the opportunity to access the full range of financial products and services.

basic bank account

a service from a bank or building society which lets you pay in money, get cash out and pay bills. It doesn't let you spend more than you have in your account, so there's no risk of going overdrawn and running up overdraft charges.



< appendix 1 – glossary

borrowing

getting money from someone else that you intend to pay back. You might borrow informally from friends and family or take out a formal loan with a written agreement.

bounced cheque

a cheque that the bank refuses payment on because there is not enough money in the account of the person who wrote the cheque. The bank usually sends the cheque back to the person it was written out to (the payee). The cheque is marked 'return to drawer'. When this happens you have to ask the person who wrote the cheque to give you cash instead or to put some money in their account.

budget

a plan of your spending.

building society

an organisation that is owned by its members, who are some or all of the customers saving with or borrowing from the society. They often offer a range of financial services and are similar to banks. Building societies must be authorised to take your money.

calendar month

the months on the calendar e.g. January, February etc. The calendar months are generally longer than 4 weeks.

capital

the amount of money you originally save or invest, before any interest, other return or loss is taken into account. It could also be an amount of money that you have borrowed.

cash card/cash machine card

a card that lets you use a cash machine (ATM or hole-in-the-wall) to withdraw money, check your balance or print a mini-statement.

cashflow

a record of all the money coming into the business less all the payments as they are made, measured over a particular time. Money moving into the business (receipts) is known as cash inflow and money moving away from the business (payments) is known as cash outflow.

catalogue

goods are shown in the pages of the catalogue. You can buy them on credit and pay in weekly or monthly installments. The goods will usually be delivered by post. The price of the goods in the catalogue may be more than the price in a shop.

cheque

a written instruction to a bank. It can be used to pay you money. You can write out cheques to yourself to get money out of your account or to pay other people, if you have your own chequebook with your current account.

cheque guarantee card

a plastic card that is issued by a bank or building society and guarantees that the amount of money on any cheque you write will be paid whether or not there is enough money in the account. There is a limit to the amount that is guaranteed – £100 or £250 are common amounts.

charges

fees and interest which you have to pay, for example, when you borrow money or buy on credit.

Child Trust Fund

a Government proposal to give every new-born child a sum paid into a special account. On reaching 18 the child would be able to withdraw the money which should have grown in value.

Chip and PIN

a way of helping to protect against fraud when using bank cards. Each card includes a small computer chip and the card holder has to type in a PIN before the payment goes ahead.

Citizens Advice Bureau (CAB)

a local office where you can get help with a range of problems including your finances or debts. To find your local CAB look in Yellow Pages or ask at the Library.

clearing

clearing is the time between paying cash or a cheque into your bank account and the money being available to spend or withdraw.



compound interest

interest rates are usually compounded – so the amount paid on savings is based on the capital plus the interest paid so far (provided you have not taken anything out of the account). This also works for loans – so the amount you owe can increase dramatically over quite a small time.

consolidation loan

this is a single loan which has been set up in order to pay off a number of smaller debts. Consolidation loans are generally secured loans with repayments over a long term.

consumer

when you buy something you are a consumer.

Council Tax

tax paid to the local council for local services. For example, libraries, police, local roads etc.

credit

an account that is 'in credit' means that there is some money in it that is available to be spent. If you obtain goods or services 'on credit' it means that someone (for example, a bank or credit institution) has given you the money to make the purchase – they have credited you with the money. You must pay the money back. If you do not pay your credit card on time or have a history of not paying back other loans, this will be shown on your file held by a credit reference agency. When shops or banks check your creditworthiness and see this information has been listed, you may find it very difficult to get a loan.

credit card

a plastic card issued by a bank or building society that allows you to make purchases now and pay for them later. Credit will be made available to you to buy the goods. Every month the bank or building society will send you a statement of your account. You must pay back at least a minimum amount each month and interest will be charged if you do not pay off the full amount borrowed.

credit limit

the maximum amount the store card or credit company will lend you altogether at any time.

credit reference agency

an agency that holds information on adults. This information includes public records (e.g. Electoral Roll entries), credit account information (e.g. repayment records for loans, credit, mortgage, hire purchase) and records of credit checks that have previously been made.

credit record

your details held by a credit reference agency. It will include whether you appear on the Electoral Roll, your name and address from the Electoral Roll, how you have handled previous credit, and any other credit checks made about you.

credit risk

the chance that you might not repay your loan or credit.

credit score

a score given by a shop or credit agency to you based on your personal and financial circumstances. It helps them to decide whether you are likely to repay the loan you are asking for.

