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# Financial Capability Student Assessments



**Student name:**

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**NCEA number:**

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**Date (DD/MM/YYYY):**

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## CFFC THEMES

KiwiSaver, Debt, Investing, Goals, Managing my money,  
Saving Retirement Insurance

LEVEL

# 2

**Unit Standards:** 28092,  
28093, 28095, 28096.

Total number of credits: 12

# Analyse the effect of significant life events at different life stages on personal financial income

Version: 3 | Level 2 | Credits: 3

## Assessment activity



This assessment requires you to analyse the effect of significant life events on personal financial income at different life stages.

This assessment has **one task**.

You will be assessed on how well you:

- Identify and explain sources of income at three different life stages
- Explain the reasons for, and consequences of, changes in income sources at each life stage
- Analyse the effects of a significant life event on personal financial income at each life stage
- Explain and justify potential solutions to minimise or maximise the effect significant life events have on personal financial income.

## Award of grades

| Evidence/Judgements for Achievement  | Evidence/Judgements for Achievement with Merit  | Evidence/Judgements for Achievement with Excellence   |
|--|---|---|
| <p><b>For each of the three life stages</b> (tertiary education, mid-career, retirement), you need to:</p> <ul style="list-style-type: none"> <li>• identify <b>at least one</b> source of income</li> <li>• explain why sources of income change at this stage</li> <li>• explain <b>at least one</b> consequence of sources of income changing at this stage</li> <li>• analyse the effect of a significant life event on income</li> <li>• explain <b>at least two solutions</b> that could minimise or maximise the financial impact of the significant life event.</li> </ul> | <p>As well as meeting the requirements for Achievement, <b>for each of the three life stages</b>, you need to:</p> <ul style="list-style-type: none"> <li>• provide <b>at least two</b> examples of the consequences of income sources changing.</li> </ul> | <p>As well as meeting the requirements for Merit, <b>for each of the three life stages</b>, you need to:</p> <ul style="list-style-type: none"> <li>• <b>justify</b> the suitability of the solutions you have explained in terms of their ability to minimise or maximise the financial impact of the significant life event.</li> </ul> |



d. How might these consequences impact on Anaru's financial situation?

Impact of consequence A:

Impact of consequence B:

## Part 2:

Anaru has decided to **leave home and go flatting** for his final year of study.

e. How might the decision to leave home and go flatting impact on Anaru's potential source(s) of income?

f. What are **two ways** that Anaru can minimise or maximise the effect of this change in terms of his financial situation?

Solution A:

Solution B:

g. Justify the two solutions you have suggested for Anaru, explaining how they will improve his financial situation, either in the short term or the long term.

Justification of Solution A:

Justification of Solution B:



## Part 2:

Unfortunately, Melani **recently injured her back** and will be off work for at least six months. Melani and Fraser have around \$5000 in emergency savings.

- e. How might Melani's back injury impact on Melani or Fraser's potential source(s) of income?
- f. What are **two ways** that Melani and Fraser can minimise or maximise the effect of this change in terms of their financial situation.

Solution A:

Solution B:

- g. Justify the two solutions you have suggested for Melani and Fraser, explaining how they will improve their financial situation, either in the short term or the long term.

Justification of Solution A:

Justification of Solution B:

## Scenario C: Retirement stage

### Part 1:

Jill is in her late 60s and has two children and four grandchildren. She looks after one of her grandchildren one day a week.

- a. What is at least one potential source of income for Jill?
- b. What factors might influence Jill's sources of income at this life stage (retirement)?

c. What are **at least two** potential consequences of these factors?

Consequence A:

Consequence B:

d. How might these consequences impact on Jill's financial situation?

Impact of consequence A:

Impact of consequence B:

## Part 2:

Jill's **partner recently passed away**. She currently lives in the family home but is wondering whether it will become too large to manage on her own.

e. How might the loss of Jill's partner impact on her source(s) of income?

f. What are two ways that Jill can minimise or maximise the effect of this change in terms of her financial situation?

Solution A:

Solution B:

g. Justify the two solutions you have suggested for Jill, explaining how they will improve her financial situation, either in the short term or the long term.

