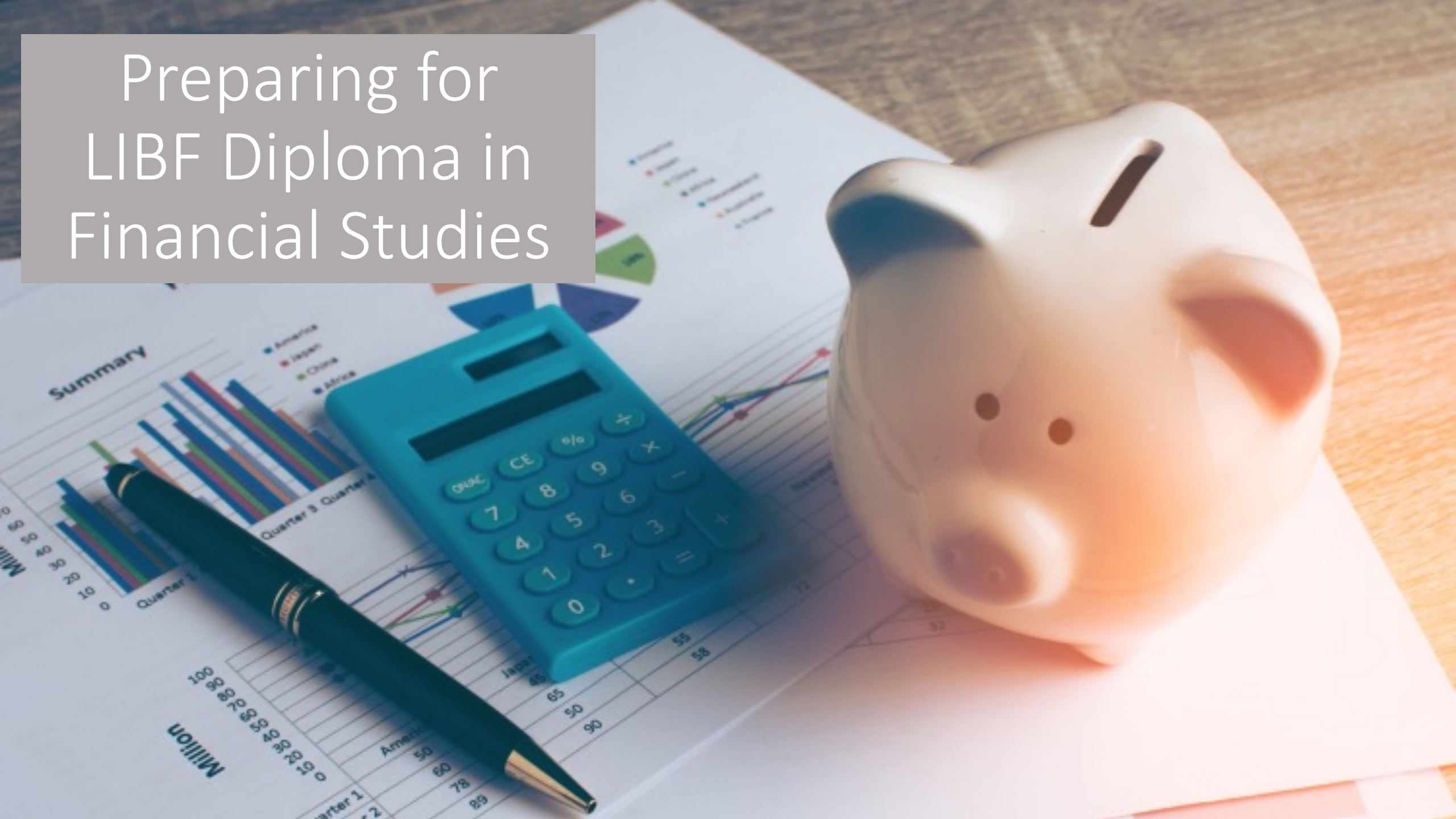


Preparing for LIBF Diploma in Financial Studies

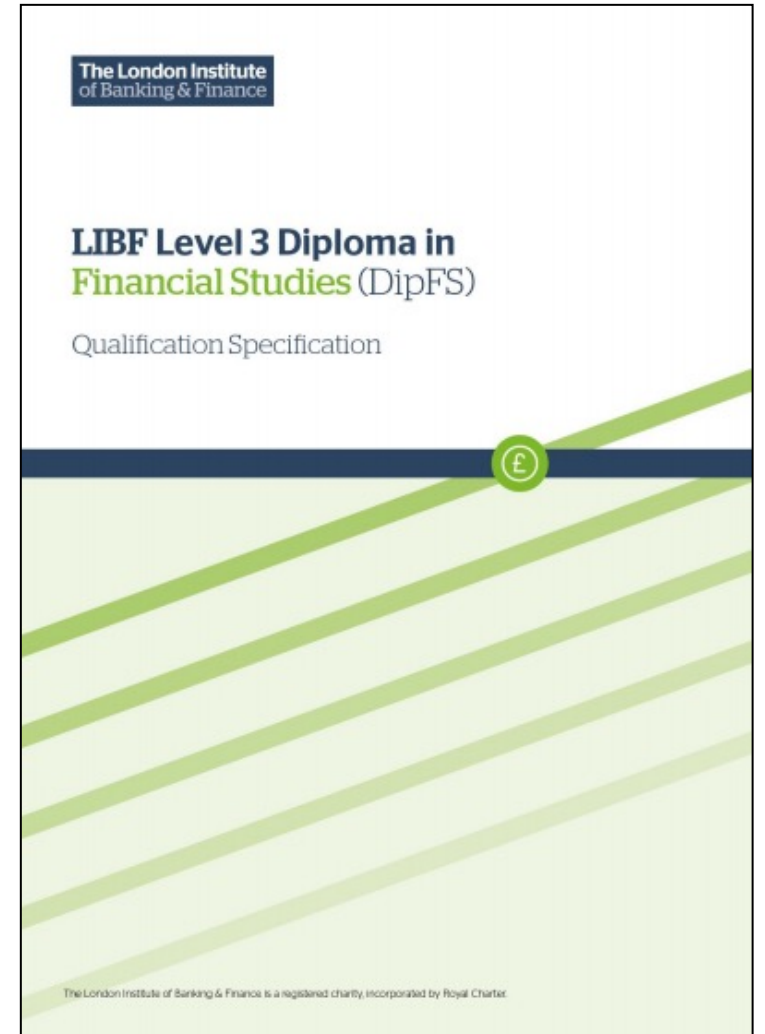


The course

LIBF Diploma in Financial Studies (DipFS)

<http://www.libf.ac.uk/docs/default-source/financial-capability/qualification-specifications/dipfs-qualification-specification.pdf?sfvrsn=18>

The textbook for each unit will be provided by LIBF. You do not need to buy any textbooks.



Diploma in Financial Studies

Unit 1 – Financial Capability for the Immediate and Short Term

- Everyday banking
- Savings products
- Borrowing products
- Insurance products
- Financial services providers
- Consumer protection
- Budgets and forecasts
- Debt

Exam: January of Year 12

Unit 2 – Financial Capability for the Medium and Long Term

- Saving and investment
- Mortgages
- Pensions
- Financial planning
- Internal influences
- External influences
- Ethics and sustainability
- Sources of advice

Exam: May of Year 12

Unit 3 – Sustainability of an Individual's Finances

- Personal finance sustainability
- The benefits system
- Good debt, bad debt
- External influences
- Impact of global events
- Ethics and sustainability
- Impact of recent changes

Exam: January of Year 13

Unit 4 – Sustainability of the Financial Services System

- The financial system
- Role of the regulators
- Competition
- Sustainability
- Impact of the media
- External influences
- Marketing materials
- Retaining customers

Exam: May of Year 13

Equipment

In addition to your textbook, you will need to bring the following to every lesson so make sure that you have got them ahead of time:

- Lever arch file
- Dividers
- A4 lined paper
- Calculator
- Ruler
- Pens
- Pencils



Get reading!

Regular reading of national and global financial and economic news stories will help to develop your knowledge and provide context for the concepts encountered in lessons.



Start researching...