Credit Union

a non-profit making co-operative savings association that makes loans to its members at low interest and encourages saving.

creditor

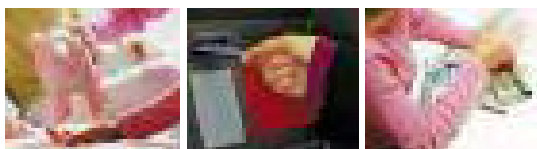
a person you owe money to.

current account

a bank or building society account which helps you to manage your money, pay bills, receive money and keep money secure. It will have more services than a basic bank account, for example, you will get a cheque book.

debit

money which is taken out of an account is 'debited from' that account.



< appendix 1 – glossary

debit card

a plastic card that can be used instead of cash when making a purchase. The amount spent is taken automatically by computer from the account of the person who owns the card – it is debited from the account. Some cards (such as Switch and Delta) could let you spend money you have not got in your account – the balance is not always checked at the time of purchase. Other cards (such as Solo and Electron) only allow the purchase to go ahead if there is enough money in the account – it is always checked. Useful when paying in shops, shopping by phone or on the internet.

debt

if you are in debt you owe money to someone e.g. a bank.

debtor

a person who owes you money.

defaulted

failed to make payments; or failed to pay off the debt.

dependents

people who are financially dependent on you for their livelihood. This is usually children who live with you, but it could be elderly relatives or someone you care for.

deposit

an amount of money paid by you to make sure you get the goods. You may need to pay a deposit when getting goods on credit.

Direct Debit

an arrangement where you instruct the bank to release money from your account to pay bills and other amounts automatically. The billing company requests the money from the bank directly. You are told in advance in writing how much will be taken and the date it will be taken out of your account.

discount

money which is taken off the price of something. You may need to collect coupons or vouchers before claiming the discount. Sometimes shops give a discount to their employees.

dormant

no longer used.

Electoral Roll

a list of names and addresses of people over 18 in the UK. You are required by law to register to be on the Electoral Roll. You can then vote in elections. The Electoral Roll is checked when you make an application for credit.

employee

someone who is paid to work for someone else. The person who you work for is your employer.

employee NIC

stands for employee National Insurance Contributions. This is a form of additional taxation and will be taken off your pay before you get it. You usually need to make contributions before you can claim certain state benefits, such as State Pension when you retire.

expires

on plastic cards – after this date your card cannot be used.

fee

a sum of money you pay, for example, to have a loan or credit arranged for you.

finance company

a company which makes money by lending to people who want to buy goods on credit. Most shops use finance companies for their credit deals.

financial

to do with money.

Financial Adviser

an individual or firm that can assess your financial needs, recommend suitable products, and arrange for you to buy or invest in these products. Some advisers can also manage investments for you. Where advice concerns 'packaged products' (such as unit trusts, open-ended investment companies, investment trust savings schemes, investment-type life insurance and pensions), an adviser must be authorised by the Financial Services Authority (FSA).

financial records

will include statements, bills, receipts etc.

first £50 of damage (also called an 'excess')

some contents insurance policies ask you to pay the first £50 (or other amount) cost of the damage. The insurer will then pay for anything more than this.



free buffer zone

some bank or building society accounts have a buffer zone (a free temporary overdraft) so you can take this money out. You will not be charged for being very slightly overdrawn on this basis.

gross

indicates an amount from which certain items have yet to be deducted.

gross interest

interest on savings before any tax is taken off.

gross profit

in a business – the money you make from selling your goods and services less the cost of materials or making the goods.

gross pay

your pay before anything is taken away from it, like income tax and National Insurance Contributions.

hire purchase

you take away the goods and can use them. You have to make regular payments and after a set length of time, when the goods have been paid for, the goods will become yours. Cars are often bought this way. You would not own the car until you have completed the hire purchase agreement – so you would not be able to sell the car until you had paid for it.

identity fraud

this is a form of financial crime which comes about by someone finding out the personal details of someone else and using these illegally, e.g. the withdrawal of funds from an account or setting up a hire purchase agreement.

index-linked

index-linking means that the value of the financial product or service (e.g. pension, savings certificate) is increased in line with an index (e.g. the Retail Price Index, or inflation).