Justification of Solution A:

Justification of Solution B:

## Describe the financial responsibilities and consequences of tertiary study funding options

Version: 3 | Level 2 | Credits: 3

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### Assessment activity



This assessment requires you to describe the financial responsibilities and consequences of two tertiary study funding options.

This assessment has **one task**.

Throughout the task, you will be asked to write about study funding opportunities that relate to your own study goals and circumstances. **If you would prefer not to write about your own situation, you can create a fictional character and write about them instead.**

Although not essential for your assessment, it may be helpful to do some research prior to the assessment so that you have an idea of the costs involved in your or your fictional character's chosen course of study. Examples include:

- an intended study or training option
- an institution or organisation that offers this type of study or training
- course fees and course-related costs information about potential living arrangements while studying or training.

You will be assessed on how well you:

- Describe and compare **a student loan and one other tertiary study funding option** in terms of their key factors, for example, criteria for eligibility, tertiary study costs, and advantages and disadvantages of the study funding options.
- Describe and compare the possible short and long-term consequences of two individual financial responsibilities related to each funding option.
- Explain the implications of these consequences for two choices.
- Compare the two studying funding options, making links between financial responsibilities, potential consequences and implications of these for future choices.
- Justify the suitability of the two funding options with regard to the financial responsibilities they bring, the potential consequences of these, and their implications for future choices.

## Award of grades

| Evidence/Judgements for Achievement  | Evidence/Judgements for Achievement with Merit  | Evidence/Judgements for Achievement with Excellence  |
|--|---|--|
| <p>You need to:</p> <ul style="list-style-type: none"> <li>• describe student loans <b>and</b> one other study funding option in terms of their:               <ul style="list-style-type: none"> <li>- criteria for eligibility</li> <li>- ability to fund components of tertiary costs such as course costs, course-related costs, living costs, and any other fees.</li> </ul> </li> <li>• compare the advantages and disadvantages of each study funding option</li> <li>• explain <b>at least two</b> financial responsibilities that come with each study funding option</li> <li>• explain one short-term and one long-term consequence of each financial responsibility</li> <li>• explain how each consequence can impact on future choices.</li> </ul> | <p>As well as meeting the requirements for Achievement, in your comparison of the two study funding options, you must:</p> <ul style="list-style-type: none"> <li>• makes links to financial responsibilities, potential consequences of these responsibilities, and the implications of these for future choices.</li> </ul> | <p>As well as meeting the requirements for Merit, in your comparison of the two study funding options, you must:</p> <ul style="list-style-type: none"> <li>• justify the suitability of the study funding options in terms of the financial responsibilities they carry and the potential consequences of these.</li> </ul> |

## Conditions of assessment

This is an **open book assessment**. Your teacher will let you know what learning materials, work, and resources you can access to help you complete the assessment task. Answers must be in your own words.

Your teacher will provide you with information regarding timeframes for this assessment and options for presenting your responses.

# Task

In this assessment you will be asked to write about study funding opportunities that relate to your own study goals and circumstances. If you would prefer not to write about your own situation, you can create a fictional character and write about them instead.

In this assessment, you need to analyse two study funding options. **One option must be a student loan.** Choose a second funding option from the list below.

- personal loans
- family or whānau
- savings
- education funding schemes
- gifting
- working while studying
- scholarships
- company funding
- cadetship
- internship
- apprenticeship.

## Question One

Use the table below to describe a student loan and one other tertiary study funding option for your own situation/circumstances or those of your fictional character.

| Key Factors  | Option 1: Student loan | Option 2 (State which option you have chosen): |
|--|------------------------|--|
| <p><b>Criteria for eligibility</b></p> <p>Explain what requirements you have to meet in order to access the funding option.</p>  |                        |  |
| <p><b>Components of tertiary study costs:</b> Identify costs that can be covered by each study funding option. Some examples of tertiary study costs have been provided in the left-hand column below.</p>   |                        |  |
| <p>Examples include:</p> <ul style="list-style-type: none"> <li>• course or training fees</li> <li>• course-related costs</li> <li>• living costs</li> <li>• insurance</li> <li>• security</li> <li>• administration fees and conditions.</li> </ul> |                        |  |

## Question Two

Identify the advantages and disadvantages of each study funding option.

|               | Option 1: Student loan | Option 2: |
|---------------|------------------------|-----------|
| Advantages    |                        |           |
| Disadvantages |                        |           |

## Question Three

**For each funding option**, complete the tables on the following pages to:

- describe **at least two** financial responsibilities that come with each funding option
- describe a short- and long-term consequence of **each** of these responsibilities
- explain implications of these consequences in terms of future choices.

