

# Financial Families

The Importance of Budgeting for a Family

1.3 million children live in severe poverty - in which country?

- A. Ukraine
- B. The Philippines
- C. UK

Answer  
C: UK

# What is Poverty?

Poverty is not a concept limited to LICs (low income countries). It is a situation that billions of people are living in across the world, from LICs to HICs (high income countries) and everything in between.

There are two types of poverty: **absolute** and **relative**.

- Absolute poverty is not having enough money or material possessions so it is impossible to maintain a basic standard of living (food, water, shelter). This is probably the “stereotypical” poverty you might think of - from the media and other outlets.
- Relative poverty is where a household is below a certain percentage of the median income of the country or society where they live. This is the kind of poverty many people in the UK are living in.

# Poverty in the UK

The UK government defines poverty as living in a household below 60% of median income or:

- £186 a week for a single parent with two children • £268 for a couple with two children after housing costs.
- *3.8 million children live within this definition of poverty in the UK.*

Save the Children defines severe poverty as living on less than 40% of median income or:

- £179 per week for two adults and two children • £124 per week for one adult and two children, after housing costs.
- *1.3 million children live within this definition of poverty in the UK.*

## True or False

**Some parents in the UK only have £19 a day to cover electricity, gas, phones, other bills, food, clothes, washing, transport, health needs and activities.**

**TRUE**

‘About 7,700 children in the UK  
can’t afford a healthy diet.’

**FALSE**

**It’s 770,000**

‘About 85% of mums and dads who are poor find that paying for school uniform is the most expensive thing related to bringing up a child.’

**FALSE**

85% of Mums and Dads in poverty state bills are the most expensive part of bringing up a child

‘About 650,000 UK kids live in homes that aren’t heated properly.’

TRUE



# Budget for a Week

Imagine you are a single-parent household with two children.

Use activity sheet 1 and 2.

Each group will be allocated a budget (see activity sheet 2). From this budget, you must conduct a weekly shop (using activity sheet 1) for your family. Remember, you might want to leave some money aside for other activities...

If you run out of money, you can always get a loan or credit card from the bank... but the interest you pay on this depends on your initial budget. Families with less cash tend to not be able to afford the better rates on loans and credit cards! You will have to pay this money back...