

PSHE / SEL · Y4-Y6

# Financial Literacy

KS2 PSHE Knowledge Organiser

## Financial literacy

1

### Needs vs wants

Needs: essential for survival and basic wellbeing — food, shelter, clothing, warmth, healthcare. Wants: things we would like but could live without — new trainers, gaming consoles, sweets. Understanding the difference is the foundation of financial decision-making.

2

### Income

Money received for work (wages, salary) or other sources (benefits, rents). In the UK: wages are taxed — income tax and National Insurance are deducted before payment (PAYE). The government uses tax revenue to fund public services.

3

### Budgeting

Planning how to spend your money. List income. List essential expenses (rent, food, bills). Subtract essentials from income. What is left? Now prioritise wants. Living within your income is the most important financial skill.

4

### Saving

Setting aside money now to spend later. Why save? For large purchases. For emergencies (a buffer). For retirement. Even small regular amounts accumulate. Interest: money paid to you by a bank for leaving your money there (currently very low rates).

5

### Debt

Money owed to someone else. Mortgages (to buy a house), student loans, credit cards. Not all debt is bad — mortgages let people buy homes they otherwise couldn't. But high-interest debt (credit cards, payday loans) is dangerous and hard to escape.



6

**Advertising and spending**

Advertisers want you to buy things you may not need. Techniques: appealing to status (you'll be cool), fear of missing out, limited time offers, comparing to others. Recognising these techniques reduces their power.

7

**Charity and sharing**

Giving money to others. Taxes are a compulsory form of sharing (funding public services). Charitable giving is voluntary. Most religious and ethical traditions encourage sharing wealth. Generosity and financial prudence are not opposites.

