

Teaching Guide



GOAL SETTING



DECISION-MAKING



MONEY & INFLATION



ASSET ALLOCATION



DIVERSIFICATION



Teaching Guide



Dear Educators,

Welcome to *Money Confident Kids™*, a comprehensive financial literacy programme for early high school students presented by T. Rowe Price. High school students typically have a short-term view of their finances. Our goal is to help kids understand that every economic decision is associated with a time horizon. For example, buying a snack has an immediate time horizon, saving money for back-to-school supplies might take several months, and saving for a home or retirement has a long-term time horizon because it happens over many years. Money is a limited resource. If students learn financial literacy at a young age, they can make informed choices throughout their lives and plan a more secure future.

Concepts

The programme covers five concepts, each with its own section.

1. **Goal Setting**
2. **Decision-Making**
3. **Money and Inflation**
4. **Asset Allocation**
5. **Diversification**

Components

For each of the five concepts, you will find a standard set of components that guides students to develop a routine as they progress through the programme. Each concept includes:

- Clear, step-by-step **lesson plans with sequencing suggestions, overviews, plus key learnings and vocabulary**;
- Engaging **reading passages** that model financial concepts through a character named Nikki, who starts as a financially naïve high school student and grows into a savvy young professional;
- Real-world **worksheets, activities and games** and;
- **Assessments** and answer keys.

Standards and Support

- Education Standards Authority
<https://educationstandards.nsw.edu.au/wps/portal/nesa/home>
- Moneysmart for teachers
<https://moneysmart.gov.au/about-moneysmart-for-teachers>
- Moneysmart in schools
<https://moneysmart.gov.au/moneysmart-in-schools>
- Financial Capability - Australians in control of their financial lives
<https://financialcapability.gov.au/>
- ASX (Australian Securities Exchange)
<https://www.asx.com.au/education/shares-education.htm>
- ACARA (Australian Curriculum Assessment and Reporting Authority)
<https://australiancurriculum.edu.au/resources/curriculum-connections/portfolios/consumer-and-financial-literacy/>

We hope you enjoy using *Money Confident Kids™* with your students!

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OVERVIEW

Because most high school students have a short-term view of money, they need to develop awareness of the impact of every financial decision. In this section, students learn that different money decisions have different time horizons (short, medium or long term) and that these time horizons change as you grow older.



Goal Setting

Key Learnings and Vocabulary

- Categorising financial goals according to **time horizons** and making **SMART (Specific, Measurable, Achievable, Relevant, Time Specific)** goals
- Creating and monitoring **budgets** to achieve goals
- Learning how **income** minus **expenses** equals **savings**
- Increasing savings by upping income and/or lowering expenses (by **comparison shopping** and evaluating purchases that are **wants** but **not needs**)

LESSON COMPONENTS

Component	Name	Duration
Session 1		
Lesson 1 – Introduction	Discussion	10 Minutes
Lesson 1	Better Set a Budget	20 Minutes
Lesson 1 – Activity Sheet	It's in the Budget!	10 Minutes
Session 2		
Lesson 2 – Introduction	Discussion	5 Minutes
Lesson 2	Get the Big Picture	10 Minutes
Lesson 2 – Activity Sheet	Start With a Goal	15 Minutes
Assessment	Show What You Know	10 Minutes

Lesson 1 – Better Set A Budget

1. **Discuss** what students think about money now and how they spend and manage it. Ask what they think their spending will look like when they graduate from high school and university and at other stages later in life. What kind of longer-term financial goals might they have? (10 minutes)
2. **Explain** that they will be learning to manage money by reading about a girl who goes from typical teen to financial whiz by working hard and making smart money decisions. Direct the class to read *Meet Nikki!* and Goal Setting Lesson 1, *Better Set a Budget*. Discuss the concepts of time horizon, setting goals, budgets and the following equation: **Income – Expenses = Savings**. Point out that different financial goals have different time horizons. For example, saving up for a new electronic device has a short-term time horizon of one to four years or less. Saving for a deposit on a house might have an intermediate time horizon of five to 10 years, while saving for retirement has a long-term time horizon of more than 10 years. (20 minutes)
3. **Direct** students to complete the *It's in the Budget!* activity sheet to find ways for Nikki to increase her savings. Encourage your class to apply this understanding to their own SMART goal. (10 minutes)

Notice



NOTE TO FACILITATORS

To maintain a more consistent flow with Nikki's story and the financial decisions she could potentially face, the Goal Setting section has been split into two parts:

1. At the beginning, Nikki is in high school dealing with more short-term goals,
2. As Nikki completes her university years, the focus is on goal setting in a long-term context.