With some types of contents insurance the insurer works out how much you need to increase your cover by each year.

installments

weekly or monthly repayments made to pay off goods bought on credit or to pay off a loan taken out to buy them.

instant access

means you can get your money back immediately without having to wait for any notice period.

insurance (buildings/content)

insurance taken out to cover the house itself (buildings insurance) or the things in the house (contents insurance). If something happens to the building or contents you may get a pay-out from the insurer.

insurance (car)

by law you have to have insurance if you drive a car on public roads. The basic insurance everyone must have is 'third party' – this means that the insurer will pay out if you damage someone's property (e.g. their car) or cause them an injury in an accident.

You can pay additional premiums and have 'third party, fire and theft' – this means you are covered by the insurance if you damage someone else's property or cause an injury and also you will get a payout if your car is stolen or damaged by fire.

Some people choose to pay extra and have 'fully comprehensive'. This means they are covered for any loss or damage to their own car as well as for damage to other people's property or injury to other people.

interest

the reward you get for lending your money to say, a bank or building society. Also, the cost you pay when you borrow money through a loan or credit agreement.

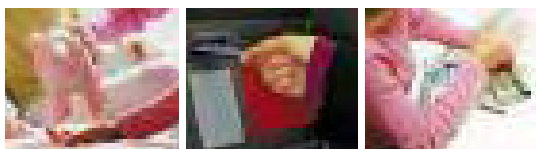
interest rate

is the percentage that is paid on savings or loans. A savings account that was offering 8% would give you a better return than one that was offering 5%. Similarly borrowing money at 22.5% is going to cost more than borrowing at 18%.

investment

financial products which typically involve some risk of losing your original money but give you the opportunity of better returns than you can get from savings. Rather than putting your money into a deposit account and getting the interest, you buy, say, stock market-based investments, such as bonds, shares, unit trusts and so on. A lot of people have shares without realising it as many financial products are actually based on investments, for example, endowment mortgages and pensions. Other products spread the risk of investing in the stock market by putting your money in a range of different shares, for example, unit trusts.

The value of your investment will change over time as the stock market prices go up and down.



< appendix 1 – glossary

ISA

ISA means Individual Savings Account. This is a tax efficient product. You may not have a mini-ISA and a maxi-ISA in the same tax year. You can pay an overall total of £7,000 into ISAs each tax year. You can choose to put your money in up to three mini-ISAs or into one maxi-ISA each year.

> maxi-ISA

an account (or 'wrapper') in which you can hold a wide range of savings and investments products. These must include stocks and shares and may also include savings accounts and life insurance. You can put up to £3,000 into the cash component of your maxi-ISA, up to £7,000 into the stocks and shares component of your maxi-ISA and £1,000 into the life insurance component of your maxi-ISA. However, you must not exceed the overall total of £7,000 paid in any one tax year.

> mini-ISA

you can hold cash, or stocks and shares, or life insurance in mini-ISAs. You can have up to 3 mini-ISAs in any one tax year made up of three different types of holding. The maximum you can pay into a cash ISA is £3,000, in a stocks and shares ISA is £3,000 and in a life insurance ISA is £1,000.

> mini-cash ISA

a savings account that pays tax-free interest. You can save up to £3,000 in a mini-cash ISA in any one tax year.

issue

on some plastic cards – the number of cards you have received from the card issuer ever since opening the account.

loan

a sum of money which you borrow, usually with interest. Loans can be secured or unsecured, depending on whether they are backed by some kind of asset, e.g. a loan secured on a house.

loan shark

someone who lends money and charges a very high rate of interest. They will not hold a consumer credit licence.

loyalty card

a scheme offered by some shops to encourage you to shop there. For each £1 you spend they give you something in return – often money at 1% (a penny in the pound) in the form of vouchers which must be used at that shop.

maximum withdrawal

most cash machines check your bank account before giving you any money and will not give you any more than there is in your account. There is often a limit of, say, £250 per day on your withdrawals.

mini-ISA or cash ISA

ISA means Individual Savings Account. A savings account that pays tax free interest. You may not have a mini-ISA and a maxi-ISA in the same tax year. You can save up to £3,000 in a mini-cash ISA in any one tax year.

minimum payment

on credit or store card statements – the minimum amount you must pay each month off your debt.

mortgage

a loan usually taken out to buy property e.g. a house. If you do not keep up the mortgage repayments the mortgage company can repossess your house. This is an example of a secured loan. The loan is secure for the mortgage company because they can not lose out. They get the value of your house if you default on the loan.

