

Unit Title:	Learning to be financially capable
OCR unit number	A/502/2856
Level:	Level 2
Credit value:	3
Guided learning hours:	20-30
Unit expiry date:	01/07/2016

Unit purpose and aim

This unit will enable learners to understand financial documentation and services along with state financial benefits. Learners will be able to plan a budget and carry out financial transactions as well as understanding the consequences of getting into debt.

Learning Outcomes	Assessment Criteria	Exemplification
<p>The Learner will:</p> <p>1 Understand how money is used</p>	<p>The Learner can:</p> <p>1.1 Define what is meant by financial capability in relation to:</p> <p>a) earning money b) prioritising how money is spent c) managing money d) saving money e) borrowing money f) staying informed about money matters</p>	<p>Earning money involves sources of income which could include:</p> <ul style="list-style-type: none"> • a salary • an hourly wage • a grant • an allowance • benefits <p>Understanding the need to prioritise how money is spent which could include:</p> <ul style="list-style-type: none"> • placing expenses in order of importance, eg food, household bills, entertainment • identifying which are essential and which are non-essential expenses • when to pay bills eg credit card before interest charges <p>Managing money which could include:</p> <ul style="list-style-type: none"> • identifying regular, predictable expenses • allowing for one-off or unexpected payments • drawing up a personal budget • checking account statements • making adjustments

Learning Outcomes	Assessment Criteria	Exemplification
	<p>1.2 Describe financial services that might play an important part in life</p> <p>1.3. Compare risks and rewards of financial services</p>	<p>Reasons for saving money which could include:</p> <ul style="list-style-type: none"> • short term, eg holiday • medium term, eg funding for future education • long term, eg retirement <p>Methods of saving money which could include:</p> <ul style="list-style-type: none"> • bank and building society savings accounts • investments, eg cash ISA, fixed term bonds • contribution to pension plan <p>Methods of borrowing money which could include:</p> <ul style="list-style-type: none"> • bank loans • mortgages • student loans <p>Ways of staying informed which could include:</p> <ul style="list-style-type: none"> • reading a leaflet from the bank • getting advice from the Citizens Advice Bureau • talking to a debt counsellor • looking up interest rates on the internet <p>Key features (purpose, terms and conditions) of a range of financial services eg:</p> <ul style="list-style-type: none"> • credit and debit cards • loans • mortgages • investments <p>Features of financial services to be compared could include:</p> <ul style="list-style-type: none"> • interest rates • timescale • secured/unsecured • additional benefits <p>Examples of different payment methods could include:</p> <ul style="list-style-type: none"> • cash (notes and coins) • cheques • credit, debit or store cards • vouchers or coupons • standing orders or direct debits

Learning Outcomes	Assessment Criteria	Exemplification
<p>2 Know about state financial benefits</p>	<p>2.1 Describe different state financial benefits</p> <p>2.2 Describe how different groups of people might gain from state financial benefits</p>	<p>Describe the key features (amount, frequency, eligibility) of a range of state financial benefits which could include:</p> <ul style="list-style-type: none"> • educational allowances • child benefits • unemployment benefits • disability allowances <p>Examples of groups of people could include:</p> <ul style="list-style-type: none"> • students • parents • unemployed people • carers <p>Examples of how people might gain from state financial benefits could include:</p> <ul style="list-style-type: none"> • encourages young people to stay on in education to improve their prospects • enables parents with young children to return to work • offers financial support while unemployed • offers financial support for those who provide care for someone <p>Description includes impact of benefit on recipient</p>
<p>3 Be able to plan a budget</p>	<p>3.1 Identify total income for a project or event at work, on a programme of learning or in personal life</p> <p>3.2 Plan expenditure, including contingency money, for a project or event at work, on a programme of learning or in personal life</p>	<p>Learners may use their own income or realistic estimated income.</p> <p>Cost of individual entries may be actual, based on past experience or estimated</p> <p>Examples of planning using headings include:</p> <ul style="list-style-type: none"> • resources • services • refreshments • travel • contingencies

