



Money Management

SCQF level 5

Unit Code: HN8M 04

40 hour Unit

What is this unit about?

This unit focuses on managing your money. It will help learners prepare and understand the importance of budgeting and the costs associated with living independently. They will investigate the costs and risks involved with different borrowing products, the methods of reducing risk through insurance and pension contributions and costs involved in buying and investigate the selling costs involved with borrowing money.

The skills learners gain in this unit will make them better prepared to deal with financial encounters that can be expected when living independently.

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 *Money Management at SCQF level 4*.

What do I need to do?

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

Task 1

Compare household costs and methods of cost reduction.

- ◆ Identify potential savings in household budget by listing essential spending and luxury spending.
- ◆ Compare cost of average energy usage with income.
- ◆ Compare deals on phone, broadband and/or television packages.
- ◆ Compare costs of various forms of transport (eg train, bus, taxi, car).
- ◆ Investigate the effect of appreciation/depreciation on the value of purchased goods.

Task 2

Investigate cost, risk and payback periods for different forms of borrowing.

- ◆ Calculate repayments for student loans at different salary points.
- ◆ Calculate compound interest on simple loans.
- ◆ Compare advantages and disadvantages of fixed versus variable rate mortgages.
- ◆ Compare different forms of car purchase and ownership (lease schemes, part ownership schemes and car loans).

Task 3

Investigate insurance, pensions and tax free saving schemes.

- ◆ Compare car insurance premiums for different age groups.
- ◆ Compare life insurance premiums at different ages.
- ◆ Investigate the rise in average life expectancy and its effect on pensions.
- ◆ Investigate the rules concerning ISAs.
- ◆ Investigate the link between the FTSE and the value of simple investment products (eg tracker funds).

Task 4

Investigate costs associated with buying and selling.

- ◆ Identify when capital gains tax may be payable on profit from the sale of high value items.
- ◆ Calculate the amount of VAT paid on different products.
- ◆ Calculate the Land and Building Transaction Tax due on houses of different value.
- ◆ Compare the savings available through different loyalty card marketing schemes.

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 an on-screen test using multiple-choice or multiple-response questions. The assessment will test the knowledge and skills you have gained when completing the tasks.

What might this involve?

This unit could be completed in a number of ways. Examples of activities you might do are:

- ◆ Online research relating to financial products and the costs involved.
- ◆ Collect information leaflets from suppliers of phone, broadband and television services.
- ◆ Collect fare information from public transport companies and taxis and running costs for cars.
- ◆ Collect information about interest rates offered on loans.
- ◆ Investigate the effect of a person's age on the premium they pay for car insurance and life insurance.
- ◆ Calculate different type of tax due as part of buying and selling transactions.

What can I do next?

You could think about other units in personal finance such as *Understanding Money 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 to financial calculations.
- ◆ find out about bills, costs and borrowing.
- ◆ consider the effect of age on insurance premiums.
- ◆ investigate taxes involved in buying and selling.
- ◆ conduct independent research on the topics covered in this unit.
- ◆ draw conclusions about comparative financial products.

Tutors will provide direct support to learners by offering exemplar materials or directing them towards possible areas for research, for example, learners could be asked to compare phone/broadband/TV packages, or different types of car payment options. Real websites should be used to investigate the benefits and costs of different financial products, including loans, savings accounts, ISAs, insurance, etc.

Tasks should be carefully structured and learners should be guided through some of the calculations required, although in some cases the answer to problems may involve independent choice or preference and learners will need to provide appropriate justification for the choices they make. It will be important for learners to show their understanding of the issues involved when making comparisons rather than simply knowing how to perform a calculation.

Learners should show a grasp of the key points in each task, this may be through discussion, written material or presentation.

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 involving in living independently.

Core Skills

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

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

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 components Critical Thinking 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)

Unit code: HN8M 04
Superclass: HE
Publication date: September 2017
Source: Scottish Qualifications Authority
Version: 2

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