

Lesson 2

MONEY MATTERS

This lesson plan links to the following national curriculum areas:

- PSHE NC criteria: Knowledge, skills and understanding: 1a, 1b, 1c; Breadth of study: 4d
- Citizenship: Unit 05, How the economy functions
- English: Speaking: 1a, 1b, 1f; Group discussion: 3a, 3b; Writing: 1e, 1i, 1m
- Key skills: Communication; Application of number; Decision-making

Objectives At the end of the lesson the student will be able to:

- Compare the advantages and disadvantages of buying a car
- Identify steps and actions in the car-buying process
- List the most likely ways of financing the purchase

Activity	Method	Timing	Resources / materials
1 Introductory activity: The benefits and disadvantages of car ownership	<p>The class is divided in half with students lining up on opposing walls. An individual number (one, two, three, etc) is allocated to students on each team. One half of the class considers the benefits of having a car; the other half, the problems.</p> <p>Allow thinking time, and students can talk to neighbours, but all have to note either one main benefit or one issue.</p> <p>Then call out a student number, and the respective two team members give their contrasting views.</p> <p>Record results on the board.</p> <p>Discuss the results. Do benefits outweigh problems? Are there any gaps in the student feedback? What could be done to combat the issues?</p>	10 minutes	Board work
2 Brief class discussion	What type of car are you likely to buy as your first vehicle?	5 minutes	
3 Activity 1: The problem of choice	<p>The class is now divided into appropriate group sizes.</p> <p>Each group is given four budget figures: Up to £1,000, up to £2,000,</p>	20 minutes	<i>Activity sheet 1: Buying your first car</i> Internet access

Activity	Method	Timing	Resources / materials
	<p>up to £3,000 and up to £4,000. Using the Internet and <i>Activity sheet 1</i>: Buying your first car, ask students to research four cars that fit the given price brackets. Students should also carry out research into safe cars (eg airbags, head restraints, child safety seats) and include one safe model in their list.</p> <p>The teacher compares and records final decisions.</p> <p>Class discusses:</p> <ul style="list-style-type: none"> • Reasons for choice • Ease of choice • Problems • Range of opinions within the group • Realism of student approach <p>Students should also consider running costs.</p> <p>Note: This exercise can be reduced in scale if necessary.</p> <p>Differentiation Easier: Students research one or two cars. Leave out the 'New or second hand' exercise on <i>Activity sheet 1</i>. Harder: Students have to include a 'green' car into their search. Students carry out Internet research into hybrid cars.</p>		
<p>4 Activity 2: How can you afford it?</p>	<p>Each group has chosen a car in the previous exercise. They now consider how to pay for their vehicle.</p> <p>Class mind mapping / spider diagram exercise: Various methods of paying for a car. Draw out the following:</p> <ul style="list-style-type: none"> • Personal savings • Borrowing from parents and relatives • Borrowing from a bank or building society • Hire purchase 	<p>20 minutes</p>	<p><i>Activity sheet 2</i>: Paying for your car</p>

Activity	Method	Timing	Resources / materials
	<p>Students complete <i>Activity sheet 2: Paying for your car</i>. Ensure that students consider interest rates a possible obstacle for some of the payment methods.</p> <p>In their groups, students discuss other elements of the car buying process. Ensure the following are covered:</p> <ul style="list-style-type: none"> • Different ways of buying a car (eg private sale, garage, dealership) • Problems of private sale (eg trust, ownership, stolen vehicle issues) • Examination of records of previous maintenance • Buying an AA car data check to ensure that the car has no outstanding finance on it, isn't written off, stolen, etc • Registration documents and the DVLC • Ongoing costs (eg tax and insurance) <p>Additional information on car running costs can be found at www.AA-Attitude.co.uk >Owning a car >Running costs.</p> <p>Also see Lesson 3: Running costs</p> <p>Differentiation Easier: Students concentrate on one method on <i>Activity sheet 2</i>. Harder: After completing <i>Activity sheet 2</i>, students prepare a mini-presentation on which method they think is most successful and why.</p>		
<p>5 Plenary: Costs don't stop here</p>	<p>Concluding class discussion on the decisions made and reasons for them.</p> <p>A brief reminder to students, as a summary, that car ownership costs do not end with purchase. Consider insurance, tax, MOT etc.</p> <p>Note: you may want to follow this lesson up with Lesson 3: Running costs.</p>	5 minutes	

