Financial Education: Money

Wants & Needs

- We are all lucky enough to live in a rich, democratic country with access to free healthcare and education
- So why is money so important?

What is money?

- Money can be exchanged for something you want or need
- Before there was money, people used to barter or trade with each other to pay for the things they needed.
- Items such as animals, food, seashells and beads were used to barter, and people had to agree on what made a fair trade: how much of one thing could buy how much of another. A dozen eggs, for example, may have bought a loaf of bread, while 10 chickens may have bought a pig.

What is money?

- While bartering was effective and allowed people to pay for things they needed, there were some flaws with the system:

1. The items used for bartering weren't always easy to carry around. Can you carry a cow or several chickens in your pocket?
2. The items weren't always easy to divide. Money must break down into smaller amounts to be useful. Is a cow for a loaf of bread a fair trade? How would you trade part of a cow?
3. The items may have rotted, spoiled, broken or otherwise become worthless. How long do eggs last? How much is your bread worth if it's mouldy?

What is money?

- Because bartering was difficult, people needed an easier way to buy the things they needed, so gold and silver coins were made.
- Coins solved many of the problems that came with bartering: coins were easy to carry around, came in various denominations (different coins were worth different amounts) and kept their value over time.
- Money comes in all shapes and sizes and is used to pay for everything. Most countries have two forms of money: coins that are made from metals and bills that are made from paper.

UK Money – Pound Sterling

- Money is this country is known as the Pound Sterling
- This is because a pound coin originally weighed one pound of sterling silver
- We still measure mass in pounds as well. The symbol for this is LB, whereas the currency symbol is £ (which is just a fancy L)
- They both stand for libra – a Roman unit of measurement

The Value of Money

- **Remember, something is only worth what someone else is willing to pay for it!**

What to do with your money...

- Do you earn pocket money?
- What do you do with your money?
- Are you a spender or a saver?

Saving & Investing

- Saving money is important – keeping money aside for times when you really **need** it

- You have probably all heard of a wallet, a piggy bank or other type of storage container for money, along with a bank/savings account.

- But the term **investment** might be new to you.

Saving & Investing

- You can invest money by buying raw materials to make into something to sell, by buying something that we can sell for more money later, or by saving money so it grows into a larger sum of money.
- Quite a popular thing to do if you have a lot of money to invest, is to buy a flat or a house, then years later, sell it for more money than you bought it for.

Invest for Success

- Investing money can be a **financial risk**, as you can never be sure if you will be able to **make more money** or even **lose money.**

- Let’s see how you do! In pairs, groups or on your own, have a go at the Invest for Success game.

- Start with an amount of money (maybe £100). Choose investment 1 or 2 and how much you want to invest. Roll the dice and find out how you did.

- You can keep playing until a player either loses all their money, or maybe even becomes a millionaire!!!