



Understanding Money

SCQF level 5

Unit Code: HN8L 04

40 hour Unit

What is this Unit about?

This unit focuses on opportunities to explore real world financial encounters. It will help learners gain a better understanding of household budgets, earnings and taxes, bank accounts and some financial risks. The unit will also enable learners to explore the impact of changes in the rate of inflation, currency exchange rates and interest rates.

What should I know or be able to do before I start?

No specific knowledge is required, however it will help if learners have some basic understanding of personal finance or if learners have already achieved the unit *The Principles of Money at SCQF level 4*.

What do I need to do?

You will need to carry out each of the following tasks:

Task 1

Investigate financial risk and security.

- ◆ Identify different types of financial fraud and scams (including credit card fraud, identity theft and online fraud).
- ◆ Identify security precautions for banking and financial transactions (including PIN numbers and passwords for online banking).
- ◆ Investigate the factors that affect an individual's personal credit rating.

Task 2

Investigate standard deductions from earned income.

- ◆ Perform calculations involving personal allowance, tax rates and National Insurance.
- ◆ Investigate how an individual's tax code is determined and used.
- ◆ Investigate basic tax rules for the self- employed (tax return).
- ◆ Investigate forms associated with employment and how they are used (P60 and P45).
- ◆ Use government figures to identify what people's tax contributions are spent on.

Task 3

Investigate bank accounts and credit cards.

- ◆ Describe how payments are made from on-line bank accounts (bank transfers).
- ◆ Compare the cost of agreed overdrafts and unauthorised overdrafts.
- ◆ Describe the difference between standing orders and direct debits.
- ◆ Investigate the costs and incentives of different types of bank account (fees, interest rates and other incentives).
- ◆ Calculate the cost of credit card repayments over different timescales (including minimum monthly repayments and repaying large sums).

Task 4

Set and maintain a household budget.

- ◆ Compare the costs and benefits of rent and mortgage repayments.
- ◆ Investigate all potential costs for independent living (including council tax, insurance, tv licence, etc).
- ◆ Calculate a household budget based on a given set of income and cost figures.

Task 5

Investigate the effect of fluctuations in rates.

- ◆ Investigate the effect of inflation on prices and income.
- ◆ Investigate the effect of changes in exchange rates on prices.
- ◆ Investigate the effect of changes in the interest rate on savings and borrowings.

How do I achieve this unit?

You will need evidence to show that you have successfully completed all the tasks in this unit. The assessment will be in the form of a test using multiple-choice or multiple-response questions. The assessment will test the knowledge and skills you gained when completing the tasks.

What might this involve?

This unit could be completed in a number of ways. **Examples** of activities:

- ◆ Online research.
- ◆ Collect information leaflets from banks and building societies. Look for examples in the media (newspapers, television). Collect material from family and friends.
- ◆ Produce a simple household budget.
- ◆ Compare different types of loan arrangements.
- ◆ Consider the effect of changes in rates (inflation, interest and exchange).
- ◆ Investigate activities associated with transactions via personal bank accounts, such as overdrafts, transfers, standing orders and direct debits.
- ◆ Complete simple calculations involving different types of tax.
- ◆ Complete calculations involving an individual's credit rating.

What can I do next?

You could think about other units in personal finance such as *Money Management SCQF level 5*. If you have completed this you could consider:

- ◆ the SVQ Providing Financial Service available at level 2 and level 3. Intermediate 2 Skills for Work in Financial Services.
- ◆ the level 6 NPA in Financial Services.

Guidance for tutors

For this unit learners are expected to be able to:

- ◆ use numeracy skills and apply these in a financial context.
- ◆ find out about earnings, tax, bank accounts, household budgets, financial risk and the effect of changes in interest rates, exchange rates and inflation rates.
- ◆ conduct independent research on the topics covered in this unit.

Tutors will provide direct support to learners by offering exemplar materials or directing towards possible areas for research, for example learners could be asked to produce a budget for a given household, or to complete simple tax calculations. Tasks should be carefully structured and learners should be guided through some of the calculations required. They may practise an independent approach to further examples or case studies.

Delivery of the unit should take account of the needs of each learner. The aim should be to develop sound basic knowledge of financial encounters likely to be met on an everyday basis.

Core Skills

Achievement of this Unit gives automatic certification of the following Core Skills components:

Complete Core Skill	None
Core Skill component	Critical Thinking at SCQF level 5 Planning and Organising at SCQF level 5 Using Number at SCQF level 5

There are also opportunities to develop aspects of Core Skills which are highlighted in the support notes of this unit specification.

Equality and inclusion

This unit specification has been designed to ensure that there are no unnecessary barriers to learning or assessment. The individual needs of learners should be taken into account when planning learning experiences, selecting assessment methods or considering alternative evidence.

Further advice can be found on our website
www.sqa.org.uk/assessmentarrangements.

History of changes to unit

Version	Description of change	Date
2	Core Skills Critical Thinking, Planning and Organising, and Using Number at SCQF level 5 embedded	19/09/17

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Administrative information

Credit value

1 credit at (SQA level 5) (6 SCQF credit points at SCQF level 5)

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