During the summer holiday, visit a range of banks and building societies and collect information on the financial products that they offer.

Find out the difference between banks and building societies.

Look out for TV adverts for banks and building societies. Think about the target audience and the ways in which the adverts persuade potential customers to buy their products.



Bookmark and explore these websites...

- <http://my.libf.ac.uk>
- http://www.bbc.co.uk/news/business/your_money
- <http://www.bankofengland.co.uk>
- <http://www.moneysavingexpert.com>
- <http://b.socrative.com/login/student>
- <http://kahoot.it>
- <http://quizlet.com>



Prep work

Working through the preparatory activities to develop your background knowledge of personal finance and the financial services sector.

Financial Studies Preparatory Work

This course will help you personally with your own finances over the coming years, as well as getting you a qualification. You have your first external exams in January, so preparation before you start the course in September is going to be very useful.

In the first ten current accou

Tasks

- Looki should featu

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Organisation type

Banks and building societies

Credit union

Pay Day Loan companies

Comparison websites

Financial and debt advice

- See if you can find the meaning of the following banking, payment and debt acronyms:
Watch out, some have other meanings in other subjects.

APR	CHAPS	PAYE	DMP
AER	DR	1250L	DMC
EAR	STD	BACS	IWA
ATM	NI	DRO	NMW

- Bring the following with you to your first lesson in September:
 - Leaflets from banks and building societies covering savings accounts and current accounts, mortgages, investments, etc.
 - A Sunday newspaper "Best Buy" financial products table, e.g:

Lender	Current Rate	Monthly Payment	Fixed Until	Total Fees
Crested	3.54%	£70.76	Dec-2023	£2880

Financial Studies Super Curriculum: TV & Radio

General

- The Martin Lewis Money Show: <https://www.itv.com/hub/the-martin-lewis-money-show/2a1827a0081>
- Money Box Live: <https://www.bbc.co.uk/programmes/b0080d47/episodes/player>
- BBC Money 101: <https://www.bbc.co.uk/programmes/p07y8rnk/episodes/player>

Investment	Life Cycle Stages	Ethics
The Bottom Line: The Investment Industry – Luck or Judgement? https://www.bbc.co.uk/programmes/m0006lbb	Your Money & Your Life: Sixties and beyond https://www.bbc.co.uk/programmes/b07pd34k	The Bottom Line: Tax Avoidance https://www.bbc.co.uk/programmes/b071whjgb
The Bottom Line: How does the commodities business work? https://www.bbc.co.uk/programmes/b0694t0	Your Money & Your Life: Forties and fifty-somethings: https://www.bbc.co.uk/programmes/b07nmvmf	File on 4: Rigged markets? https://www.bbc.co.uk/programmes/b04hvymp
File on 4: How You Pay for the City 1: Investment Management https://www.bbc.co.uk/sounds/play/b037f5dh	Your Money & Your Life: Thirty-somethings https://www.bbc.co.uk/programmes/b07mvbty	File on 4: The legacy of toxic lending https://www.bbc.co.uk/sounds/play/b00hkc70
File on 4: How You Pay for the City 3: Derivatives https://www.bbc.co.uk/sounds/play/b038bbv9	Your Money & Your Life: Twenty-somethings https://www.bbc.co.uk/programmes/b07m43rd	Miscellaneous File on 4: Debt Killed my Dad https://www.bbc.co.uk/programmes/b0bksqnc
File on 4: How You Pay for the City 4: Impact of Quantitative Easing https://www.bbc.co.uk/sounds/play/b038x1ll	Technology The Bottom Line: Fintech https://www.bbc.co.uk/programmes/b08hpwbz	City Exchange (impact of regulation) https://www.bbc.co.uk/programmes/b08zvx4j
Pensions File on 4: How safe is your pension? https://www.bbc.co.uk/sounds/play/b07x2zp8	File on 4: The Fintech Revolution https://www.bbc.co.uk/programmes/b096h77f	The Equity Release Trap https://www.bbc.co.uk/sounds/play/b0bd8h78
File on 4: How You Pay for the City 2: Pensions https://www.bbc.co.uk/programmes/b0381hvw		Bringing up Britain – Money Matters https://www.bbc.co.uk/sounds/play/b03pifl



Sample Unit 1 case study

Introducing Sam and Emily – how does their situation affect their financial choices?

