



IAB Level 2 Diploma in Personal Finance

(Accreditation number 500/1490/)

INTRODUCTION

The overall aim of the qualification is to accredit the knowledge and skills of candidates relevant to the fundamentals of personal financial management.

Within the qualification, candidates have the opportunity to develop their knowledge and skills associated with the key financial skills and tasks necessary for day to day personal financial management. Specifically, they should be able to perform tasks relating to the earning and receiving of money, making payments, keeping records, budgeting, personal taxation, selecting financial products, consumer rights, and financial planning and control.

To be awarded each Unit of the qualification, candidates are required to successfully demonstrate their competence in the satisfactory completion of an externally set and internally assessed assignment. For the full qualification candidates will be required to complete six Unit Assessments, with one being externally moderated. Unit 6 of the qualification is divided into Unit 6A and Unit 6B, in order to give relevance to the particular needs of the candidate.

Being unitised, candidates may decide that they wish to complete and achieve a pass in some but not all of the six units. Upon payment of the relevant published fee, such candidates may apply for a Certificate of Achievement for those Units that they have achieved (passed).

The qualification provides knowledge, understanding and skills relevant to the NVQs in Personal Finance, Accounting and Payroll at Levels 2 and 3

AIMS

In summary, the qualification aims to enable candidates to:

- 1 Develop an understanding of fundamental, personal financial management activities.
- 2 Develop the skills to perform some of the routine, personal financial record-keeping tasks.
- 3 Develop the skills to perform a range of key personal financial management tasks.
- 4 Understand the importance of accuracy in performing financial record-keeping and management tasks.
- 5 Upon completion candidates may, if they wish, progress to further develop their knowledge, understanding and skills in the area of accounting, payroll and other financial skills.

TARGET GROUP

The IAB Level 2 Diploma in Personal Finance is specifically designed to appeal to those who are wishing to gain skills and knowledge in various areas of dealing with personal financial matters. It is thought the qualification may appeal to both young people who are becoming financial aware or older candidates who wish to gain a qualification at Level 2 in an area of personal interest.

The qualification is primarily designed for the following candidates:

- 1 Those who are new to personal financial management and who wish to acquire the essential skills and knowledge required, to perform the key financial tasks necessary to manage personal finance.
- 2 Those who are already employed and who wish to ensure that they have a firm foundation to perform personal financial management tasks.
- 3 Those preparing for, or undertaking, NVQ at Level 2 or 3 in Business Administration Development or Accounting, and those who wish to underpin these with a thorough grounding in the fundamental knowledge, understanding and skills associated with the personal record-keeping and financial management inherent in accounting for their own finances.

ENTRY REQUIREMENTS

There are no formal entry requirements for this qualification. It is advisable for candidates to have ability in both arithmetic and English at Level 1 prior to embarking on study for this qualification.

THE STRUCTURE OF THE QUALIFICATION

The qualification is divided into seven units (two are numbered 6A and 6B respectively as they represent a choice), each with identified Learning Topics. To gain the full award, candidates are required to successfully demonstrate their competence in the satisfactory completion of six externally set and internally assessed assignments. Each assignment is linked to one of the seven Units. For those candidates who wish to be awarded the full qualification, passes must be achieved in Units 1 to 5 and also in either Unit 6A or Unit 6B. As the qualification is unitised, candidates may decide that they wish to complete and achieve a Pass in some but not all of the seven units. Upon payment of the relevant published fee, such candidates may apply for a Certificate of Achievement for those Units that they have achieved (passed).

ASSESSMENT AND GRADING

All seven units will have an associated practical assignment set externally by the IAB, which will be marked internally by the centre, in accordance with the published IAB guidelines. An independent assessor, who will have been nominated by the centre and approved by the IAB, will mark one of the core module assignments. This independent assessor will not teach on the course, but will be suitably qualified and experienced. On completion of the marking a sample of the assignments (designated by the IAB) are to be submitted to the awarding body for moderation to ensure that national standards are being applied. The IAB will provide Centres with the assignment briefs upon registration of candidates.