At this point, you can skip to the next module—Decision-Making—which covers Nikki's high school to early university years and lays the foundation for Nikki to plan for her long-term goals, or feel free to continue with the next goal-setting module and explain where Nikki is on her time horizon.

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Goal Setting

Lesson 2 – Get the Big Picture

1. **Refresh** students' memories of your discussion about financial goals and ask them if their goals will change over time. (5 minutes)
2. **Direct** students to read Goal Setting Lesson 2, *Get the Big Picture*, in which we jump ahead to the end of Nikki's university years and observe her decision to invest in her future with a master's degree. Ask students if they agree with her decision. (10 minutes)
3. **Ask** students to complete the *Start With a Goal* activity sheet. Make sure students are able to accurately classify financial goals as short, medium or long term. (15 minutes)
4. **Give** the Goal Setting assessment either in class or as homework. (10 minutes)

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OVERVIEW

We all have limited time and money, so making deliberate spending decisions—and resisting impulse buys—is a key financial strategy. In this section, students will learn the difference between necessary and unnecessary purchases.



Decision-Making

Key Learnings and Vocabulary

- Distinguishing between
 - needs**: the things you must have to survive, like food, water and medicine or things that will help you achieve your financial goals; and
 - wants**: the things you would like to have (but don't *really* need) that can set you back from reaching your goals, like a cool pair of jeans or a new phone cover.
- Realising that some purchases, like **insurance**, are necessary even though they're not exciting
- Applying the concept of **comparison shopping**
- Understanding **loans** and **credit**—when either one can be appropriate and the consequence of **interest charges**; learning that maintaining a good **credit rating** depends on paying off **debt** on time.

LESSON COMPONENTS

Component	Name	Duration
Session 1		
Lesson 1 – Introduction	Discussion	5 Minutes
Lesson 1	Get It for Less	15 Minutes
Lesson 1 – Activity Sheet	But I Really Want It!	10 Minutes
Lesson 1 – Game Sheet	Plan Your Party	15 Minutes
Session 2		
Lesson 2 – Introduction	Discussion	5 Minutes
Lesson 2	A Dollar Saved...	20 Minutes
Lesson 2 – Activity Sheet	How Interesting!	10 Minutes
Session 3		
Lesson 3 – Introduction	Discussion	5 Minutes
Lesson 3	But I Love That New Car Smell	15 Minutes
Lesson 3 – Game Sheet	Is It Covered?	20 Minutes
Assessment	Show What You Know	10 Minutes

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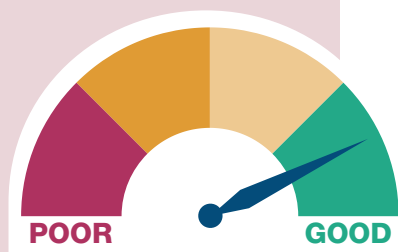
Decision-Making

Lesson 1 – Get It for Less

1. **Ask** students to give examples of things they bought recently or would like to buy, then identify whether the items are needs or wants. Answers could include snacks, clothes, entertainment, etc. (5 minutes)
2. **Direct** students to read Decision-Making Lesson 1, *Get It for Less*. Form small groups of two to four students. Ask students if they've ever comparison shopped or done anything else to reduce or defer their expenses. Ask students to discuss how controlling expenses can help them achieve their goals. (15 minutes)
3. **Have** them work through the concepts with the *But I Really Want It!* activity sheet. Help them understand that some items—like Marcus's textbook—can be deemed needs, as they are investments that pay off later in life. (10 minutes)
4. **Review** the directions for the *Plan Your Party* game card, and assign it as classwork or homework. Remind students to apply the knowledge and skills they learnt from the lesson and activity about comparison shopping and controlling expenses as they plan the party. (15 minutes)

Lesson 2 – A Dollar Saved...

1. **Ask** students if they would like to own a car when they are older and if they think they'll be able to afford one. Remind them that this is a purchase with a short or medium time horizon depending on how long you have to save for it. Ask what kinds of expenses go along with owning a car. (5 minutes)
2. **Have** students read Decision-Making Lesson 2, *A Dollar Saved*. Ask them what they know about loans (such as car loans) and credit. Make sure they understand that saving for your financial goals is best if you have time but there may be times that they will need to use credit to pay for a large expense. They should also factor in interest payments and the importance of paying on time to maintain a good credit rating. (20 minutes)
3. **Hand out** the *How Interesting!* activity sheet. If your class has not mastered multiplying decimals and converting between decimals and percentages, complete the worksheet as a class or let students use calculators. Answers are included in the student workbook. Ask students to reflect on the difference between the cost of something they buy immediately and the cost of something they buy with credit. Prompt them to explore how to apply good decision-making skills when utilising credit. (10 minutes)



