

Financial Capability: 2020 Vision



PRUDENTIAL





Contributors

Prudential

Prudential plc is an international financial services group with significant operations in Asia, the US and the UK. We serve more than 24 million customers around the world, including over seven million people in the UK. Prudential works with organisations around the UK to help to improve people's levels of financial capability.

Age UK

Age UK is a charity that aims to improve later life for everyone through our information and advice, services, campaigns, products, training and research. We provide services at a local and national level, including information and advice that reaches some six million people each year.

Citizens Advice

The Citizens Advice service provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. Each of our 338 member bureaux across England and Wales are independent charities and along with the national charity, Citizens Advice, we are equipped to deal with any issue, spanning debt and employment to consumer and housing plus everything in between. But we're not just here in times of crisis - we also use clients stories anonymously to campaign for policy changes that benefit the population as a whole.

Education Scotland

Education Scotland is a Scottish Government executive agency. Our vision is that Scottish learners will progress in one of the most effective education systems in the world, renowned for the ability of national and local partners to work flexibly together to achieve high-quality and equitable outcomes for all. The mission which Education Scotland is pursuing in order to realise this vision is summarised as being 'to provide the best blend of national support and challenge to inspire and secure continuous improvement in the opportunities that all Scottish learners can access'.

The Money Advice Service

The Money Advice Service helps people manage their money better. We were established under the Financial Services Act 2010 with twin statutory objectives, to enhance the UK public's understanding and knowledge of financial matters and to enhance their ability to manage their money. We are currently leading the development of a new UK strategy for financial capability, working in collaboration with partners. The strategy will set out a framework for improving the financial wellbeing of individuals in the UK and society as a whole and lay down a set of principles to guide the development of projects, programmes and interventions to increase people's financial wellbeing.

pfeg (Personal Finance Education Group)

Formed in 2000, **pfeg** has worked in 8,500 schools and trained 20,000 teachers. Today, **pfeg** is the most trusted, independent provider of knowledge, support and resources for anyone teaching children and young people about money. **pfeg** knows that each school or college is unique, and provides a bespoke service which is accessed through a free advice line, website and face-to-face sessions, believing that every young person has the right to gain the skills, knowledge and confidence they need to make informed decisions when managing their money.

SSAT (The Schools Network)

SSAT is an independent membership organisation for schools. We operate across England and Wales and represent over 50% of secondary schools, a growing network of primary schools and 300 special schools. **SSAT's vision is: inspiring innovation and improvement in schools. SSAT exists for schools** and is led by them. SSAT believes leaders and practitioners in schools are best placed to shape, promote and deliver improvements and developments in our education system.

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Financial Capability: 2020

Government, the voluntary sector and the financial services industry need to work together to provide the best possible financial education for everyone from school children to retired people.

This is why Prudential has brought together the Money Advice Service, pfeg, SSAT, Education Scotland, the Citizens Advice service and Age UK; the organisations which make sure that people of all ages have the skills they need to manage their money and plan for the future.

We have had plenty of good news on financial literacy recently. The inclusion of financial capability on the National Curriculum will soon start to make a difference to the levels of understanding among young people. The Money Advice Service is solely focused on helping people to manage their money. And a very wide range of organisations, including charities and the financial services industry, are delivering financial education to communities across the country.

But an ever changing landscape for personal finance means that we must keep making sure that the financial education we offer – at all stages of life – is relevant. In schools, this means making sure that teachers have the resources and expertise they need to give lessons of a very high standard.

Young people who have had a good grounding in financial capability have vital skills to use for the rest of their life. This is why Prudential has worked with pfeg to develop a Quality Mark for financial capability teaching resources, reassuring teachers that they are using reliable material. We are proud to say that Adding Up To A Lifetime, an online tool for young people in year 9 to year 11, that we have developed with the SSAT, has been awarded the Quality Mark.

People of working age need the support to help them to manage their earnings or to navigate the benefits that they are entitled to. Automatic enrolment into workplace pensions means that new groups of people are beginning to need new types of financial information.

Retirement brings up some of the most important financial decisions that we will ever have to make. This is why Age UK and Prudential run Planning for Later Life, which gives information and support to older people who are vulnerable because of low levels of financial literacy. Informed decisions taken at this stage are set to become even more important as people are given greater control over their pension savings.