CERTIFICATION

Candidates who achieve a Pass grade in each of the Assignments of the five mandatory Units together with one of the two option units, will be awarded the IAB Level 2 Diploma in Personal Finance. Certificates of Achievement will be awarded upon request and payment of the appropriate fee, to those candidates who achieve pass grades in less than all six Assignments. Candidate registration lasts for up to three years.

UNIT SPECIFICATION

IAB Level 2 – Diploma in Personal Finance Unit 1 – Earning and Receiving Money

Aim of the Unit

Upon the completion of study for this Unit, it is intended that the candidate will be able to:

- Understand money received
- Handle money received.

Prior Knowledge and Skills Requirement

There are no requirements for this Unit.

Syllabus Topic	Topic Coverage
2.1.1 Understand money received	<p>Understand that there are differing types of personal income and be able to deal with monies received e.g. salaries and wages, investment income, allowances, benefits, student loans</p> <p>Understand how earnings and salaries are calculated.</p> <p>Understand how the following deductions are made:</p> <ul style="list-style-type: none">• Income Tax• National Insurance• Pension Contributions. <p>Have knowledge of earnings and benefits specific to school-leavers, including student finance.</p>
2.1.2 Handle money received	<p>Understand the different types of current and savings accounts available on the High Street, via post, media or the internet.</p> <p>Be able to:</p> <ul style="list-style-type: none">• Compare information on various accounts from banks and building societies via the High Street, post, media or the internet• Deal with monies received e.g. cash, cheques and monies received by electronic transfer. <p>Understand the pros and cons of using a bank/building society account against holding the cash.</p>

UNIT ASSESSMENT

Candidates may complete the Assignment relevant to this Unit at a time determined by the Centre

IAB Level 2 – Diploma in Personal Finance
Unit 2 – Spending, and Making Payments

Aim of the Unit

Upon the completion of study for this Unit, it is intended that the candidate will be able to:

- Understand types of costs and spending
- Make payments

Prior Knowledge and Skills Requirement

There are no requirements for this Unit.

Syllabus Topic	Topic Coverage
2.2.1 Understand money received	<p>Understand the range of personal expenditure and how it may be managed.</p> <p>Be able to determine:</p> <ul style="list-style-type: none"> • Essential spending, e.g. housing costs, food, council tax, travel • Discretionary spending, e.g. social activities, clothing, luxuries • Affordable levels of saving if appropriate <p>Understand why money is needed for society’s needs and how the ‘State’ is financed e.g. NHS, Education, law and order.</p> <p>Have knowledge of local and national taxation and spending.</p>
2.2.2 Handle money received	<p>Understand different forms of payment, including cheque, cheque guarantee cards, debit cards (EFTPOS), credit cards, internet, Bankers Drafts, standing orders and direct debits.</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Make a reasoned comparison between the advantages and disadvantages of the different types of payment methods. • Consider what the appropriate forms of payment are for various types of expenditure, e.g. weekly shopping, mortgage or rent, savings, travel etc. <p>Understand the implications of different forms of credit and debt, including overdrafts, credit cards, loans and catalogue shopping.</p> <p>Be able to :</p> <ul style="list-style-type: none"> • Use credit facilities in order to make payments • Research for the best interest rates for different types of loans and savings: <ul style="list-style-type: none"> • By Internet • From the High Street <p>Understand the difference between APR (Annual percentage rate) and AER (Annual Equivalent Rate).</p> <p>Understand the need for various types of insurance:</p> <ul style="list-style-type: none"> • Life insurance • Personal belongings • Income protection/ sickness cover • Buildings and contents • Travel <p>Understand that exchange rates fluctuate and that commission may be charged on foreign currency transactions.</p> <p>Be able to exchange pounds sterling for a variety of popular foreign currencies and understand their value.</p>