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Decision-Making

Lesson 3 – But I Love That New Car Smell

1. **Ask** students if they know what insurance is and why people buy it. Read Decision-Making Lesson 3, *But I Love That New Car Smell*. Help students understand that a flashy car is a want, not a need. Discuss the difference between:

- compulsory third party (CTP) 'Green slip' car insurance required by law
- third-party property insurance
- comprehensive insurance

Emphasise what is covered by each type of insurance and how comprehensive insurance helps cover the cost of repairs and damages if a driver is involved in an accident. (20 minutes)

2. **Reinforce** the value of car insurance with the game *Is It Covered?* Ask students to share what they learnt. (20 minutes)
3. **Give** the Decision-Making assessment either in class or as homework. (10 minutes)

NOTE TO FACILITATORS

If you skipped the second part of the Goal Setting module above, you can return to this section now that you have completed the Decision-making Module or feel free to continue with the next module and explain where Nikki is on her time horizon.

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3



OVERVIEW

In this section, students will learn how inflation erodes purchasing power over time and why they need to consider inflation's effect on their long-term financial goals.



Money and Inflation

Key Learnings and Vocabulary

- **Inflation** is the increase in the price of goods and services over time.
- You must consider inflation when you're setting long-term financial goals.
- A **mortgage** is a type of loan used to finance a home.

LESSON COMPONENTS

Component	Name	Duration
Session 1		
Lesson 1 – Introduction	Discussion	10 Minutes
Lesson 1	A Place of My Own	20 Minutes
Lesson 1 – Activity Sheet 1	When Prices Rise	10 Minutes
Lesson 1 – Activity Sheet 2	The Cost of Higher Education	10 Minutes
Assessment	Show What You Know	10 Minutes

Lesson 1 – A Place of My Own

1. **Ask** students if they have ever heard their parents or grandparents say that things were less expensive when they were young. Discuss why they think prices were lower in the past, and guide them to understand the concept of inflation (see Key Learnings and Vocabulary above). (10 minutes)
2. **Have** students read the Money and Inflation lesson *A Place of My Own*. Explain that owning a home is a long-term commitment and that most people have to save for a deposit and borrow money to finance a home purchase by taking out a mortgage. Emphasise that you must consider the effects of inflation when you formulate a longer-term goal like buying a home, since the cost goes up over time. Guide students in understanding how inflation is calculated. (20 minutes)
3. **Complete** the *When Prices Rise* activity sheet. If students haven't learned how to calculate with percentages/decimals yet or need additional scaffolding instruction, complete it as a class or let students use calculators. (10 minutes)
4. **Complete** the activity sheet *The Cost of Higher Education*, in which students learn about the effect inflation has had on tuition costs over the years. Students estimate what tuition costs will be when they're ready to attend university. As **an optional extension**, students research costs at a university they would like to attend and project what those costs will be when they are ready to attend. (10 minutes)
5. **Give** the Money and Inflation assessment either in class or as homework. (10 minutes)

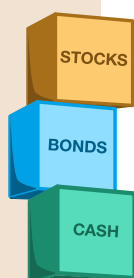
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OVERVIEW

Once you accumulate some savings, you need to decide where to invest the money to help it grow. In this section, in view of what students have learned about inflation and what lies ahead on their time horizon, they will learn about asset allocation strategies to grow their assets. In addition, students will learn: the differences between asset classes like cash (bank accounts), bonds and shares; that different asset classes have different levels of risk (and that investors have different tolerances for investment risk); and why they need to consider their financial time horizon when making investment choices.



Asset Allocation

Key Learnings and Vocabulary

- **Asset allocation:** how your money is divided amongst shares, bonds and cash according to your financial time horizon
- **Bond:** a loan to a government or corporation to be repaid with interest
- **Share:** an investment that includes part ownership of a company
- **Managed fund:** a type of investment that holds a number of shares, bonds or other assets that is managed by a financial company
- **Asset class:** a group of financial assets with similar features
- **Investment risk:** the chance of losing money on an investment
- **Superannuation:** a type of retirement fund

LESSON COMPONENTS

Component	Name	Duration
Session 1		
Lesson 1 – Introduction	Discussion	10 Minutes
Lesson 1	Taking a Sensible Risk	20 Minutes
Lesson 1 – Activity Sheet	Can You Handle the Risk?	10 Minutes
Session 2		
Lesson 2 – Introduction	Discussion	10 Minutes
Lesson 2	Finding the Right Mix	20 Minutes
Lesson 2 – Game Sheet	\$10,000 Investment Game	20 Minutes
Assessment	Show What You Know	10 Minutes

