



Name: \_\_\_\_\_

Te whai hua - kia ora!

**sorted**  
*in Schools*

US 28094 (version 4)

## Budgeting and goal setting

Produce a household budget, set a financial goal and review and adjust the budget to achieve the goal

LEVEL

2

CREDITS

3

THEMES

Retirement  
Savings

Goals

Managing my money

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# Nau mai haere mai!

## Welcome to the Budgeting and Goal Setting module.

This module will build your understanding of household budgets, setting financial goals and reviewing the budget to achieve the goal.

You will be assessed on how well you:

- Produce a household budget, set a financial goal and review and adjust the budget to achieve the goal

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>• set a financial goal</li> <li>• produce a household budget</li> </ul> <p>Range of a household budget includes:</p> <ul style="list-style-type: none"> <li>- income – take home pay, other income;</li> <li>- expenses – fixed or regular, variable or irregular; needs, wants, savings surplus, deficit.</li> </ul> <ul style="list-style-type: none"> <li>• review the household budget and adjust to achieve the financial goal.</li> </ul> <p>Range of review includes:</p> <ul style="list-style-type: none"> <li>- comparing budget with actual income and expenses</li> <li>- inclusion of an emergency fund for unexpected expenses;</li> </ul> <p>evidence of two changes to the household budget is required.</p> <ul style="list-style-type: none"> <li>• explain the frequency of review and adjustments to the budget in terms of how they meet the financial goal.</li> </ul> 	<p>As well as meeting the requirements for Achievement, you need to:</p> <ul style="list-style-type: none"> <li>• explain the adjustments needed to achieve the financial goal.</li> </ul>	<p>As well as meeting the requirements for Merit, you need to:</p> <ul style="list-style-type: none"> <li>• justify the adjustments needed to achieve the financial goal.</li> </ul> 



### Potential links to NCEA Level 2 Achievement Standards

You may be able to use your knowledge, content, and modified work in this module and assessment task as evidence towards the following Achievement and/or Unit Standards:

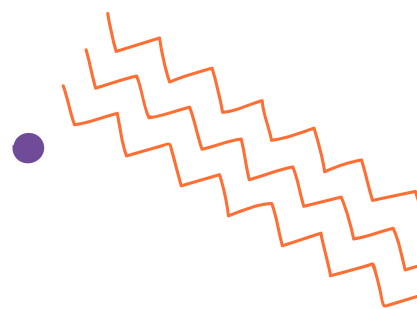
- **US 28092:** Explain the effect of significant life events on personal income at different life stages
- **AS 90846:** Conduct market research for a new or existing product
- **AS 91228:** Analyse a contemporary economic issue of special interest using economic concepts and models
- **AS 91268:** Investigate a situation involving elements of chance using a simulation
- **AS 91101:** Produce a selection of crafted and controlled writing
- **AS 91102:** Construct and deliver a crafted and controlled oral text
- **AS 91103:** Create a crafted and controlled visual and verbal text

Discuss this possibility with your teacher.

This module is about increasing personal income.

In this module you will explore:

- **Topic One:** Financial Goal Setting
- **Topic Two:** Reviewing and adjusting a household budget

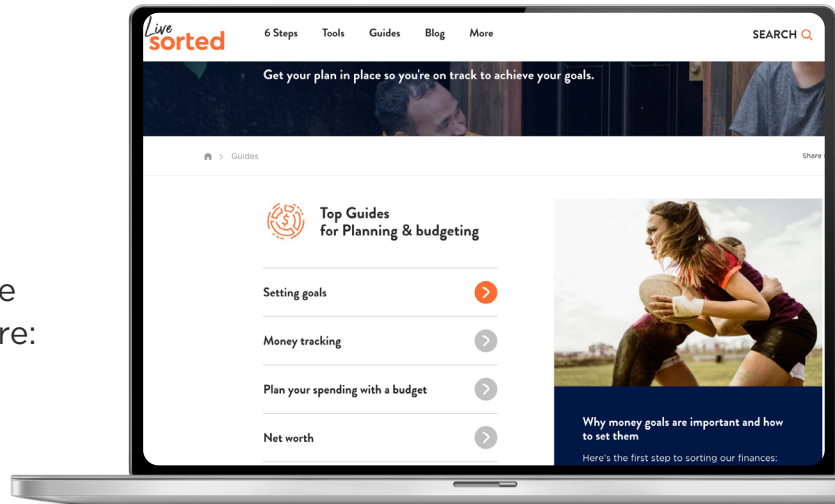


## Resources

There are lots of useful resources for budgeting and goal setting

Sorted in Schools resources that have particular relevance to this module are:

- Financial Identity resources about Managing my money
- Goals Infographic
- Riding Life's Waves video.



