

FINANCIAL LIFE SKILLS PRE-ASSESSMENT

OVERVIEW

Students will:

- complete a pre-assessment questionnaire on basic financial knowledge
- discuss what they know and what they need to learn about financial life skills

The pre-assessment questionnaire establishes a baseline against which to assess student learning of the financial life skills activities in this resource, and introduces the topics the activities will cover in Modules 2 to 10. Module 11 provides a follow-up post-assessment.

CURRICULUM AREAS

This module supports student learning and assessment as they complete Modules 2 to 10.

OUTCOMES

Students will be able to:

- identify the extent of their current knowledge and gaps in their knowledge about financial life skills

MATERIALS AND TOOLS

- copy for each student of
 - + Handout 1-1, What Do You Know about Finances? (Also available online at www.fcac.gc.ca, Educational Programs > The City, Module 1)
 - + Handout 1-3, Letter to Parents/Guardians
- overhead transparency or copy for each student of Handout 1-2, Answers
- overhead projector, if using

*TIP: If time allows,
combine this module
with Module 2.*

IN-CLASS TIME REQUIRED

- one lesson (approximately 30 minutes)

KEY WORDS

finance, financial literacy, financial life skills

SUGGESTED APPROACH

TIP: *You may wish to use some of the discussion questions in Step 2 or Step 5 to introduce this topic.*

- 1.** Introduce the topic of financial life skills by explaining that:
 - The class is beginning a series of activities to give students hands-on experience in how to manage their money.
 - The activities will help students achieve their educational and life goals, and plan their transition from secondary school.
- 2.** Lead a discussion by asking students questions like the following:
 - Do you ever need to save your money or limit your expenses?
 - What do you do if you want something and realize you don't have enough money to buy it?
 - How do you manage your money to save for something or accumulate more for the future?
 - What strategies do you use to plan to meet future financial needs?
- 3.** Explain that this activity will help students find out what they already know and what they need to learn.
- 4.** Distribute Handout 1-1, "What Do You Know about Finances?" or have students use the online version (at www.fcac.gc.ca, Educational Programs > The City, Module 1).
 - a) Explain that this is a pre-assessment and students should do their best because it will help them learn how to manage money better.
 - b) Have students answer the questions and, if they used the online version, print the completed quiz pages.
- 5.** Use Handout 1-2, "Answers," to mark the questionnaire with the class and discuss the results. Prompt discussion with questions like the following:
 - Were the answers different from what you expected?
+ *Answers will vary.*
 - Did the questions cover topics you need to know? Which ones didn't?
+ *All the questions relate to basic financial life skills that everyone needs to know to manage their money and avoid financial problems.*
 - Do you think that learning to manage your money is relevant in your life today? Why or why not?
+ *Students manage small amounts of money on a day-to-day basis to buy things they need and to save for larger purchases and for future goals. Many already have jobs and save for career and education goals.*
 - What do you think "financial literacy" means? What do you think "financial life skills" means?
+ *Financial literacy means the ability to read about and understand money and personal finances and the way our financial systems work.*
+ *Financial life skills are the ability to manage your money with knowledge and confidence throughout your life.*

TIP: *In order to use the online version and compare students' answers in the post-assessment, students will have to register on the student website. FCAC maintains data for student use and assessment only, and doesn't make use of any personal information. Student registrations and results are deleted after three months. Sign-on procedures are described on the educator's pages of the website.*

- Do you think that managing your finances will be relevant in your transition from secondary school? Where will you learn what you need to know about managing money?

+ By the time students graduate, most will need to know about budgeting, banking, credit, debt, income tax, insurance, investments, frauds and many other related topics.

6. Explain that:

- The results of the questionnaire aren't critical at this point.
- The activities that follow will give students the skills to deal with all the issues raised.
- Students already have some knowledge and skills they can build on.
- Students need to increase their skills to successfully manage their financial affairs, increase their potential savings and avoid financial problems.

7. Have students place their pre-assessment (Handout 1-1) in a binder or portfolio. Explain that:

- Students will use the binders or portfolios to keep information and worksheets they'll need to use for the rest of the class activities.
- Students will use the materials in subsequent lessons.
- Students can use the materials outside of school in order to prepare for their transition from school into their independent lives.

TIP: By explaining the purpose of the financial life skills activities, the letter helps ease parent concerns about discussing family finances. You may want to ensure students bring the letter to their parents or guardians by having a parent sign the letter and return it to the next class.

8. Home Connections. Give students a copy of Handout 1-3, "Letter to Parents/Guardians," and have them go over it with their parents or guardians. Invite students to challenge their parents or another adult to answer the questions on Handout 1-1, "What Do You Know about Finances?" and discuss the right answers with them.

EVIDENCE FOR ASSESSMENT

- Monitor the class discussion to ensure that students can state some things they know and some things they need to learn about financial life skills to prepare for their transition from secondary school.

EXTENSION ACTIVITIES

Have students use art supplies, poetry or collage to complete or illustrate the statement: "When I think about money in my future, I feel" Have students share their statements anonymously and use the statements to lead a class discussion about the positive and negative attitudes that young people have about money and their own financial life skills.