**IAB Level 2 – Diploma in Personal Finance
Unit 3 – Keeping Records and Budgeting**

Aim of the Unit

Upon the completion of study for this Unit, it is intended that the candidate will be able to:

- Keep records and understand statements
- Budget for expected income and expenditure

Prior Knowledge and Skills Requirement

There are no requirements for this Unit

Syllabus Topic	Topic Coverage
2.3.1 Keep records and understand statements	<p>Have knowledge of personal financial statements including:</p> <ul style="list-style-type: none"> • Bank Statements • Credit Card Statement • Utility bills • Other regular payments <p>Be able to</p> <ul style="list-style-type: none"> • Interpret a range of bills and statements. • Keep records of money received and payments made • Reconcile records with invoices, bills and statements including those from a bank, building society or store card <p>Understand and be aware of personal finance software, its availability and capabilities</p>
2.3.2 Budget for expected income and expenditure	<p>Understand the various ways to plan, monitor and control personal income and expenditure.</p> <p>Be able to evaluate different ways of keeping track of personal money.</p> <p>Understand the difference between long-term, medium-term and short-term financial commitments and how the planning and decision making for these differ.</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Discuss and explain a range of financial commitments and the decision process that must be undertaken before final agreement to the commitment. • Identify and plan for expected income and expenditure • Calculate the difference between planned income and expenditure • Adjust planned expenditure, income, borrowing, credit arrangements and savings in the light of any shortfall or surplus in expected income, or unplanned expenditure. <p>Have knowledge of central government and local authority financial statements i.e. local taxes, annual Budget and pre-Budget statements from the Chancellor of the Exchequer, PAYE tax forms.</p>

UNIT ASSESSMENT

Candidates may complete the Assignment relevant to this Unit at a time determined by the Centre.

IAB Level 2 – Diploma in Personal Finance
Unit 4 – Selecting Financial Products

Aim of the Unit

Upon the completion of study for this Unit, it is intended that the candidate will be able to:

- Select appropriate products for borrowing and credit
- Select appropriate products for saving and investment

Prior Knowledge and Skills Requirement

There are no requirements for this Unit.

Syllabus Topic	Topic Coverage
2.4.1 Select appropriate products for borrowing and credit	<p>Understand the principles of probability when dealing with insurance and identifying potential risks e.g. private health insurance, life insurance, critical illness cover.</p> <p>Understand that borrowing is offered on various terms and with differing rates of interest that may change over time.</p> <p>Understand the difference between secured and unsecured loans and purchase agreements.</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Identify the main types of providers of loans and credit • Select the best product for a variety of differing circumstances
2.4.2 Select appropriate products for saving and investment	<p>Understand that savings products are offered on various terms and with differing rates of interest that may change over time.</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Identify the main types of providers of savings and investment products • Select the best product for a variety of differing circumstances <p>Be able to select the appropriate products for savings and investments including the ability to compare the rate of return on, and access to, savings products over a variety of terms:</p> <ul style="list-style-type: none"> • 1 year • 5 years • 10 years • 25 years <p>Understand the difference in risk and return between saving and investment products.</p>

UNIT ASSESSMENT

Candidates may complete the Assignment relevant to this Unit at a time determined by the Centre.

IAB Level 2 – Diploma in Personal Finance
Unit 5 – Consumer rights and responsibilities

Aim of the Unit

Upon the completion of study for this Unit, it is intended that the candidate will be able to:

- Make responsible financial choices
- Aware of consumer rights

Prior Knowledge and Skills Requirement

There are no requirements for this Unit.

