Little People, Big Questions: “Is It a Long Pencil?” Kids Tell Us What They Think a Pension Is

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With personal finance education being introduced to the school curriculum from this autumn, workplace pensions provider, NOW: Pensions, conducted an experiment by quizzing 14 children aged between 6 and 9 on money matters. The results were enlightening, amusing and sometimes touching.

The films which can be viewed at http://www.nowpensions.com/big-questions-for-little-people covered topics as wide ranging as: where does money come from; what do you think you'll be doing when you're 68; what does “pension” mean; and what would you do with a million pounds?

While most of the children had no idea what a pension was, Libby, aged 8 ventured that it was “a long pencil” while Frankie, also aged 8, thought it was “something to do with science”.

When it came to where money comes from, Harley aged 7 was confident that it came from “my Dad's wallet” but Sammy aged 6 said that “when you work harder and harder and harder you get more money and the money goes into the bank.”

Looking to the future, most of the children thought that when they got to 68 they'd be “taking it easy”. Rose aged 7 said she thinks she'll be “reading newspapers all the time”. Sammy aged 6 said he expects to be “doing things that grandpas do – sitting down watching TV all day.” Iona aged 8 was more philosophical stating “I think I'll be working when I'm 68. I just don't think it's very good to sit down in front of the TV and spend the rest of your life like that. I think you need to actually get up and do something.”

When it comes to saving, Frankie aged 8 offered a valuable insight - she said: “these days you don't have things for free a lot” while Sammy aged 6 said “if I don't save my pocket money, I won't be able to do the things I want to do.”

Given a million pounds, some of the children had rather modest aspirations - George aged 6 said he would buy his friend Archie a motorbike, while Archie said he'd buy George a hockey stick. Libby aged 8 said she'd buy “an amazing house, a really amazing house, a really really amazing house” but give “five pounds to charity” while Harley aged 7 said she'd play it safe and keep it “under my bed with a lock on it so no one can get it.”

Amy Mankelow, Communications Manager at NOW: Pensions commented: “Many of the children showed wisdom beyond their years with some really inspiring and touching thoughts on money matters and more. Saving needn't be complicated and although the term pension proved baffling, most understood the importance of saving and were proud of their piggy bank! Hopefully with the introduction of personal finance education in schools, generations of young people will now be able to gain the confidence and skills they need to manage their personal finances.”

Five ways to teach your child about money from financial education charity pfeg (Personal Finance Education Group)

1) Talk to your children about money!

It sounds simple, but this is the most effective way to help your children understand personal finance. Explain how you arrive at financial decisions, what's in your budget and how different aspects of dealing with money make you feel.

2) Teach them where money comes from

We're an increasingly cashless society, and thanks to the invention of cashback it's easy for children to assume that the supermarket is the source of all of your funds. Showing your child your payslip and explaining what you had to do to find employment are good ways of building financial understanding.

3) Set savings challenges

If you give your child pocket money, talk to them about setting a savings target and encourage them to adopt good habits early. This is a good opportunity to introduce ideas around keeping your money safe and planning for the future.

4) Explain the difference between needs and wants

Contrast examples of goods they need every day, such as food and clothing, and items or toys they might want, but don't need. This is a great way of introducing the concept of saving and the need to exercise restraint in their spending.

5) Involve them in the weekly shop

As you go around the supermarket, ask your children to choose the best-value combinations of set products and get them to do the adding up as you go from aisle to aisle. As well as learning valuable lessons, your new helpers can make your job easier at the same time.

Notes for Editors:

For a chance to win tickets for all the family to see Matilda The Musical in London , NOW: Pensions is inviting wound be film-makers to tweet @nowpensions with videos of their children responding to one of the following questions:

- Where does money come from?

- What do you think you'll be doing when you're 68?

- What does pension mean?

- What would you do with a million pounds?

- Do you save money?

- What do you want to be when you grow up?

- What makes you happy?

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A subsidiary of one of Europe's largest pension funds, Danish pension scheme ATP, NOW: Pensions offers a simple and cost effective workplace pension solution direct to employers and via advisers and the payroll sector.

In April 2013, NOW: Pensions became the first master trust to attain the NAPF's new PQM Ready Standard. The benchmark shows employers that NOW: Pensions is a well governed pension scheme with low charges and good member communications.

The NOW: Pension Trustee Directors, whose role is to safeguard the interests of members, comprises well-known industry figures with different areas of expertise:

- Jocelyn Blackwell, founding partner Dunnett Shaw

- Christopher Daykin, former Government Actuary

- John Monks, member of House of Lords and former General Secretary of ETUC and TUC

- Win Robbins, former Head of European Fixed Income at Barclays Global Investors

- Nigel Waterson, former Shadow Pensions Minister

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