National Insurance

contributions that are paid from a person's income, which are used by the Government to pay for benefits such as state pension and the National Health Service.

net

indicates a sum of money from which certain amounts have already been taken away.

net interest

this is interest which has already had the tax taken off it.

net pay

the pay you actually get. All the deductions have been taken off before you get it.

net profit

in a business – the gross profit less the overheads of the business measured over a particular time.

non-priority debts

less important debts. The people you owe the money to can take you to court to recover the debts but cannot take any other action (such as cutting off a service or repossessing your home). They are likely to accept reasonable repayments.

**notice**

the time you must wait to get your money after telling, say, your bank or building society that you want to take it out. If you don't wait this time you may be penalised by, for example, losing interest.

occupation

your job, work or profession e.g. bricklayer, checkout operator, teacher.

occupational pension

a pension from a scheme set up by an employer, for example, a Local Council Pension or a Teacher's Pension. Employees have to join the scheme to be eligible and may have to make contributions towards the pension. The scheme may pay a fraction of the final salary as a pension (calculated taking into account the number of years worked) or build up a cash fund used to buy an annuity. An annuity is a special type of investment which can pay out a regular sum over the lifetime of the owner.

overdraft

if you spend more money than you have in your current account you will go overdrawn. You can ask the bank if they can arrange to lend you some money for a short time. This is known as an arranged overdraft. You pay an agreed rate of interest on the overdraft. If you go overdrawn without asking the bank in advance, they might refuse to pay your cheques and charge you a high interest rate on the money that you owe them.

overheads

the costs of running a business. It includes things like rent, office help, heat & light, advertising and distributing your goods and services.

P60

a form produced at the end of a tax year which states how much an employee has earned and how much Income Tax and National Insurance contribution have been paid for the year.

PAYE

stands for Pay As You Earn and is the process by which most employees make Income Tax and National Insurance payments to the government.

pay in

putting money into your account. This could be cash or cheques.

payments

money you pay out, for example, on materials you need for your business, interest on loans, money for services such as gas & electricity.

payment received

a sum of money paid into your account to pay off credit, a loan or for services such as gas and electricity. This will be shown on your statement.

pay period

the year is divided into equal pay periods starting from early April (which is also start of the tax year). If you are paid monthly, there are 12 pay periods; if weekly, 52.

pension

an income paid out after someone retires. The government gives tax relief on money paid into a scheme designed to provide a pension. A pension is a 'locked box' form of savings because you cannot spend any money in the fund until you have reached the minimum age (often 50). You can often take part of the proceeds as a cash lump sum but the rest must be taken as income.

There are different types of pension schemes: occupational; Stakeholder; State; personal.

pension deduction

payments into a pension scheme will be taken automatically from your pay, if you pay into a pension scheme which is arranged by your employer. This will show up on your payslip as 'pension deductions'.

per annum

each year.

personal pension

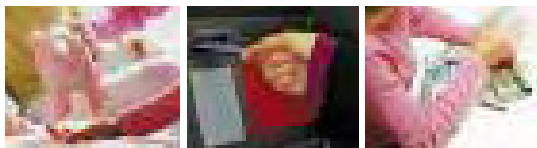
a pension plan, not tied to a particular employment, that you can keep going even if you change job. You might have set up the plan yourself direct with a pension provider or it could have been arranged through your workplace. Some personal pensions are Stakeholder schemes.

PIN

Personal Identification Number – a secret number which you use with a cash machine or other card. You type it in and the cash machine checks the card number and PIN are the same.

p.m.

it means 'post meridiem' which is Latin for 'after noon'.



