



Notes for parents of KS4 students.

Aim at this stage is to make sure that your children develop a diverse savings portfolio, understand gross and net income and the other things associated with employment and begin to look at a budget and its purpose.

Saving

Hopefully your child will be saving in a money box or may even have opened a savings account. If not encourage them to do this. Look at other ways of saving too - perhaps a junior ISA or premium bonds. Talk about your savings methods.

First Job

Encourage your child to look around for a part time job. This will not only give them some extra income but will also give them a taste of independence. Discuss their first pay slip and the difference between gross and net income.

Discuss household income

Talk about your household income and expenditure and how you make ends meet. If you use a budget discuss its benefits and drawbacks and how it might be improved. Talk about helping your son or daughter to write a budget for them - let them run with it. Finally discuss unexpected costs and how you cope with them and also how you might cope with them better.

Choices

Encourage you child to make their own choices with their finance. If they have earned it let them manage it. If they make mistakes here then providing they learn from it it will stand them in good stead going forward.

Terms that might be useful

Junior ISA

A savings account where interest is earned tax free. Owners go Junior ISA accounts cannot touch their money until 18 so it bridges the gap between saving and investing. Junior ISA rate are about 2.5% per annum.

Premium Bonds

State run lottery where investments are never lost. Minimum saving is £25, maximum is £50,000. Prizes drawn monthly and range from £25 to £1 million. Money paid in can be withdrawn. Applications are made online or by post.

Gross income

This is income before any stoppages are made

Net income

This is income after stoppages are made. These could be income tax, national insurance or student finance repayments. This is the amount that appears in your bank account.