PRESS RELEASE

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7IM: MAKING FINANCIAL EDUCATION MORE THAN JUST TALK

Today marks the start of Talk Money (formerly Financial Capability) week, highlighting the importance of financial education as a way of improving money management skills in the UK.

Seven Investment Management (7IM) shares some thoughts and tips on how we can help children become more financially savvy across the age groups.

Talk Money Week comes as the **London Institute of Banking and Finance** publishes research suggesting that the actual time children spend receiving financial education in schools has declined. This year's latest survey suggests 33% of young people say they have had money management lessons in the last month compared to 42% in 2017.

7IM's tips on getting children engaged in personal finance

1) **Let's get real on financial education in schools**

Justin Urquhart Stewart, Co-founder and Head of Corporate Development, 7IM said: "Financial education in the classroom is vitally important and we'd all like to see more of it. But schools have so many competing pressures it makes financial services regulation look like a walk in the park (well, almost!).

"Rather than trying to shoehorn financial education into other lessons, in my ideal world I'd like to see one day a term devoted entirely to financial education. This would allow schools to delve into personal finance in a much more meaningful and engaging way (and actually get kids really talking about money) without creating too much more curriculum bureaucracy."

Under 7's

2) **Start at home**

Justin Urquhart Stewart, Co-founder and Head of Corporate Development, 7IM said: "Attitudes towards money are often inherited, and so good money management skills should start at home and in time should come as naturally as your Ps and Qs. Counting money is a good starting point and is something most young children really struggle with. But it can really help their understanding of money concepts and the value of money (so they know it really doesn't grow on trees) whilst boosting their maths skills."

All ages

3) **Junior ISAs – fostering a savings habit**

Sophie Kilvert, Private Client Manager, 7IM said: "Junior ISAs (or Child Trust Funds if your children are older) can be a great way to engage children with the concept of stock market investing, not to mention the advantages of delayed gratification, hopefully kick starting a savings habit that will last a lifetime. As they get older, you can even start to involve them with the fund selection. Many parents are forever telling their kids not to put all their eggs in one basket when it comes to friendships – collective investments teach them all about spreading financial risk, too. It is not as difficult for kids to get to grips with as you might think."

Young kids through to adults

4) Get Appy with some generation gaming

Michael Martin, Private Client Manager, 7IM said: “We often complain about our children’s addiction to technology, whilst simultaneously checking our mobiles and scrolling through facebook. So why not try financial apps for some generation gaming? It’s good to talk – but visual props can really help bring money to life and at least set a few good examples!

“Our free 7IM app, 7IMagine, was developed by the experts behind Nintendo 64 classics GoldenEye and Donkey Kong, and allows any investor to punch in detailed numbers about their existing savings, investments and other assets, in as little as 10 minutes. A whole range of scenarios can be run to see if your retirement goals might be on track, using gaming technology – although we’ve resisted blowing anyone up if their money runs out!

“We have run 7IMagine past secondary school pupils in the past, who were staggered to see how numbers can potentially add up over time. We imagined a 25 year old had invested a £1,000 windfall into an ISA and continued to contribute £50 per month. We then imagined a company pension had been started at the same time, with a £100 per month contribution also matched by the employer. We assumed a 6% annual growth rate for both the ISA and the pension. At retirement, this theoretical amount (bearing in mind that there are never any guarantees) could have given a total pension pot of over three quarters of a million pounds by retirement at age 69. It’s a good illustration of the power of compounding.”

7IMagine app illustration

8 plus

5) Pocket money the plastic fantastic way

George Martineau, who is based in **7IM's** Edinburgh office, said: "In a world where cash is no longer king – contactless is – even sweets are being paid for by card. Schools are cashless too, with all kinds of high tech payment methods. All well and good, but not necessarily brilliant for teaching kids budgeting skills. But if you can't beat them, you might as well join them. I use a pre-paid debit card for my kids, which pocket money can be loaded on to. It means they can only spend what's on the card and so have to learn to budget. I also have a mobile app which is linked to it so I can see what they've been spending. Since the amount of money I pay in is fixed, I don't tend to worry about them splurging their money – it's a good financial education lesson since they won't be getting any more. Money really can run out, after all."

18 plus

6) **Inheritances can be like a lottery win – don't let it end badly**

Michael Martin, Private Client Manager, 7IM said: "None of us can or should rely on an inheritance to bail us out when we find a massive savings shortfall later down the line – parents deserve to enjoy their retirement, after all. But most parents do want to pass wealth down through the generations. Our research with The London Institute of Banking and Finance earlier this year found that whilst 91% of the over-50s want to maintain their current lifestyle in retirement, nearly half (47%) want to leave behind a decent inheritance and over a quarter (28%) are keen to retire early. Yes, we all want to have our cake and eat it!

