Supported by Santander

DE-MYSTIFYING THE JARGON

AGES 14-19

ACTIVITY 4

Financial Education Secondary Planning Framework links:

I know some of the financial terminology that I need to understand to calculate value for money, including APR/AER and payment terms, some used in financial contracts, and some places I can go for financial advice **14-16**

I understand that I am responsible for working out which financial products are best for my situation, or seeking appropriate financial advice to do so **16-19**

TIME:
50 Minutes

MATERIALS:
- Financial Jargon cards

ACTIVITY

This activity will help students appreciate the impact our understanding of financial terminology can have on our ability to make informed spending and saving decisions.

Explain that in order to make spending and saving decisions that suit our specific needs, we need to have clear, accessible information about the benefits and risks of a product. Sometimes the information we're provided is confusing and difficult to understand. This can lead us to make uninformed money decisions.

To demonstrate how confusing financial terminology can be, task the students to work in groups and try to match the **Financial Jargon Cards** with their corresponding definitions.

Explain that this is not an easy task and many adults wouldn't be able to do it. Once the students have matched their cards, share the correct answers.

Ask the students if they've seen these terms before and where they've seen them. They'll likely recognise them from advertising and possibly from small print in contracts. Ask the students if they find any of the terms confusing?

In groups, challenge the students to choose a few terms and create definitions that will be more accessible for young people.

Ask the groups to share their new 'young people friendly' definitions and test them out on the rest of the class – are the terms clearer with these new explanations?

The groups could refer to the glossary in ***Your Money Matters***, pages 141-150.

DISCUSSION OPPORTUNITIES:
- What are the consequences of not understanding financial terminology when making spending and saving decisions?

MY MONEY WEEK

RESOURCE

DE-MYSTIFYING THE JARGON

FINANCIAL JARGON CARDS

APR (Annual Percentage Rate)	**AER (Annual Equivalent Rate)**	**Statement**
Depreciation	**Assets**	**Profit**
Reserves	**Accrued Interest**	**Arrears**
Cashback	**Credit Score**	**Equity**
ISA (Individual Savings Account)	**PPI**	**Variable rate interest**

The total cost of a loan, taking into account the interest you pay, any other charges and when the payments are due. Used as a way of comparing different borrowing products; the higher this rate, the more expensive the loan.	Takes into account the charges and the interest paid on savings and shows it as an overall percentage rate. Used as a way of comparing different savings products; the higher this rate, the better the return on your savings.	A document from the bank or building society that shows all your recent payments into, and withdrawals from, your account. You should check it with your own records.
A reduction in the value of an asset over time.	An item of property owned by a person or company that has a monetary value.	The amount of money left after all costs and expenses have been deducted from income.
Retaining or saving for future use.	The interest on a loan or a bond that has accumulated from the time the principal investment was made.	Money that is owed and should already have been paid.
A system in which banks or businesses encourage people to buy something by giving them money after they have bought it. **OR** An amount of money that a shop, usually a supermarket, allows you to take from your bank account when you pay for something with a bank card.	A score given by a credit agency based on your credit history, personal and financial circumstances. It reflects the level of risk in lending to you and the likelihood of you paying credit back and helps them to decide whether you are likely to repay the loan you are asking for.	The value of a property after you have paid any mortgage or other charges relating to it. **OR** The value of a company, divided into many equal parts owned by the shareholders, or one of the equal parts into which the value of a company is divided.
An account where you don't pay tax on interest earned. There is a set limit of how much you can save in an ISA each year.	An insurance policy that helps you keep up loan repayments if you can't pay them because of redundancy, accident or illness.	When the interest rate you are charged is not fixed, so interest payments may change if the lender changes their rate.