**Financial responsibilities** can include repayment implications and features such as:

- repayment threshold
- tax code status
- voluntary repayments
- overdue repayment obligations
- administration fees
- interest
- credit history.

**Choices** can include:

- student loan payment or non-payment
- future choices such as work, lifestyle and overseas travel.

**Funding option 1: Student loan**

|  | Financial responsibility A | Financial responsibility B |
|--|----------------------------|----------------------------|
| <p><b>Examples of financial responsibilities</b></p> <p>These might include:</p> <ul style="list-style-type: none"> <li>• repayment threshold</li> <li>• tax code status</li> <li>• voluntary repayments</li> <li>• overdue repayment obligations</li> <li>• administration fees</li> <li>• interest</li> <li>• credit history.</li> </ul> |                            |                            |
| <p>Short-term consequence of the financial responsibility</p>  |                            |                            |
| <p>Long-term consequence of the financial responsibility</p>   |                            |                            |
| <p>Implications of these responsibilities and consequences for future choices</p>  |                            |                            |

## Funding option 2:

|  | Financial responsibility A | Financial responsibility B |
|--|----------------------------|----------------------------|
| <p><b>Examples of financial responsibilities</b></p> <p>These might include:</p> <ul style="list-style-type: none"> <li>• repayment threshold</li> <li>• tax code status</li> <li>• voluntary repayments</li> <li>• overdue repayment obligations</li> <li>• administration fees</li> <li>• interest</li> <li>• credit history.</li> </ul> |                            |                            |
| <p>Short-term consequence of the financial responsibility</p>  |                            |                            |
| <p>Long-term consequence of the financial responsibility</p>   |                            |                            |
| <p>Implications of these responsibilities and consequences for future choices</p>  |                            |                            |

## Question Four

Using the information in your tables and any other relevant information, compare the two study funding options and justify which of the two study funding options best suits your (or your fictional character's) situation, paying particular attention to the implications of the study funding options for future choices.

# Analyse personal financial investment options

Version: 3 | Level 2 | Credits: 3

## Assessment activity



This assessment requires you to analyse personal financial options.

This assessment has **one task**.

You will be assessed on how well you:

- Analyse two investment options (KiwiSaver and one other) in terms of their:
  - costs
  - length of time
  - deposit and/or contribution options
  - risks
  - rewards.
- Make links to the suitability of your choices for an individual investor profile.
- Justify the suitability of your selected investment options for an individual investor profile.

## Award of grades

| Evidence/Judgements for Achievement   | Evidence/Judgements for Achievement with Merit   | Evidence/Judgements for Achievement with Excellence  |
|---|--|--|
| <p>You need to:</p> <ul style="list-style-type: none"> <li>• analyse two investment options (KiwiSaver and one other) in terms of their:                             <ul style="list-style-type: none"> <li>- cost</li> <li>- timeframes</li> <li>- deposit and/or contribution options</li> <li>- risks</li> <li>- rewards.</li> </ul> </li> </ul> <p>The two investment options need to be relevant and realistic for the investor’s profile.</p> | <p>As well as meeting the requirements for Achievement, you need to:</p> <ul style="list-style-type: none"> <li>• explain why the two investment options are a good match for the investor’s profile.</li> </ul> | <p>As well as meeting the requirements for Merit, you need to:</p> <ul style="list-style-type: none"> <li>• <b>justify</b> the suitability of the two investment options.</li> </ul> <p>The justification needs to be relevant and reasonable.</p> |

## Conditions of assessment

This is an **open book assessment**. Your teacher will let you know what learning materials, work, and resources you can access to help you complete the assessment task. Answers must be in your own words.