It is now time for all those involved in financial education to make sure that everyone has the information and support they need. To do this we must:

1. Extend financial education to the primary school curriculum in England, and ensure that the teachers delivering it have the training they need.
2. Ensure that everyone receives the support they need to make the right choices for their money at retirement.
3. Rigorously assess financial capability programmes, to build the evidence base on what is effective.
4. Use the expertise of all organisations with a role to play – the Money Advice Service, the Treasury, advice providers and the financial services industry – to build a strategy to develop the whole country's financial capability.

Prudential Plc

The Money Advice Service – Helping the nation manage its money better

The Money Advice Service exists to help people manage their money better. By helping them to take control of their finances, we can make a real difference to their lives.

Sometimes when people get in touch with us, they are at their wits' end from worrying about money. Other times, they are totally in the dark or confused about what they should be doing, and need an impartial guide to steer them through their options. And sometimes they are already on the right lines but need someone to give them some reassurance and maybe a push to do something they might otherwise put off. We're here to help everyone, whatever their situation. We provide a service to anyone who needs us – and with more than 16 million customer contacts in the past year, it's clear there are lots of people out there who do.

...we also have a longer-term ambition – to bring about a step-change in the way people manage their money, and how they think about it.

Providing practical advice about money – whether it's day-to-day budgeting or dealing with those major life events – is at the very heart of our service. Where necessary, we also aim to ensure that people in severe financial difficulty have access to specialist, high-quality debt advice.

But we also have a longer-term ambition – to bring about a step-change in the way people manage their money, and how they think about it. That is why last year we began the process of drawing up a new strategy to improve the financial well-being of the nation.

Just as we rely on working in partnership with others to deliver our service, the development of a new Financial Capability Strategy for the UK is very much a collaborative project. The Money Advice Service is leading and coordinating the work, but the strategy will be developed and delivered jointly, harnessing the energy, insight and expertise of all those with an interest in improving people's money management skills.

After an intensive period of evidence-gathering, we established an overall steering group and separate working groups to consider emerging priorities and gaps in existing provision across three key age groups: young people; working age people preparing for later life; and older people. In all cases, membership is drawn from across the wide range of organisations who share our goal of a more financially capable nation – including representatives from industry, charities and government.

It is clear from the evidence we have received – and from our own research – that more needs to be done to understand how best to improve people's money management and identify those in greatest need of help. To inform the development of the strategy, we have established a regular Financial Capability Tracker and commissioned the University of Bristol to carry out more in-depth analysis of the data. Through this we hope to be able to better identify the characteristics of those with poor financial capability and who are most at risk of detriment.

An emerging priority is the need to develop a common evaluation framework to gauge the impact of different interventions in terms of clearly defined outcomes. This will enable organisations involved in delivering the strategy to establish clearly which approaches work best – and make the most difference to people's lives.

I am grateful to all the organisations and individuals who have already given so much time and energy to this project. We truly value any contributions which can help make the strategy as practical and effective as possible.

It is a key priority for us in 2014/15 to take this work forward: we will consider the findings from the working groups and Bristol University and draw together recommendations to consult on over summer 2014. We plan to undertake in-depth consultation across the UK, with a view to publishing the final strategy by December 2014. We strongly welcome Prudential's initiative in pulling together this event. I hope that it will lead to even more people engaging with the ongoing work to build a more financially capable nation.



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Age UK – Age-friendly financial capability

Life doesn't stop when we retire – nor does our need for financial capability. Over the past year Age UK has been holding a Financial Services Commission which has highlighted just how challenging it is for people in later life to try and plan when so many things in life are uncertain.

A woman in her late 60s was referred to her local Age UK by social services, as she was suffering from depression following her divorce. She needed to sell her home and move nearer to family, but was daunted and didn't know how to approach the matter. She was visited at home and a caseworker helped her draw up an achievable action plan.

The ending of compulsory annuitisation announced in the 2014 Budget, whilst increasing people's choices at retirement has also increased the complexity of the decisions people in later life will have to make.