Lesson 1 – Taking a Sensible Risk

1. **Ask** students to think about their time horizon and what age they think they will be when they stop working and retire. Also, how long do they think their money needs to last after they retire? Sure, it's a long time in the future, but discuss the benefits of starting to save early and that they will need a mix of investments to reach long-term financial goals. (10 minutes)
2. **Read** Asset Allocation Lesson 1, *Taking a Sensible Risk*. Make sure that students can identify and define the basic financial building blocks—cash, bonds and shares—and that they understand the risks and rewards associated with each. (20 minutes)
3. **Complete** the *Can You Handle the Risk?* worksheet. Review how each asset class has a risk/return trade-off. Discuss how people's attitudes toward risk can change over time, especially as they grow older and their time horizon for a goal changes from long term to short term. (10 minutes)

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Asset Allocation

Lesson 2 – Finding the Right Mix

1. **Ask** students if they have any relatives who are retired. Discuss what it means to be retired, and determine what the students already know about how retirees pay for their living expenses. (10 minutes)
2. **Read** Asset Allocation Lesson 2, *Finding the Right Mix*. Ensure that students understand that even though retirement may seem like a long way away, it would be wise to start planning for it as soon as they begin working. (20 minutes)
3. **Complete** the \$10,000 *Investment Game* and explain to students that the mix of investments are different for short-, medium-, or long-term time horizons due to the risk each investment carries. Then, review to make sure students understand the importance of planning to achieve goals with different time horizons. (20 minutes)
4. **Give** the Asset Allocation assessment either in class or as homework. (10 minutes)

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OVERVIEW

When it's time to invest your hard-earned money and help it grow for the future, you don't want to make your financial future dependent on a single investment. In this section, students will learn the concept of diversification as a strategy to reduce the risk of an investment losing value when economic or political events hurt a particular industry or company.



Diversification

Key Learnings and Vocabulary

- **Diversification:** a strategy that reduces risk by distributing funds across different types of investments
- **International shares:** companies generally located outside Australia
- **Portfolio:** the total of a person's financial assets

LESSON COMPONENTS

Component	Name	Duration
Session 1		
Lesson 1 – Introduction	Discussion	10 Minutes
Lesson 1	Investment Choices, Part A	15 Minutes
Session 2		
Lesson 2	Investment Choices, Part B	15 Minutes
Lesson 2 – Activity Sheet 1	Spread It Around!	10 Minutes
Lesson 2 – Activity Sheet 2	Can This Portfolio Be Saved?	30 Minutes
Assessment	Show What You Know	10 Minutes

Lesson 1 – Investment Choices, Part A

1. **Ask** students if they have ever heard the saying, "Don't put all your eggs in one basket". What do they think it means? Simply, if something happens to the basket, all the eggs may be lost. (10 minutes)
2. **Have** students read Diversification Lesson 1, *Investment Choices, Part A*. Point out the dangers of putting all of one's funds into a single share or industry. Ensure that students have an understanding of the 'mix' of investments provided with managed funds. (15 minutes)

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Diversification

Lesson 2 – Investment Choices, Part B

1. **Have** students read Diversification Lesson 2, *Investment Choices, Part B*. Review key vocabulary. Students should know that investors can choose from amongst small, medium-sized, and large companies; domestic- and internationally based companies; and shares in different industry sectors. (15 minutes)
2. **Complete** the Diversification *Spread It Around!* activity sheet, in which students review the performance of different types of companies under different economic conditions. Review the answers as a class, and point out how a diversified portfolio can help an investor guard against a disastrous decline in one industry. (10 minutes)
3. **Have** students complete the Diversification activity *Can This Portfolio Be Saved?* Have students share their experiences with diversifying their clients' portfolios, and review the characteristics of a diversified portfolio (e.g., including shares from different industries, different-sized companies and domestic as well as international companies). (30 minutes)
4. **Give** the Diversification assessment either in class or as homework. (10 minutes)

Conclusion



Conclude

- **Conclude** with the culminating assessment.
- **Read** the wrap-up of Nikki's story to summarise the programme's concepts.
- **Optional:** Ask students to review their Goal Setting visual. Modelling the 'end' of Nikki's story, they may write their own financial goal 'conclusion' based on their earlier goals and new learnings.

Thank you for your participation in the *Money Confident Kids™* programme and for helping kids build a solid foundation to grow and manage their financial future.



MONEY CONFIDENT Kids®

Presented by **T.RowePrice®**

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CCON0063734
202412-4118745