Your teacher will provide you with information regarding timeframes for this assessment and options for presenting your responses.

## Task

Read the scenario below. You will be required to suggest and analyse **two** investment options in terms of their suitability for Melanie's investor profile.

Melanie is a solo mum in her mid-thirties. She has two children, both of whom are still at school, and is currently living with her parents to save on rent and to get extra support with raising her kids.

Melanie works for the Department of Conservation and is passionate about the environment. Her job security is good and she earns \$58,000 a year. At the moment she saves around \$60 a week and has \$3000 in a savings account. She doesn't have any significant debts.

Melanie has just inherited \$12,000 from her grandmother and wants to invest this money to help build a more secure future for her whānau. It's important to her not to take any significant risks and she would rather have a secure investment that provides a reliable return. She would like to be able to access at least some of the money in six years when her oldest child will be leaving school, in order to help them with their chosen course of study. Melanie is also aware that she should be thinking about her own future needs.

Being able to generate some regular income from the investment would be really helpful because there are always unexpected expenses to manage.

### Question One

Melanie has asked you to recommend two financial investment options that are a good match for her investor profile. One of these options must be **KiwiSaver**. Choose a second investment option from the following list:

- term deposits
- property
- shares
- managed funds
- bonds.

Complete the table to analyse the features of KiwiSaver and the other personal financial investment option you have chosen.

|                                | Option 1: KiwiSaver | Option 2: |
|--------------------------------|---------------------|-----------|
| Length of time                 |                     |           |
| Deposit or contribution levels |                     |           |
| Risks                          |                     |           |
| Rewards                        |                     |           |
| Costs                          |                     |           |

## Question Two

Explain why the two personal financial investment options are suitable for Melanie's investor profile.

In your explanations, state why the investment option suits Melanie's investor profile, for example, by referring to one or more of the following factors:

### Melanie's:

- financial goals
- income
- family situation
- financial security
- tolerance of risk.

Option 1: KiwiSaver

Option 2:

## Question Three

Using the details from the scenario, justify why these investment options are more suitable than other investment options for Melanie.

## Demonstrate understanding of insurance products for personal financial capability

Version: 3 | Level 2 | Credits: 3

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### Assessment activity



These assessment tasks provide an opportunity for you to demonstrate your understanding of insurance products for personal financial capability.

This assessment has **two tasks**. You need to complete both tasks.

You will be assessed on how well you:

- describe insurance product types in terms of their purpose, features and suitability to personal circumstances
- describe the impact insurance policies have on personal finances
- provide examples to illustrate how insurance policies impact on personal finances
- explain the requirement for full disclosure and the consequences of non-disclosure in terms of their impact on policy coverage, claims and personal finances
- use examples to demonstrate how disclosure and its related consequences can impact on personal finances in the short and long term.

## Award of grades

| Evidence/Judgements for Achievement   | Evidence/Judgements for Achievement with Merit  | Evidence/Judgements for Achievement with Excellence  |
|---|---|--|
| <p>You need to:</p> <ul style="list-style-type: none"> <li>• describe <b>seven</b> types of insurance in terms of their:               <ul style="list-style-type: none"> <li>- purpose</li> <li>- features</li> <li>- suitability to personal circumstances.</li> </ul> </li> <li>• explain how the following components of insurance policies impact on personal finances:               <ul style="list-style-type: none"> <li>- premium</li> <li>- risks covered</li> <li>- exclusion</li> <li>- replacement versus indemnity</li> <li>- claims process</li> <li>- excess.</li> </ul> </li> <li>• describe the requirement for full disclosure when taking out an insurance policy and making a claim.</li> <li>• describe <b>two</b> consequences of non-disclosure in terms of policy coverage and claims.</li> </ul> | <p>As well as meeting the requirements for Achievement, you need to:</p> <ul style="list-style-type: none"> <li>• include examples that illustrate the impact of <b>six</b> components of insurance policies on personal finances.</li> </ul> | <p>As well as meeting the requirements for Merit, you need to:</p> <ul style="list-style-type: none"> <li>• include examples of how disclosure and its related consequences can impact on personal finances in the both the short term and the long term.</li> </ul> |

## Conditions of assessment

This is an **open book assessment**. Your teacher will let you know what learning materials, work, and resources you can access to help you complete the assessment tasks. Answers must be in your own words.