Syllabus Topic	Topic Coverage
2.5.1 Making responsible financial choices	<p>Be able to:</p> <ul style="list-style-type: none"> • Identify long term, medium term and short term need • Make decisions on the basis of both short-term and medium term need • Prioritise that need within your own constraints i.e. budget, income, time etc., and assess the financial implications of your decisions • Put a financial value on differing needs <p>Understand how to plan and manage debt. Have knowledge and understanding of financial products for young people in the short and medium terms.</p> <p>Be aware of social and legal responsibilities e.g. giving to charities, being a 'green consumer', ethical investments, purchasing of pirated products</p>
2.5.2 Aware of consumer rights	<p>Understand that different people give differing financial advice, e.g. parents, bank, teachers, friends</p> <p>Be able to assess and compare differing information</p> <p>Understand the role of consumer protection.</p> <p>Have knowledge of the work of the Citizens Advice Bureau (CAB), Financial Services Authority (FSA) and other advisors.</p> <p>Be aware of the role of the Financial Ombudsman in the protection of consumers.</p> <p>Understand that we have differing rights in relation to financial products Understand the role of regulation and consumer protection Understand the pro's and cons of ethical investments</p> <p>Develop an understanding of global finances e.g. how interest rates are set, international charities and global inter-dependence.</p>

UNIT ASSESSMENT

Candidates may complete the Assignment relevant to this Unit at a time determined by the Centre.

**IAB Level 2 – Diploma in Personal Finance
Unit 6A – Saving and Investing for later life**

Aim of the Unit

Upon the completion of study for this Unit, it is intended that the candidate will be able to:

- Make life choices
- Understand personal finance implications

Prior Knowledge and Skills Requirement

There are no requirements for this Unit.

Syllabus Topic	Topic Coverage
2.6a.1 Make Life choices	<p>Understand the need to save/invest for later life including provision of funds for long-term care.</p> <p>Understand the implications of taking 'early retirement'</p> <p>Understand the term 'pension' and its differing formats.</p> <p>Be able explain the difference between personal (private) pension schemes and company schemes, including final salary and money purchase pension schemes.</p> <p>Understand the need for various types of insurance in later life:</p> <ul style="list-style-type: none"> • Life insurance • Personal belongings • Health Care and Income protection • Buildings and contents • Travel <p>Understand the term 'Equity Release'</p>
2.6a.2 Understand personal finance implications	<p>Understand the changes in work-patterns from a 'job for life' to flexible working and the implications of multiple employments.</p> <p>Understand the changes in the income tax and benefits system in the event of increasing longevity.</p> <p>Be able to budget for expenditure on a limited/set income.</p>

UNIT ASSESSMENT

Candidates may complete the Assignment relevant to this Unit at a time determined by the Centre

IAB Level 2 – Diploma in Personal Finance

Unit 6B – Personal financial survival for Further and Higher Education

Aim of the Unit

Upon the completion of study for this Unit, it is intended that the candidate will be able to:

- Maintain student budget
- Manage student income and finance

Prior Knowledge and Skills Requirement

There are no requirements for this Unit.

Syllabus Topic	Topic Coverage
2.6b.1 Maintain student budget	<p>Understand the financial implications of moving to Higher Education.</p> <p>Be able to</p> <ul style="list-style-type: none">• Determine the costs involved between various Universities and Institutions• Determine the costs of the various courses on offer <p>Understand the cost, benefit and implication of having</p> <ul style="list-style-type: none">• A Student Loan• An overdraft• Credit card limits <p>Be able to</p> <ul style="list-style-type: none">• Assess the financial implications of personal life choices in terms of higher education opportunities• Create and manage a Budget• Determine a level of expenditure and sustainable debt• Determine the difference between essential and non-essential expenditure• Assess the amount of Student Loan repayable once in employment.
2.6b.2 Manage student income and finance	<p>Understand the need to make provision for Higher Education expenses at an early stage.</p> <p>Be able to identify various savings products available generally, or specifically for this purpose</p> <p>Understand the need to manage on limited budget.</p> <p>Be able to:</p> <ul style="list-style-type: none">• Determine the income available from various sources• Manage income when working with a budget• Determine where help and advice is available

UNIT ASSESSMENT

Candidates may complete the Assignment relevant to this Unit at a time determined by the Centre.