< appendix 1 – glossary

policy

this sets out everything that is agreed between you and the insurer. It will list everything that is covered as well as what is excluded. Read it carefully before buying the insurance.

premium

the amount you have to pay to buy the insurance. You may be able to pay in monthly installments.

priority debts

these are debts which are more important than others because the law lets the people (you owe the money to) take serious action against you. Priority debts include things like a mortgage because your home could be repossessed if you do not keep up your mortgage repayments and fuel bills because your gas or electricity could be cut off.

profit and loss

in a business, you make a profit if you sell goods or services for more than your costs. You make a loss if the proceeds are less than your costs.

receipts

money coming in, for example, from selling goods and services or taking out a loan.

repayments

the sums of money you pay back weekly or monthly on your loan or credit.

return

the amount you get back on your capital. A general rule is that the higher the return the more risky the investment.

responsibilities

what you should do e.g. finish paying for goods taken out on credit.

rights

the protection that is given to you by law. For example, you have a right to compensation if your bank goes bust and you lose money.

risk

another name for chance or uncertainty. Types of risk include capital risk (your savings or investment fall in value), interest rate risk (the interest rate you agree to may not be good value in the future) and inflation risk (price levels will rise so the buying power of your savings or investments will fall).

Shares and share-based investments, such as unit trusts, are considered higher risk because the value of your investment can fall (capital risk) but growth of these investments tends to outstrip inflation and over the medium- to long-term usually beats the return from savings accounts.

savings

any money you put aside for future use. This may be in a deposit account – or under your bed. 'Rainy day' savings are useful for emergencies and need to be easily accessible, while longer-term savings can be built up to give a 'nest egg'.

savings accounts

savings are often kept in bank, building society or National Savings accounts. The amount you put in does not fall in value but may grow as interest is added.

Savings Gateway

a scheme which is being piloted by the Government. It encourages people who would not normally save to put something by because their savings are matched by money from the Government. There are strict rules about who can benefit from the scheme and how much money they can save. The second set of pilots began in 2005.

shares

an investment which makes you part-owner of a company, along with all the other shareholders. Some shares pay you an income (called dividends) regularly. With all shares, you accept a capital risk. This means, if the share price rises, you will make a profit when you sell, but if the share price falls, you will instead make a loss.

short term

usually means a period of time no longer than, say, five years – and often a lot shorter.

Solo, Electron

types of debit card where your account is always checked to see whether there is enough money to pay for the goods. Your account cannot go overdrawn if you use these types of debit card.

Standing Order

a method of paying regular amounts automatically. You instruct your bank to pay the money for you to a particular person or company. It's your responsibility to change the payment if it needs to alter.



Stakeholder

a type of pension scheme designed to be good value for money by having low charges, flexible payments and so on. Usually it means a personal pension that meets these conditions, but some types of occupational scheme can also be Stakeholder schemes.

statement

a document from the bank or building society which shows all your recent payments into and withdrawals from your account. You should check it with your own records.

State pension

a pension paid to you when you retire by the State. The amount you get will depend on your National Insurance record (or on that of your marriage partner).

stock market

where stocks and shares are bought and sold.

storecard

a plastic card issued by a shop that lets you buy goods at that store on credit. The APR is usually quite high. You must pay something back each month.

Switch, Visa Debit

types of debit card. Your account may be checked if you are paying out a large amount but not always. This means that it is possible for you to go overdrawn on your account.

take home pay

the money you actually get paid after deductions such as income tax and National Insurance Contributions.

taxation

> local

you may pay local taxes such as Council tax. This money is used to pay for local services such as libraries and the police.

> national

you are taxed in a variety of ways, for example, by paying income tax on your wages, by paying VAT when you buy certain goods, by paying the road fund licence for a car. These taxes are used to finance services such as the National Health Service, Armed Forces and education which are of benefit to everyone.

tax code

this code, with special tables, tells your employer how much tax-free pay to give you each pay period. Your tax code is worked out from your tax allowances and other tax adjustments

tax this period

shown on a payslip – how much income tax you have to pay this pay period. It is worked out from tables using your tax code.

tax year

a 12 month period running from 6th April one year to 5th April the next year. Taxes, such as income tax, are worked out over this period.

tenant

someone who rents where they live.

term

the time for which something lasts e.g. how long you have to pay back a loan.

