

# Financial Literacy

## Planning for the Future



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Planning for the Future  
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# Agenda

1. Getting started - Why should you save?
2. Planning for the Future - Pensions
3. Planning for the Future - Investments
4. Wrap up and Reflection



# 01

Getting started



# Why should you save?

**Create a mind map: fill it with everything you associate with saving money**

- Think about what you already know about savings and list some different things you might want to save for in both the short term and the long term



# How do I start saving?

Planning for your future will vary for different people but will always apply throughout your life. Some of you may already have savings accounts or know some of the following ways to plan for your future:

- Having a **savings** account with a bank or building society
- Owning a **piggy bank** where you put loose change
- Contributing to a **pension** while working
- Having **long term investments** that grow over time
- Contributing to national insurance in order to be entitled to a **state pension**

It is important to understand different ways you can plan for your future so that you are able to achieve your goals in different life situations.

# 02

## Pensions



# Starter activity: What is a pension?

## Discuss in pairs for 5 minutes:

- What is a pension?
- Is everyone entitled to a pension?
- When can you receive a pension?
- Are there different types of pension?



# Starter activity: What is a pension?



## Pensions Overview:

<https://www.bbc.co.uk/teach/class-clips-video/pshe-ks3--ks4-where-do-you-get-money-when-you-stop-working/zhg67nb>





# Pensions: HOT SEAT



**Based on the video you have just seen, discuss the following in pairs. Be prepared to take on the HOT SEAT afterwards to share your discussions!**

**What do you think living on a pension would be like?**

**Would you rather have more money now or more money later in life?**

**Would you consider retiring earlier if it meant have less money each year to live on?**

**Would you have different priorities when living off a pension as opposed to getting a fixed wage from a job?**

# 03

## Investments

# Savings and Interest



Think about the savings account a bank would offer...

The bank holds the money for you in a safe environment.

They use this money to make investments and offer loans to people.

**Discuss in groups (3 minutes): what is the benefit of saving money in a bank? Think about:**

- security
- interest
- easy access



# Savings and Interest



**It is good practice to regularly save an amount of money each month**

Imagine you have a job and when you get paid each month you put aside £100 into your savings account. The bank will pay you 2% interest per year.

- If you pay into your savings account the same amount of money each month for a year how much will your savings account have in it after the interest has been paid by the bank?





# Activity: Interest

**£100 each month for 12 months =  $£100 \times 12 = £1,200$**

**2% interest at the end of the year =  $£1,200 \times 2\% = £24$**

**$£1,200 + £24 = £1,224$**

- By regularly saving throughout the year in a bank account, you will gain £24 in interest!
- This figure can change based on the amount you regularly save or the interest rate offered by the bank.



# Investment in Shares

**A share represents a portion of ownership in a business. As a shareholder you would be a partial owner of the business and be entitled to claims on the earnings.**

Businesses can be successful in one year but not so successful in the next - the value of a share always rises and falls in line with the company's performance.

For example a share could be purchased for £5 today but then if business performs incredibly well next month, that share might then be worth £7. On the other hand, if the business is struggling, the value of your share could depreciate.

\*depreciation = losing value over time



# Discussion: Investments



## Discuss in pairs for 5 minutes:

- Would you rather invest in shares, or save regularly in a bank account
- If you purchased a share for £100 and the next week it was worth £80, would you sell it to get £80 (losing £20) or would you wait to see if it increased back to £100 (but also a risk it drops even further than £80)?
- Do you think that investing in shares is risky?
- Do you think you can 'predict' whether the share price will rise or fall?



# 04

## Wrap up and Reflection



# Wrap up activity: Savings



**Think about all of the slides you have seen in this session and answer the following questions...**

- Would you rather have more money now or more money later in life?
- Would you prefer to use a savings account or invest in shares?
- Why do you think it is important to plan for your future?
- What's the most important thing you've learnt from this session?



# Thank you

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