WHAT DO YOU KNOW ABOUT FINANCES?

Name: Class/Block: Date:

1. People's income depends on their education, career choices, economic conditions and the investments they make.
True False
2. How much money a person needs will depend on the lifestyle a person chooses.
True False
3. Fixed expenses are more important than variable expenses when tracking the amount of money you spend.
True False
4. Accurate recording of expenses helps people plan for their needs and wants.
True False
5. People with very high incomes don't need a budget.
True False
6. A budget should include your personal income and expenses.
True False
7. If you buy term deposits, savings bonds or treasury bills, you can earn higher returns than on a savings account, with little or no added risk.
True False
8. If you save 10% of your income from the time you first start working, you'll most likely be able to retire with plenty of money.
True False
9. There are no real differences in the services offered by different financial institutions.
True False
10. Financial institutions don't charge service fees on basic banking services.
True False
11. Paying your credit card bill late can make it more difficult to take out a loan.
True False

WHAT DO YOU KNOW ABOUT FINANCES? (cont'd)

12. Using extra money in a bank savings account to pay off credit card debt is a good idea.

True False

13. Buying insurance is a way of protecting yourself from risk.

True False

14. You must purchase minimum auto insurance, but you can also buy more if you want more protection.

True False

15. Most investments pay a guaranteed rate of return.

True False

16. The riskiness of an investment may affect the rate of return.

True False

17. Information on the web about an investment is a good way to get tips about investing.

True False

18. A financial plan uses your income, expense and other financial records to provide a realistic roadmap for achieving your goals.

True False

19. A financial plan shows the steps you need to take to achieve your goals.

True False

20. Identity theft is rare and you don't have to worry about it.

True False

21. Learning to be skeptical about financial scams helps you learn about other kinds of scams.

True False

ANSWERS

1. People's income depends on their education, career choices, economic conditions and the investments they make.

Answer: True Topic: Income

2. How much money a person needs will depend on the lifestyle a person chooses.

Answer: True Topic: Income

3. Fixed expenses are more important than variable expenses when tracking the amount of money you spend.

Answer: False Topic: Expenses

4. Accurate recording of expenses helps people to plan for their needs and wants.

Answer: True Topic: Expenses

5. People with very high incomes don't need a budget.

Answer: False Topic: Budgets

6. A budget should include your personal income and expenses.

Answer: True Topic: Budgets

7. If you buy term deposits, savings bonds or treasury bills, you can earn higher returns than on a savings account, with little or no added risk.

Answer: True Topic: Savings

8. If you save 10% of your income from the time you first start working, you'll most likely be able to retire with plenty of money.

Answer: True Topic: Savings

9. There are no real differences in the services offered by different financial institutions.

Answer: False Topic: Banking

10. Financial institutions don't charge service fees on basic banking services.

Answer: False Topic: Banking

11. Paying your credit card bill late can make it more difficult to take out a loan.

Answer: True Topic: Credit

ANSWERS (cont'd)

12. Using extra money in a bank savings account to pay off credit card debt is a good idea.

Answer: True Topic: Credit

13. Buying insurance is a way of protecting yourself from risk.

Answer: True Topic: Insurance

14. You must purchase minimum auto insurance, but you can also buy more if you want more protection.

Answer: True Topic: Insurance

15. Most investments pay a guaranteed rate of return.

Answer: False Topic: Investing

16. The riskiness of an investment may affect the rate of return.

Answer: True Topic: Investing

17. Information on the web about an investment is a good way to get tips about investing.

Answer: False Topic: Investing

18. A financial plan uses your income, expense and other financial records to provide a realistic roadmap for achieving your goals.

Answer: True Topic: Financial Plan

19. A financial plan shows the steps you need to take to achieve your goals.

Answer: True Topic: Financial Plan

20. Identity theft is rare and you don't have to worry about it.

Answer: False Topic: Scams

21. Learning to be skeptical about financial scams helps you learn about other kinds of scams.

Answer: True Topic: Scams

LETTER TO PARENTS / GUARDIANS

Student's name

Date

Dear Parent or Guardian:

Our class is starting a series of lessons and activities to teach basic financial life skills to your child. This is part of the school curriculum, and also a good preparation for students as they move into an independent life.

This course covers a range of topics including budgeting, banking, savings, credit, debt, insurance and investments. Learning about these topics will give students some of the skills they need to learn about how to finance their post-secondary career and education goals.

The classroom activities will ask your child to consider his or her goals, and the finances required to achieve them. These activities will help make these goals more realistic and relevant to your child's life. They will also help your child achieve his or her education and career goals.

For some activities, your child may discuss financial topics with you. For example, they may ask you what kind of banking services you use or what kind of insurance your family has. Some activities may ask your child to write a summary of these discussions. **We will not discuss your personal finances in class.**

Talking about family finances will help your child understand financial skills in real-life circumstances and will help your child make realistic plans for his or her own future.

Please support your child's learning by discussing as much of your family's finances as you feel comfortable with.

If you have any questions, please call me at _____ - _____. For more information about this program or about financial life skills, you can also visit the Financial Consumers Agency of Canada website (www.fcac.gc.ca).

Sincerely,

Teacher