30 day notice

means you get your savings back 30 days after you told your bank or building society that you wanted it. 30 day accounts might pay higher interest than instant access.

3 months notice

means you get your money back 3 months after you told your bank or building society that you wanted it. You may be able to get your savings immediately but lose interest.

total deductions

on a payslip – this is the total amount that will be taken from your gross pay. What is left after this is your take-home pay.

utility bills

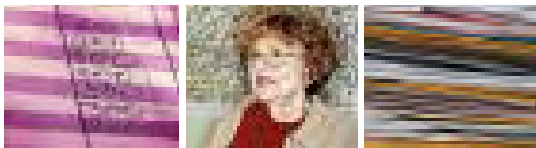
the bills for electricity, water, gas and telephone.

voluntary excess

you can get a reduction in your insurance premium if you agree to pay the first part of every insurance claim yourself. The insurer will then pay for anything more than this.

withdraw

taking money out of your account.



appendix 2

resources

Financial Capability Resources

Author	Date	Publisher	Supplier	Cost	Referenced	
					AFCaF	Lit/Num
You & Your Money						
<i>Factsheets (Available from www.moneymanagementcouncil.org.uk)</i>						
Money Management Council				Free		
Face2Face with Finance						
			NatWest	Free		Key Skills
Financial Services Authority Leaflets						
<i>(www.fsa.gov.uk/consumer or tel: 0845 606 1234)</i>						
		FSA	FSA	Free		
Age Concern England has a range of fact sheets						
<i>(www.ageconcern.org.uk)</i>						
				Free		
Cashwise						
	2003	BBC	BBC	Free		
Personal Finance Handbook						
	2004	CPAG/SAFE	CPAG	£14.00	✓	
A Guide to Delivering Financial Literacy						
	2006	SAFE	SAFE	Free		

Adult Literacy, Language and Numeracy through context of finance

Author	Date	Publisher	Supplier	Cost	Referenced	
					AFCaF	Lit/Num
Adult Literacy Core Curriculum						
	2001	DfES	DfES	Free		
Adult Numeracy Core Curriculum						
	2001	DfES	DfES	Free		
Adult ESOL Core Curriculum						
	2001	DfES	DfES	Free		
Access For All						
<i>(A manual to support literacy and numeracy teachers in making the curriculum accessible to the whole range of learners, including those with disabilities and/or learning difficulties.)</i>						
	2002	DfES	DfES	Free		

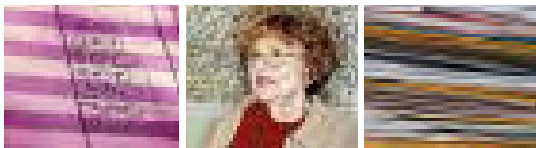
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< Adult Literacy, Language and Numeracy through context of finance

Author	Date	Publisher	Supplier	Cost	Referenced	
					AFCaF	Lit/Num
Basic Maths – Workshop Series:						
Introduction to Money						
	1990	Henley College	Avanti	£8.50		
Life Skills Series:						
Making Ends Meet						
Jayne Garner	2000	Axis Education	Avanti	£34.95		✓
A Place of Your Own						
Jayne Garner	2000	Axis Education	Avanti	£34.95		✓
Budgeting and Money Management: Social and Life skills						
Julie Fairhead	1997	Mallams	Avanti	£24.99		
Fuel for Numbers						
Catrin Maby	2000	C. Maby	Avanti	£19.95		
Fuel for Words (Materials about home energy use and savings)						
Catrin Maby	2000	C. Maby	Avanti	£19.95		
Making the Most of Your Money						
	2002	BSA	BSA	£10.00		
Mathematics – The Basic skills						
S Llewelyn & A Greer	2001	Stanley Thorne	Avanti	£13.95		✓
Oxford Photo Dictionary						
	1991	OUP	Avanti	£11.20		
Practise Percentages						
		NB Publications	Avanti	£10.00		

continued >



< appendix 2 – resources

< Adult Literacy, Language and Numeracy through context of finance

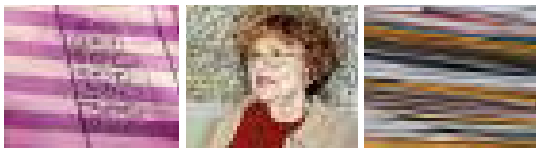
Author	Date	Publisher	Supplier	Cost	Referenced	
					AFCaF	Lit/Num
Skillsheets Series						
Money Basics						
Linzi Henry	1998	L Henry	Avanti	£13.00		✓
Money						
Linzi Henry		L Henry	Avanti	£13.00		✓
Flexi Packs						
The Numeracy Pack						
		BSA	BSA	£11.00		
Using Cashless Pay						
A Workplace Skills Pack		Suffolk County Council	Avanti	£15.00		✓