Your teacher will provide you with information regarding timeframes for this assessment and options for presenting your responses.

## Task One

This task requires you to complete tables to describe insurance product types, components of insurance policies, full disclosure and the consequences of non-disclosure on personal finances in the short and long term.

### Question One

For each scenario in the tables below, identify which of the following seven insurance product types the person should consider:

- car insurance
- travel insurance
- house insurance
- contents insurance
- income protection
- health insurance
- life insurance.

For each insurance type, describe its purpose, features and suitability to personal circumstances.

Note that you must complete one table for **each type of insurance**.

## Scenario A

Frank and his family are travelling back to Niue over the summer holidays.

### Type of insurance:

**Purpose:** Give a general description of what the insurance cover is for and the unexpected events it protects people from.

**Features:** Provide two examples of what the insurance policy includes.

**Suitability to personal circumstances:** Explain factors that might determine whether Frank decides to get this type of insurance.

## Scenario B

Charlie has just bought her first car.

### Type of insurance:

**Purpose:** Give a general description of what the insurance cover is for and the unexpected events it protects people from.

**Features:** Provide two examples of what the insurance policy includes.

**Suitability to personal circumstances:** Explain factors that might determine whether Charlie decides to get this type of insurance.

## Scenario C

Eden would like to get insurance to cover potential future medical costs.

### Type of insurance:

**Purpose:** Give a general description of what the insurance cover is for and the unexpected events it protects people from.

**Features:** Provide two examples of what the insurance policy includes.

**Suitability to personal circumstances:** Explain factors that might determine whether Eden decides to get this type of insurance.

## Scenario D

Tama has just set up a new flat, which involved buying a fridge, a washing machine, and a new couch.

### Type of insurance:

**Purpose:** Give a general description of what the insurance cover is for and the unexpected events it protects people from.

**Features:** Provide two examples of what the insurance policy includes.

**Suitability to personal circumstances:** Explain factors that might determine whether Tama decides to get this type of insurance.

## Scenario E

Jacqui is a solo mum with two boys. She has a mortgage and wants to make sure that she can keep paying it off if something happens with her job situation.

### Type of insurance:

**Purpose:** Give a general description of what the insurance cover is for and the unexpected events it protects people from.

**Features:** Provide two examples of what the insurance policy includes.

**Suitability to personal circumstances:** Explain factors that might determine whether Jacqui decides to get this type of insurance.

## Scenario F

Max and Casper are the proud owners of a new home. They live in Wellington and are worried about potential damage if there is an earthquake.

### Type of insurance:

**Purpose:** Give a general description of what the insurance cover is for and the unexpected events it protects people from.

**Features:** Provide two examples of what the insurance policy includes.

**Suitability to personal circumstances:** Explain factors that might determine whether Max and Casper decide to get this type of insurance.

## Scenario G

Awhina is the sole earner for her family. She wants to make sure that her partner and children will be okay financially if she dies.

### Type of insurance:

**Purpose:** Give a general description of what the insurance cover is for and the unexpected events it protects people from.

**Features:** Provide two examples of what the insurance policy includes.

**Suitability to personal circumstances:** Explain factors that might determine whether Awhina decides to get this type of insurance.



3. a. What does the term **exclusion** mean?
  - b. What is one thing that is **excluded** from third-party car insurance cover?
  - c. How might this exclusion impact Miriam's personal finances?
  
4. a. What is difference between **replacement** and **indemnity value** when it comes to car insurance?
  - b. If Miriam's insurance policy covers her car being stolen, how might the difference between replacement and indemnity value impact on her personal finances?

Miriam decides to take out a comprehensive car insurance policy. Six months later, Miriam drives through a red light and hits another car. Fortunately, no one is hurt, but both cars are badly damaged.

5. a. What **process** does Miriam need to follow to make a **claim**?
  - b. How might making a claim help Miriam financially?
  - c. How does the **excess** affect the amount Miriam will be able to claim if her claim is accepted?



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