Extension or homework suggestions

- 1 Access a car insurance website (eg www.theAA.com) and, using the car chosen by the student in class, research the likely insurance costs. Students then compare the quotes they received and discuss insurance terminology they found difficult to understand (eg protected no-claims discount, accidental damage, malicious damage).
- 2 Students carry out research into hybrid cars and write up a short case study on green cars. What are the benefits? What are the issues? Standard of green car development today. Possible websites to use: www.hybridcars.com, www.green-car-guide.com/.
- 3 Student research project, approaching adults and parents for tales of 'My first car and my first motoring mistakes!' These tales could be developed into a short class compendium of 'horror stories' of what not to do when buying a car.

Activity sheet 1

BUYING YOUR FIRST CAR

You want to buy a second-hand car

- You are considering spending £1,000 to £4,000
- You have managed to save £1,000 already, but...
- for the right car, you might consider borrowing or saving more in order to be able to buy it
- You haven't decided what type of car you want. Which make? How big or small? A very safe car? A green car?

Finding your car

1. Log on to www.autoweb.co.uk and research four cars that fit the price brackets in the table. Enter the cars and your reasons for choosing them in the boxes. You should have a variety of makes and sizes.
2. One of your cars must be a very safe car. Go to www.euroncap.com and access the section 'How safe is your car?'. Carry out research into the safety ratings and safety equipment. Then return to www.autoweb.co.uk and find a safe car for the money you want to spend.

Budget available	Car make and reason for choice
Up to £1,000	
Up to £2,000	
Up to £3,000	
Up to £4,000	

Now make your final choice

- Choose only one of the above as the car you intend to buy.
- Try to be realistic.

FINAL CHOICE

Name of car:

Price:

List the reasons for your choice:

- 1.
- 2.
- 3.
- 4.
- 5.

New or second hand?

If you have £7,000, you could buy a new basic small car. What would be the advantages and disadvantages of 'buying new', rather than 'going second-hand'? Use a mind map / spider diagram to show these.

Activity sheet 2

PAYING FOR YOUR FIRST CAR

In the box below enter the price you have decided to pay for your car.

£

Look at the table below showing different ways of saving and borrowing money. Write down the advantages and disadvantages of each one. Choose the method that suits you best and explain why.

	Advantage of this method	Disadvantage of this method	Likely extra costs
Personal savings			
Borrowing from parents or relatives			
Borrowing from a bank or building society			
Hire purchase			

EXTENSION EXERCISE

Where would you get the money to pay for the car?

If you have to borrow £4,000 from a bank and they charge an annual interest rate of 9% on the amount borrowed, how much will you need to pay back each month if you want to pay off your debt completely over the next year? How much extra money will you be paying above the £4,000 you borrowed?

Then try the same over two years.

Extra to pay for one year =

Extra to pay for two years =

TEACHER EVALUATION

Use this sheet to evaluate how the lesson went and how you would look to improve it. You may like to post any suggestions on the Contact us page of the teacher zone.

MONEY MATTERS

Comments

a) What worked well?

b) What didn't work well?

c) How would you improve this lesson the next time?

60-SECOND STUDENT EVALUATION

Name: _____

Name or number of lesson: _____

During this lesson the **three** most important things I learned were:

- 1.
- 2.
- 3.

The things I **enjoyed most** about this lesson were:

The things I **least enjoyed** about this lesson were:

Finally, **give the lesson a rating** on a scale of 1 to 10, with 10 as the best.

(Please circle your answer)

1 2 3 4 5 6 7 8 9 10