Author	Date	Publisher	Supplier	Cost	Referenced	
					AFCaF	Lit/Num
Short and Modular Programmes						
	2006	BSA	BSA		✓	✓
Supporting the Adult Literacy and Numeracy Core Curricula						
	2006	BSA	BSA		✓	✓
Financial Products Resource Pack						
	2005	BSA	BSA		✓	✓
Skills for Life and Financial Literacy (6 booklets)						
	2005	DfES	DfES	Free		



Practical

Author	Date	Publisher	Supplier	Cost	Referenced	
					AFCaF	Lit/Num
Mega Money (large cardboard coins)						
		FSA	BEAM	£8.23		
Place Value – Money Cards						
		PCET Publ.	BEAM	£17.61		
Coin Cards						
		PCET Publ	BEAM	£17.61		
Colossal Cards for Adult Learners (large format non-cash forms of money)						
		BSA/FSA	BSA	£10.00	✓	✓
Tips Cards:						
Numbers in Words						
		BSA	BSA	£1.50		
Days and Months						
		BSA	BSA	£1.50		
Multiplication Square						
		BSA	BSA	£1.50		
Percentages & Fractions						
		BSA	BSA	£1.50		



< appendix 2 – resources

Software

Author	Date	Publisher	Supplier	Cost	Referenced	
					AFCaF	Lit/Num
Financial Planning CD Rom (Order on tel: 0845 606 1234)						
		FSA	FSA	Free		
TUC numbers disc – Handling money / Wages						
		CTAD	BSA	£150 + VAT		
Cash Crescent (Tel: 0800 100 900)						
	2003	FSA, University for Industry	Learndirect	on application	✓	✓
Money-go-Round						
	2002	BSA	BSA	£10.00	✓	✓
Money Power						
	2004	BSA	BSA	£10.00	✓	✓
Cashwise CD ROM						
	2004	BBC	BBC	Free		
Money Talk						
	2005	BSA	BSA	£10.00	✓	✓



Online

Using a Bank Account	Learn Online	www.fsa.gov.uk/consumer
Money Matters to Me		www.moneymatterstome.co.uk www.doughuk.org

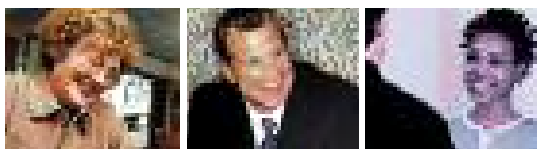
Suppliers

Avanti Books	Tel: 01438 350155	www.avantibooks.com
BEAM	Tel: 020 7684 3330	www.beam.co.uk
The Basic Skills Agency (BSA)	Tel: 0870 600 2400	www.basic-skills.co.uk
DfES	Tel: 0845 60 222 60	www.dfes.gov.uk

Websites

The following websites will help you keep up-to-date in the field of Financial Capability

Skills for Life Strategy Unit	Tel: 020 7273 1223	www.dfes.gov.uk/readwriteplus
Association of British Credit Unions Limited (ABCUL)		www.creditunioncommunities.org
BBC Education		www.bbc.co.uk/education
Citizens Advice	Tel: 020 7833 2181	www.citizensadvice.org.uk
Credit Action	Tel: 01223 324034	www.creditaction.com
Federation of Independent Advice Centres	Tel: 020 7489 1800	www.fiac.org.uk
Law Centres Federation	Tel: 020 7387 8570	www.lawcentres.org.uk
Money Advice Association	Tel: 01476 594970	www.maa.i12.com
National Institute for Adult & Continuing Education (NIACE)	Tel: 0116 204 4200	www.niace.org.uk
Personal Finance Education Group (PFEG)	Tel: 020 7220 1735	www.pfeg.org.uk
The Basic Skills Agency	Tel: 020 7405 4017	www.basic-skills.co.uk
The Financial Services Authority	Tel: 020 7676 1000	www.fsa.gov.uk/consumer
Television Licensing Authority		www.tvlicensing.co.uk
University for Industry	Tel: 0114 291 5000	www.ufi.com



appendix 3

organisations involved in the development of the Financial Capability Framework

ABCUL

Association of British Insurers

Basic Skills Agency

Basic Skills Agency Wales

Birmingham Settlement

British Bankers Association

Citizens Advice (was NACAB)