Life cycle stage?

What are the typical financial needs, wants and aspirations at this stage?

Need to save

Sam and Emily are both 27, married and live in Newcastle. Both Sam and Emily enjoy the life they have made, having bought a house two years ago. They inherited money from a relative and used this for their deposit.

They have a mortgage.
What type of spending is this?

Mature adult	26-40 years	Career promotions Career changes ✓ Marriage / civil partnership Children ✓ Buys property Buys a car Travels abroad	Earnings may increase if they are employed. They may wish to pay for a wedding or civil partnership celebration and honeymoon. Couples without children may be able to save for aspirations. Buying a home and / or a car usually involves borrowing money from financial services providers and sometimes relatives.
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What is their tax rate as %?
What is the minimum each can be earning?
What is the maximum each can be earning?

£12,500 – £50,000 each

Sam is a graphics designer and Emily is the manager of a betting shop. They are both basic-rate taxpayers. They both work long hours but have a great social life and are financially comfortable. They often find there is money left at the end of the month and transfer this to their savings account with HSBC, which is the bank they both have their current accounts with. These savings are often spent on holidays abroad and other luxuries.



What type of spending is this?



What type of spending is this?

Tax rate	Taxable income band
Basic rate 20%	£0 - 37,500
Higher rate 40%	£37,501 - £150,000
Additional rate 45%	Over £150,000

Personal allowance = £12,500

Define 'budget surplus'

What methods could be used for the transfer to savings?

What methods can be used to manage money effectively?

Where can they get support with budgeting?

They have now decided that they would like to take their finances a little more seriously and start to manage their money better. Sam would like to buy a new car and Emily would like to have more money to spend on home improvements, but they have struggled to budget in the past.

Mature adult	26-40 years	Career promotions Career changes ✓ Marriage / civil partnership Children ✓ Buys property Buys a car Travels abroad	Earnings may increase if they are employed. They may wish to pay for a wedding or civil partnership celebration and honeymoon. Couples without children may be able to save for aspirations. Buying a home and / or a car usually involves borrowing money from financial services providers and sometimes relatives.
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What modern ways of paying are there?

How do these make it difficult to keep track of money?

Can modern methods make it easier to keep track?

They both find that modern ways of paying for everyday items mean that they struggle to keep track of their money, with Sam not having used cash for over a year. Both make the most of their payments by contactless payment. Sam and Emily do not receive bank statements and only use their mobile banking app to keep up to date with how much money they have at any particular time.

What are the criteria for choosing between payment methods?

What are the pros/cons of cash?

What are the pros/cons of contactless payment?

How could bank statements help them?

What are the downsides of bank statements?

What other facilities does mobile banking offer?

What reasons are there for moving away from your current account provider?

What reasons are there for staying with your current account provider?

What types of saving account are there?

Which would be suitable?

What extra information would you want from Sam and Emma before researching?

They have decided to set up a savings account that is not with their current bank as they would like to store this money away and not have instant access to it. They are looking to save at least £300 per month and hopefully double this if they can remain in budget.

They have asked you to do some research on their behalf.

What is the difference between saving and investment?

Which would be most suitable for Sam and Emma?

Why might they not be able to stay in budget?

What factors outside Sam and Emily's control could affect their finances?

- ▶ Inflation
- ▶ Interest rates
- ▶ Tax rates

How has each of these factors changed recently?

How might Sam & Emily be affected?



Why are prices rising so quickly?



How high could interest rates go?



Two million more people paying higher rate tax



Two million workers free from National Insurance

Product comparison table.

Which product should Sam and Emily buy?

Provider	National Savings and Investments	Allica Bank
Account Name	Direct ISA	95-day notice personal savings account
Minimum monthly deposit	£1	Any as long as minimum balance applies
Maximum monthly deposit	None	No limit
Withdrawals allowed?	Yes, anytime	95-day notice is required
Minimum balance	£1	£1,000
Interest rate	0.90% AER	1.10% AER
Other information	Annual ISA limits apply	Maximum investment £250,000