You can find these resources on the Student Activities page of the Sorted in Schools website by clicking on Theme and selecting either Goals or Managing My Money from the dropdown menu.

Be sure to watch the fun, informative video that accompanies this module - Riding Life's Waves video

Other useful tools and websites include:

- <https://sorted.org.nz/guides/planning-and-budgeting>.

The Sorted.org website also provides information on specific planning and budgeting options.

**Let's begin to explore ways to financial goal setting!**



# Topic One:

# Financial Goal Setting

## Learning Outcomes for Topic One

- ✓ Understand how to set smart money goals.

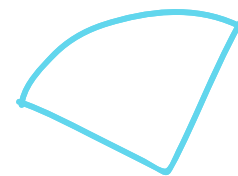
## Success criteria

You should complete all activities in this topic. They will help you to meet the assessment requirement setting a financial goal.

## Assessment tip:

In your assessment, you need to set a financial goal for a scenario. Financial goals could be:

- Pay down debt faster
- Save for an emergency fund
- Start saving for retirement
- Increase mortgage payments or KiwiSaver contributions.



In this topic, we're going to explore how to set smart money goals.

It helps to be specific, realistic, and to write them down. Keeping each goal simple and giving it a timeframe and a dollar amount is ideal.

We can set some big money goals – like saving an emergency fund, buying a home in the next five years or saving for retirement (this could be the biggest money goal of all).

Some smaller financial goals can help us get there – like saving for a deposit or paying off credit cards.

## Activities

- 1) Read '6 steps to get your money sorted' and identify how you could gain \$1,000.
- 2) Write down a goal for yourself at the following ages

	17 years old	30 years old	65 years old
Goal			
Is it Specific?			
Can it be Measured?			
Is it Achievable?			
Is it Realistic?			
What is the Timeframe?			

3) Identify three emergencies that might occur at the following ages, which will need financial assistance?

	17 years old	30 years old	65 years old
Financial Emergency			

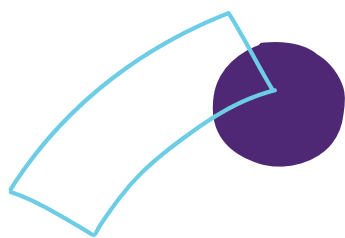
4) Lisa aged 50 and Michael aged 58 have 2 sons; Joshua aged 23 and Jack aged 21. They live in their own home in Christchurch. Lisa works as an Office Manager full time and Michael is a Parts Manager. They have always believed in quality family time with their boys and are aware that it will not be long before the boys are living away from home and not want to do this. Lisa and Michael are also aware that retirement is looming and they want to maximise their incomes at this time.

List three SMART financial goals for Lisa and Michael:

Financial Goal 1:	
Financial Goal 2:	
Financial Goal 3:	

Useful sources of information include:

- Sorted: Setting financial goals – how to set money goals.



Before moving on to Topic Two, check that you understand:

- ☐ what financial goals mean
- ☐ how to set a financial goal



# Topic Two:

# Household Budgeting

## Learning outcome for Topic Two

- ✓ Understand how to prepare a household budget including income and expenses and calculating a surplus or deficit.

## Success criteria

You should complete all activities in this topic. They will help you to meet the assessment requirement of producing a household budget.

## Assessment tip:

In your assessment, you need to produce a household budget. Terms include:

**Income** - take home pay and other income

**Expenses** - fixed or regular, variable or irregular, needs and wants with savings

- Calculating a surplus or deficit

## Activities

- 1) Watch 'Money tracker' video clip.
- 2) Track your household spending for a week by creating a Spending Diary.

A **budget** is a plan. We list the money that's coming in and plan how to spend it. We give each dollar a job to do. Simple!