At Age UK we've been helping people navigate through some of these complexities with our Planning for Later Life project, funded by Prudential. After a successful pilot that reached 2,590 people in 2013, this year we are doubling the number of local Age UKs involved in delivering the project. The project has made a real difference.

"Without Age UK I would never have been sorted out...it took a weight off my mind... I feel so much happier."

"I didn't know where to turn previously but feel better able to deal with things if any more problems come up."

The real value that this project delivers is the holistic nature of the support we offer, looking at the entirety of a person's situation rather than too narrow a focus on their finances.

In terms of where we'd like financial capability to get to in 2020, we'd like to see far more emphasis on improving older people's financial resilience – i.e. their ability to cope with whatever later life might throw at them. And there is every reason to be positive about the future.

We are pleased that the forthcoming Money Advice Service Financial Capability Strategy is taking a life stage approach, something we have long argued for. The introduction of a 'guidance guarantee' for retirees from defined contribution pension schemes is also a real opportunity to engage with and improve the financial resilience of people in later life. We'd like to see this joined-up with other later life guidance, such as the new duty on local authorities to provide people with information about care options, to provide people with a truly joined-up retirement guidance journey.

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But we mustn't lose sight of the fact that what really works for people in later life is that it is not just about finance but about them as an individual. To become truly resilient, people in later life need holistic services, with improved co-ordination between different sources of advice. In particular, we think this means:

- Developing a common curriculum, with clear quality standards, for the 'guidance guarantee' that all providers must use.
- Linking up all the services across later life – from pre-retirement, right through to advice around care.
- Linking up across a variety of subjects that people in later life need to consider e.g. housing options, tax and pensions.
- A sustainable infrastructure for the delivery of money and debt advice.
- Initiatives need to be targeted at older people and physically accessible, with funding for face-to-face and outreach services protected and focused on the most vulnerable.

Citizens Advice – Financial education from school age to retirement

The need for people to make the right decisions about their finances is even more pressing given the major changes to pensions announced this year. The Citizens Advice service has always helped people solve their debt and money problems and we are committed to delivering financial education that helps people plan for all stages of their working life and retirement.

Financial Skills for Life

The Citizens Advice service has been running the Financial Skills for Life programme, supported by Prudential, for over 10 years. The aim is to create lasting change in people's skills, knowledge and confidence when managing their money. In 2002 just 15% of bureaux offered financial education in their local community. Today, 85% of CAB provide financial capability sessions to clients directly as well as to frontline workers.

"I am now able to give my clients one-to-one advice on financial issues and welfare. I also run parenting groups and include money management skills as part of the course."
Kay, a midwife, attended three financial capability sessions run by her local CAB.

Over the last four years, more than 1,000 financial capability practitioners (including volunteers and paid staff) have been trained to deliver sessions. This means more than one million people have developed the skills and confidence they need to take control of their finances as a direct result of the Financial Skills for Life programme. The most recent analysis revealed that participants were £10 a week better off on average than people who did not access the training.

Our approach: integrating financial education and money advice

We are testing and developing our integrated money advice approach to ensure financial education is an integral part of our standard debt advice sessions so that advisers can:

- 1) motivate clients to take action to make the financial decisions that are right for them.
- 2) identify triggers to focus on the individual's money management needs.
- 3) take the necessary action to achieve quick wins.
- 4) ensure clients are referred to the most appropriate financial capability services.

This integrated approach means our financial capability trainers can refer participants to their local Citizens Advice Bureaux (CAB) for advice on all sorts of problems (such as debt, housing, employment, consumer and legal issues) as well as one-to-one money advice. At the same time, our bureau advisers can signpost and refer clients for financial capability training and support.

"I was used to budgeting week to week for so many years, I needed guidance on how to budget over longer periods of time. I am now able to budget monthly and make changes to my spending and saving. It's eased the pressure on me and made my family happier."

Alan was unemployed when he attended a CAB CV-writing course. He was referred on for financial capability sessions. He is now a CAB volunteer.

Making the changes to improve people's lives through financial education and money advice

This year marks 75 years of the Citizens Advice service; 75 years of delivering advice to the people who need it most; 75 years of volunteers generously giving their time and expertise so we can provide clients with free, independent and confidential advice. Our trusted brand means that people expect us to be there when they need us. With welfare reform changes and increasing consumer choice, we know our clients need us now more than ever.