COI

Consumers Association

Department for Education and Skills

DTI

EGSA

Financial Services Authority (FSA)

Financial Services Research Forum

General Consumer Council for NI

HM Treasury

Inland Revenue

Learning and Skills Development Agency

Money Advice Scotland

Money Management Council

National Consumer Council

National Consumer Council for Wales

National Foundation for Educational Research

NIACE

National Learning and Skills Council

OFT

Pre-retirement Association

SAFE, Toynbee Hall

Trading Standards Service

University for Industry

University of Bristol

Shaun Spiers

Anita Wright

Liz Hanson, Paul Worrall, Jon Scott

Toni Schiavone

Debbie Smith, Andrew Buswell, Libby Aston

Joanna Elson, Jerry Fearnley

Nicola Simpson, Kate Taylor

Gilly Fieldsend, Alice Rickman

Louise Hanson

Jane Bateman, Katherine Cowell, Nick Oatley, Roger Langdon

Alex Chisholm

Anne Osborne

Gill Hind

Faith Noble

Carol Edwards

Keith Davis, Emil Levendoglu

Sean Griffin

Sue Grief

Yvonne Gallacher

Ken Davy

Martin Coppack

Claire Whyley

Sandy Schagen, Anne Lines

Peter Lavender, Jim Soulsby

Amrik Dhesy

Ian Edwards

Mary Davies

Faith Reynolds

David Livingstone

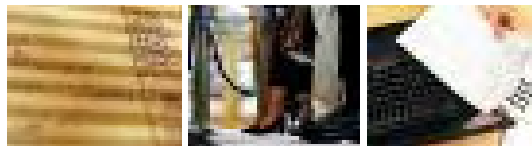
Mary Benwell, Europe Singh

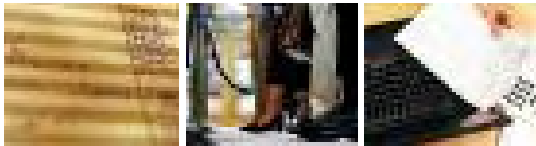
Elaine Kempson

Independent consultants used to develop the framework:-

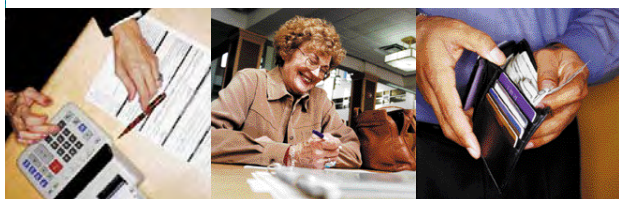
- > Caryn Loftus
- > Sue Skinner

notes









For further information contact:
The Basic Skills Agency, Commonwealth House,
1-19 New Oxford Street, London WC1A 1NU
Tel: 020 7405 4017 • Fax: 020 7440 6626
e-mail: enquiries@basic-skills.co.uk
www.basic-skills.co.uk

For further copies contact:
The Basic Skills Agency
PO Box 5050, Sherwood Park,
Annesley, Nottingham, NG15 0DL
Tel: 0870 600 2400 • Fax: 0870 600 2401

There has never been a more important time for everyone to improve their financial capability. New ways to earn and spend money together with increasingly complex financial services make it essential for individuals to gain the necessary skills, knowledge and understanding to make informed decisions and effective choices regarding their finances.

The Adult Financial Capability Framework covers a broad range of money management and consumer issues. It is for all those involved in financial capability education including money advisers, teachers, trainers and helpers interested in improving financial capability skills, knowledge and understanding.

Stock code: A1957



department for
education and skills
creating opportunity, releasing potential, achieving excellence