Everyone benefits from having a budget – they're not just for people who have trouble making ends meet. A budget is a great tool to make sure we're getting ahead by steering our money where we want it to be. To build a budget we simply add up how much money is coming into our household (our income), then add up how much money is going out (our spending). Then we work out the difference. A budget lets us see whether we have money left over (a surplus) or not enough money to cover our spending (a deficit). The aim is to make as much surplus as possible so we have spare money to pay off debt and save and invest towards our goals.

### What is a deficit?

A deficit is when we don't have enough money to cover our spending – in other words, we're spending more than we earn. Not ideal.

### What is a surplus?

A surplus is when we have money left over – in other words, we're spending less than we earn, which is helpful. Setting our goals Setting goals helps us think about what we want in life and how we want to use our money. Sorted.org.nz has tools for setting goals and helping us work out the plan to reach them.

A budget (or money plan) is really just a simple plan for your spending. Essentially, your money plan:

- Helps you steer your money and stay confidently in control
- Shows what money you expect to receive and how you expect to spend it
- Helps you flow your money towards your goals
- Is one of the best tools for getting the most out of your money and getting ahead.

A budget helps us feel in control, instead of just wondering where our money went. It can mean the difference between being able to plan ahead versus always having to go into overdraft between paydays.

## How to build a budget

To create a budget, start by adding up how much money is coming into the household (your income).

You then look at how much is going out (your spending). Some of your spending is fixed or regular, which is a constant amount each time. Some of your spending is variable or irregular, the amount changes each time. For example, your insurances are a fixed expense, the premium is the same for the year whereas your power bill can vary depending on how much electricity you use each month. This is a variable or irregular expense.

To complete the budget you then work out the difference. You will either have money left over (a surplus) or not enough money to cover your spending (a deficit). The aim is to make as much of a surplus as possible so you have money left in your pocket to save for your goals or pay off debt faster.

Sometimes when completing a budget, all figures are not the same time period. We therefore need to convert them to the same period in which the income is received. Eg if income is received weekly, the budget should be drawn up using weekly figures.





### Assessment tip:

In your assessment, you need to convert all figures to the same time period:

- 52 weeks in a year
- 26 fortnights in a year
- 12 months in a year
- 4 quarters in a year

To convert figures to weekly – first convert them to an annual figure and then divide by 52.

To convert figures to monthly – first convert them to an annual figure and then divide by 12.

In your assessment, you need to show all figures to 2 decimal places:

- Rounding to two decimal places is the process of rounding to hundredths place i.e. 2nd place to the right of decimal point. For Example 4.8370 rounded to two decimal places is 4.84

A good budget can make it much easier to manage your money and reach your financial goals.

## Activities

- 1) Lisa and Michael have 2 sons; Joshua aged 23 and Jack aged 21. Lisa works as an Office Manager full time and Michael is a Parts Manager. Joshua is also working full time as a Marketing Assistant, and has to pay \$100 weekly board to his parents. Jack is studying and only working part time at the local Supermarket.

### Current financial information

	Amount (\$)	Weekly amount (\$)
<b>Income</b>		
Lisa's after tax	58,500 annual	
Michael's after tax	67,756 annual	
Joshua's board	100 weekly	100
<b>Expenses</b>		
Car expenses	200 weekly	200
Clothing	500 monthly	
Entertainment	500 monthly	
Gifts	25 weekly	25
Groceries	330 weekly	330
Insurances	2,000 annually	
Medical costs	4,160 annually	
Mobile phones	80 monthly	
Mortgage	4,193 monthly	
Phone/internet	60 monthly	
Power/gas	200 monthly	
Rates	767 quarterly	
Repairs and maintenance	203.66 monthly	
Water rates	73 quarterly	






**a)** Identify some fixed and variable expenses that the household might have:

Fixed Expenses	Variable Expenses

**b)** Identify some needs and wants that the household might have:

Needs	Wants



**c)** Compare your needs and wants with a peer and discuss any differences with your reasonings.



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**d)** Identify a financial priority for the Williams family.