That is why we are developing our phone and digital services to make sure our clients can get the information and advice they need, whenever they need to, in the way they want it whether that is online – via webchat or email – in person or by phone. Our developing resources will reach more people, enabling them to take the necessary steps to resolve their current issue and empower them to handle similar problems in the future.

We have the geographical reach with 338 bureaux giving advice from 3,300 community locations, an army of 22,000 volunteers and, thanks to the Financial Skills for Life programme, the capacity to provide financial education in new and innovative ways that best meet the needs of our local communities.



We will empower more people to take action on their own behalf, learning about how to handle similar problems they may face in the future.

Education Scotland – Financial education in 2020

Interdisciplinary learning – essential in developing financial capability?

The Scottish Curriculum for Excellence (CfE) recognises the importance of financial education by embedding it fully in outcomes and experiences in two main curricular areas. These are Numeracy and Social Studies. CfE also recognises the importance of developing literacy and numeracy across the curriculum so that knowledge and skills are developed in contexts that enable children and young people to meet financial challenges now and in the future.

The Scottish Survey of Literacy and Numeracy (SSLN), is now well established and is providing a wealth of information on how well children and young people are performing in Scotland. In mathematics and numeracy, for example, we know that children and young people can struggle with fractions, decimal fractions and percentages. This is likely to have an impact on aspects of money. For example, the link between working out what 1/3 off actually means and how this relates to a 33% reduction is obvious to those who have a sound knowledge in this area. Reassuringly, however, the recent SSLN showed encouraging signs in the area of money.

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In the context of literacy, the SSLN was very encouraging regarding the number of children and young people who are performing well or very well at their respective level in reading. However, those from the most disadvantaged areas perform less well in both reading and writing than those from the more affluent areas. This is likely to add to the issues around tackling financial exclusion. The influence of the media should not be ignored in this context either; many practitioners feel that it is important for young people to develop informed views and that they are able to identify the persuasive techniques used by advertisers – a key part of what language skills are all about.

One of the crucial areas where all of this comes together is the way that young people use technology and issues relating to their understanding of chance and uncertainty. At a large number of practitioner events over the past two years, the issue of gambling has been raised by teachers and others. A particular issue seems to be the number and frequency of bookmakers advertising on television, particularly when football matches are being broadcast live. Another concern relates to ready access to gambling using mobile devices. There are real concerns about the connection between young men in particular losing money in this way and resorting to payday loans. It is, of course, just as easy to borrow from pay day lenders using mobile technology as it is to lose money gambling.



Quite clearly no one area of the curriculum can address all of these issues, hence the need for well-designed programmes of financial education across the curriculum, including inter-disciplinary learning. Many schools take part in 'money weeks' - this can give a great start to raising the issues, but there is a real need to ensure events like these are part of an ongoing programme based on progression in knowledge and skills. Similarly, skills and relevance are enhanced when different areas of the curriculum contribute in a joined up way, providing good opportunities for consolidation and application of knowledge and skills in different contexts.

The SSLN has identified 'chance and uncertainty' as an area where young people experience real difficulties.

pfeg – Is the future financially capable?

Today's students are tomorrow's consumers. With financial education on the National Curriculum across the whole of the UK from September, by 2020 the first cohort of students to have studied money matters in the mathematics and citizenship curriculum will be embarking on their adult lives, making their first financial decisions.

These young adults will be confronted with choices about borrowing, spending and saving, and will have access to a whole host of products and services, powered by new data and consumer technology. Already, smart phones and other portable devices are linked to personal finance products, such as Paym, ushering in a new medium to borrow and lend. A revolution in the way we engage with our personal finances makes it all the more important that financial education remains relevant, accessible and up to date.

...we know that an engaging, practical, 'real-life' topic can boost attainment across the curriculum.