Learning Outcomes	Assessment Criteria	Exemplification
	<p>3.3 Work out whether total planned expenditure is less than or equal to income</p> <p>3.4 Assess actions that could help budgeting</p>	<p>Recognise the effectiveness of the budget, eg under-spend/over-spend.</p> <p>Understand methods which could be used to improve budgeting which could include:</p> <ul style="list-style-type: none"> • being realistic about income and expenditure • recording actual expenditure • indentifying ways to reduce expenditure • reviewing contingency • using interim review of budget
<p>4 Understand financial documents</p>	<p>4.1 Illustrate the purpose of different types of financial documents</p> <p>4.2 Assess the importance of key information found on financial documents</p> <p>4.3 Define key specialist terms found on financial documents</p>	<p>Examples of financial documents could include:</p> <ul style="list-style-type: none"> • receipt – evidence of purchase • wage/payslip – evidence of income and deductions • bank statement – evidence of payments and receipts and current balance <p>Examples of key information and its importance could include:</p> <ul style="list-style-type: none"> • date – when purchase was made – returns and guarantee may be affected • gross pay – accuracy of amount paid can be checked • current balance – identify money available <p>Examples of key specialist terms could include:</p> <ul style="list-style-type: none"> • National Insurance number • VAT • AER/APR • PAYE • Minimum payment • Payment terms • Discount • Credit/Debit • Balance • Charges • Gross/Net

Learning Outcomes	Assessment Criteria	Exemplification
5 Be able to carry out financial transactions	<p>5.1 Demonstrate making and checking payments, using cash, cheques or cards</p> <p>5.2 Record financial transactions over a set period of time</p> <p>5.3 Compare interest rates for different types of savings accounts</p>	<p>Estimate total cost of several items before transaction to assess whether sufficient funds available</p> <p>Make either real or simulated payments when:</p> <ul style="list-style-type: none"> • buying items from a shop • purchasing items online <p>Checking could include:</p> <ul style="list-style-type: none"> • reviewing amount on screen before entering PIN • reviewing details on screen before completing transaction • checking cheque completed accurately • counting change • reading through a receipt <p>Financial transactions include incomings and outgoings.</p> <p>Patterns and trends in spending.</p> <p>Implications for future spending or saving</p> <p>Savings accounts could include:</p> <ul style="list-style-type: none"> • Instant access • Fixed term bonds • Regular savings • ISAs <p>Comparisons could include:</p> <ul style="list-style-type: none"> • Interest rate/frequency • Risk/security • Term • Access <p>Understand which account would be most suitable for a given situation and why</p>

Learning Outcomes	Assessment Criteria	Knowledge, understanding and skills
6 Understand the consequences of getting into debt	<p>6.1 Illustrate different ways of getting into debt</p> <p>6.2 Describe problems that getting into debt may cause for an individual and family</p>	<p>Ways debt may arise include:</p> <ul style="list-style-type: none"> • spending more money than you earn • gambling • borrowing money which you are unable to repay • only making minimum repayment on credit/store cards • change of personal circumstances meaning reduced income • lending money which is not repaid <p>Problems of getting into debt include:</p> <ul style="list-style-type: none"> • greater proportion of income is needed to pay off original debt and interest • repossession of belongings by credit agencies • house is repossessed as payments can't be met • additional employment is needed as finances are stretched • personal well being affected • relationship issues • impact on family activities and possible resentment • over time interest on debt can mount up meaning repayments merely pay off interest not initial sum borrowed

Assessment and evidence requirements

All units are centre-assessed and externally moderated by OCR. Centres may use the evidence booklets supplied by OCR, but these are not mandatory. Any centres choosing not to use the OCR booklets will need to devise activities and evidence that enable candidates to meet all of the assessment objectives in these units. To help centres with this, OCR has produced specific marking guidance for each unit.

When candidates complete an assignment/activity, the centre assessor (usually the teacher/tutor) assesses their work. When the assessor is satisfied that the candidate has met all the requirements for a unit, they must confirm this by signing the cover of the evidence booklet (or by completing the evidence checklist) for that unit to show that the assessment process is complete.

Results will be graded Pass or Fail.

Functional Skills signposting

This section indicates where candidates may have an opportunity to develop their functional skills.

Functional Skills Standards					
English		Mathematics		ICT	
Speaking and Listening		Representing	✓	Use ICT systems	
Reading	✓	Analysing	✓	Find and select information	✓
Writing	✓	Interpreting	✓	Develop, present and communicate information	

Relationships with Personal, Learning and Thinking Skills (PLTS)

This section indicates how the unit relates to the six PLTS areas:

PLTS					
Independent Enquirers	Creative Thinkers	Reflective Learners	Team Workers	Self Managers	Effective Participators
✓					

Resources

The following resources are available for this unit:

Unit specification

Candidate evidence booklet

Candidate evidence checklists

Candidate Submission Forms

Marking guidance

Handbook

Glossary

Frequently Asked Questions (FAQs)

Additional information

For further information regarding administration for this qualification, please refer to the *Personal Life Skills Centre Handbook* and the OCR document '*Admin Guide: Vocational Qualifications*' (A850) on the OCR website www.ocr.org.uk.