"But if your kids are lucky enough to be coming into some money, it's important to educate them about money. Hitting the jackpot doesn't always end well, after all – as one or two lottery winners have demonstrated in the past (not to mention the aristocracy – there's plenty of colourful tales of misspent inheritances there, too). And if you are not sure how your kids are likely to handle sudden wealth, it might be worth running a few 'tests' – gifting meaningful sums of money, but not too much. If they spend or invest it wisely, you might want to try a few follow on 'tests.'"

Ends

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Notes to Editors:

About 7IM

It all began in 2002, with seven of us in a basement establishing Seven Investment Management (7IM) because we couldn't find anywhere we wanted to invest our families' money. Our assets under management now stand at around £14.3bn (more than doubling since 2013), and we have moved from 'basement' to 'Bishopsgate' in the City of London.

We manage money aiming to meet people's medium to long term return expectations. Fundamentally, we believe in active asset allocation in both active and passive investments (where we were one of the first to offer actively managed passive portfolios). We build global portfolios based on that allocation, and include alternative assets where appropriate to manage the risk reward trade off. Active currency management is also at the core of what we do.

7IM provides investment services to professional wealth managers, planners, advisers and private investors. These include: Discretionary investment management, a range of multi-asset portfolios, an investment and open architecture trading platform and a fantastic app, 7IMagine, which brings client portfolios to life.

Multigenerational investing

We do our best to pass on economies of scale, reducing fees so more investors within a family save with us. Grandparents, through to parents and their children can invest as individuals with one charging structure – whether they live under the same roof or not.

A story of continuous innovation.
In 2013, we launched 7IMagine, an app allowing investors and advisers to keep up to date with their portfolio. The brainchild of some clients – professional 'gamers' uninspired by their paper statements – 7IMagine was enriched in February 2016, with My Future. Again using gaming technology, My Future allows advisers and investors to capture details about family or individual finances, including any number of streams of income, properties, other assets and expenses, to help identify how sustainable their finances are and if / when their retirement income will run out.

Our funds

– Our **AAP fund range (Asset Allocated Passive)** is populated largely with passive structures to keep costs to a minimum. Asset allocation is actively managed to help exploit opportunities and reduce risk across the spectrum: **7IM AAP Adventurous, 7IM AAP Moderately Adventurous, 7IM AAP Balanced, 7IM AAP Moderately Cautious, 7IM Cautious and 7IM AAP Income**. Some of these risk profiles have funds domiciled in both Dublin (with UK reporting status) as well as the UK.
– Our **Multi-Manager fund range** invests in a range of active and passive vehicles. Costs still matter, but if we think an actively managed fund can outperform a passive alternative we have the freedom to choose it. Asset allocation is actively managed. Again, there are different funds for different profiles: **7IM Adventurous**, **7IM Moderately Adventurous**, **7IM Balanced** and **7IM Moderately Cautious**. Again, some of these risk profiles have funds domiciled in both Dublin (with UK reporting status) as well as the UK.
– We also have a selection of funds designed to meet specific needs, such as the **7IM Personal Injury Fund**, the **7IM Real Return Fund** or the SRI focussed **7IM Sustainable Balance Fund**.
– We also have a range of 'smart passive' funds known as the equity value funds. The range includes: the **7IM UK Equity Value Fund**, the **7IM US Equity Value Fund**, the **7IM European (ex. UK) Equity Value Fund** or the **7IM Emerging Markets Equity Value Fund**. These are entirely systematically managed based solely on company fundamentals, the aim being to outperform the relevant passive market cap-weighted alternative by selecting profitable, high-quality, cash-flow generating companies that trade at a discount to their intrinsic value.

Our Model Portfolios

The 7IM Model Portfolios are a range of risk rated portfolios and are available within our discretionary investment services and standalone on the 7IM platform and other platforms. The Models use the same investment process and asset allocation as our funds.

Our range of Model Portfolios are available across the risk profiles: **7IM Adventurous Model Portfolio, 7IM Moderately Adventurous Model Portfolio, 7IM Balanced Model Portfolio, 7IM Moderately Cautious Model Portfolio, 7IM Cautious Model Portfolio and 7IM Income Model Portfolio**.

The 7IM funds and Model Portfolios are available through the 7IM Discretionary, Managed Investment, Platform, and Self Invest services, as well as on other platforms.