At **pfeg**, we will continue to assist teachers to be able to call upon support and resources to embed financial education into their planning and teaching. We will expand our teacher training initiatives, so that both new teachers and those with years of expertise can professionally develop and deliver high quality lessons in the classroom. Though including financial education as part of schools' curriculum is a huge step forward, the coming decade opens up a great challenge to ensure that it is delivered effectively. We need to give teachers the opportunities to include financial mathematics as part of a wider agenda of teaching numeracy and problem-solving, and make it engaging to the reluctant student who does not understand financial mathematics relevance to their lives and needs.

From gathering the learning journeys of teachers who access the **pfeg** advisory service, **Askpfeg**, and from teachers and practitioners who participate in our projects and programmes across the UK, we know that an engaging, practical, 'real-life' topic can boost attainment across the curriculum. In a **pfeg** survey in April 2013, 89% of teachers said that teaching financial education had an impact on attainment in mathematics overall. **pfeg** recently piloted some teaching materials in the development of a resource about high cost credit and illegal money lenders, or 'loan sharks'. The education regulator, Ofsted, came into the school, and its final report (Ofsted, Yeadng Junior School, November 2013) held the following analysis:

"Attainment in mathematics has increased rapidly because pupils have an understanding of its practical application [...]. In the upper school, they are taught about loan sharks and how to avoid borrowing beyond one's means to repay the money".



A great many questions lie open, shining some light on the challenges ahead. How can we engineer a step change in personal financial behaviours? Should teachers be aiming for behaviour change in the classroom, such as advocating saving or spending? And is there a correspondence between a financial education intervention in schools and future financial capability or financial resilience? What is the long-term impact of financial education?

Working together with other organisations from across the UK, **pfig** and the financial education project can feed into the wider over-arching aim of working towards financial inclusion for 2020.

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SSAT (The Schools Network) – Financial education in schools

For the country, education is the key to competing in a global market where new technologies, new economies and new social and environmental issues are constantly changing the rules. Students need to acquire the skills, knowledge and mindsets that will help them thrive in a future that no one can fully predict. The pressure on teachers to 'deliver' has never been more intense.

Fast-moving world

In a fast-moving world, education really matters. The new DfE guidelines on careers guidance and inspiration in schools (April 2014) stresses that schools should ensure that, as early as possible, students understand that a wide range of career choices require good knowledge of maths and the sciences.

The guidance also reinforces the importance of employers and educators working together to help students gain the confidence to compete in the labour market. Programmes such as Business Class, run by Business in the Community and supported by Prudential, provide valuable opportunities for students to gain the practical know-how and attributes that are relevant for employment.

Supporting teachers

Somehow, for all the leaps that have been made in education in the past twenty years, schools are being asked by all of us – employers, parents, policymakers, and students themselves – to dig even deeper.

At SSAT we have always believed that teachers make students' lives. Our mission now is to help them to carry out this vital job even better and more professionally than before.

SSAT recognises that teachers in schools require the tools and confidence to provide students with the knowledge and skills that have traditionally not been recognised and supported through the curriculum. Financial education has been one such area – until the recent announcement that personal finance will feature in the national curriculum for maths and citizenship.

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Through SSAT's longstanding relationship with Prudential we provide the free online resource Adding up to a Lifetime (AUTAL). It is designed to help young people understand the financial decisions they will face during life and the implications these decisions may have on their future. Adding up to a Lifetime uses a mix of animated characters, video clips, puzzles and exercises to place young people in realistic situations which are relevant to them, enabling them to learn about financial management and the consequences of different actions in a fun, personalised way.

At a glance

In the academic year 2013–14 SSAT have taken the opportunity to revitalise and update the AUTAL website to reflect the national curriculum changes and to ease access to the support materials provided for teachers. Time saving features now include: an index of worksheets available across a range of topics; resource mapping against the specifications for maths and citizenship at key stages 3 and 4; and reference grids showing where the resource can be used to teach and assess aspects of current level 1 and level 2 personal finance qualifications.

We are delighted that the new website and resource has received the new **pfeG** Quality Mark and is welcoming over 1,000 online visitors per month. This is a very comprehensive and well packaged resource which tackles personal finance from the perspective of five key life stages. Its welcome flexibility means it can be used as the basis for theme days, an ongoing programme consisting of distinct modules or it can be integrated into a number of different curriculum areas.



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pfeG 2014

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