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e) Prepare a Weekly Household Budget (round to 2 decimal places)

	Amount (\$)	Weekly amount (\$)
<b>Income</b>		
Lisa's after tax		
Michael's after tax		
Joshua's board		
<b>TOTAL INCOME</b>		\$
<b>Expenses</b>		
Fixed/Regular Expenses		
Variable/Irregular Expenses		
<b>TOTAL EXPENSES</b>		\$
<b>SAVINGS</b>		
<b>SURPLUS / DEFICIT</b>		\$



f) Have the Williams family made a weekly surplus or deficit?

**SURPLUS / DEFICIT**

g) Identify expenses that the Williams family could cut back on to increase their surplus.

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**Before moving on to Topic Three, check that you understand:**

- ☐ how to produce a household budget with income and expenses
- ☐ how to calculate a surplus or deficit.



# Topic Three:

## Reviewing and adjusting a household budget

### Learning outcome for Topic Two

- ✓ Understand how to review and adjust a household budget
- ✓ Explain how often a budget should be reviewed
- ✓ Explain how adjustments to a household budget can be made to meet a financial goal.

### Success criteria

You should complete all activities in this topic. They will help you to meet the assessment requirement frequency of reviewing and adjusting a household budget to achieve a financial goal.

### Assessment tip:

In your assessment, you need to review your budget and justify two changes:

- This involves explaining what item on the budget could be changed and specifying the amount that could change and how this will help to achieve the financial goal.



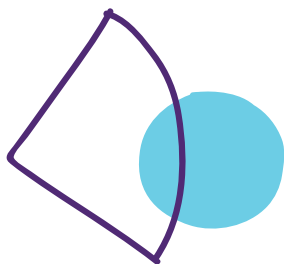
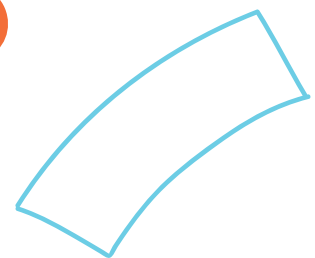
When a budget is in deficit there are ways to correct this:

- Check the budget. Are there any ways to reduce spending?
- Find ways to pay off more debt to reduce repayment amounts.
- Call Work and Income on 0800 774 004 to check our entitlements – such as Working for Families tax credits, the Accommodation Supplement or Childcare Assistance.
- Find ways to earn more income.
- Get help from a financial mentor.

When preparing a budget, the timeframe is usually the frequency of your salary or wage, eg if you get paid fortnightly, you should prepare a fortnightly budget. If you get paid monthly, you should prepare a monthly budget.

Review your budget at a minimum of once a month. However, many people prefer to do this on a weekly basis, or every time they get paid. In addition, you should consider doing quarterly and annual budget reviews in order to fine-tune and assess your budget over longer periods of time.

This becomes especially important when your finances change.





## Activities

- 1) Review the Smith Family Plan and identify what areas they could cut back on to gain a budget surplus.



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- 2) Updated Williams scenario:



Lisa's position as an Office Manager has just been made redundant. Joshua has decided to move out and go flatting with his mates. Jack is nearly finished studying and is not working anymore. He now requires \$50 pocket money from his parents each week.



a) Prepare an adjusted budget for the Williams family under the new scenario:

	Amount (\$)	Weekly amount (\$)
<b>Income</b>		
Michael's after tax		
<b>TOTAL INCOME</b>		\$
<b>Expenses</b>		
Car expenses		
Clothing		
Entertainment		
Gifts		
Groceries		
Insurances		
Jack's pocket money		
Medical costs		
Mobile phones		
Mortgage		
Phone/internet		
Power/gas		
Rates		
Repairs and maintenance		
Water rates		
<b>TOTAL EXPENSES</b>		\$
<b>SAVINGS</b>		
<b>SURPLUS / DEFICIT</b>		\$

**b)** Identify what expenses the Williams family can reduce to decrease their budget deficit?

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**c)** Identify any other steps the Williams family could take to manage their budget?

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**d)** How have the steps identified above, helped decrease the budget deficit for the Williams family?

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**3)** Watch 'Goal Getters' video. The video is available from the **student activities** page of the Sorted in Schools website. Select video from the dropdown menu under Media. Discuss with your partner whether Sapphire's goal of becoming an influencer is a good option.



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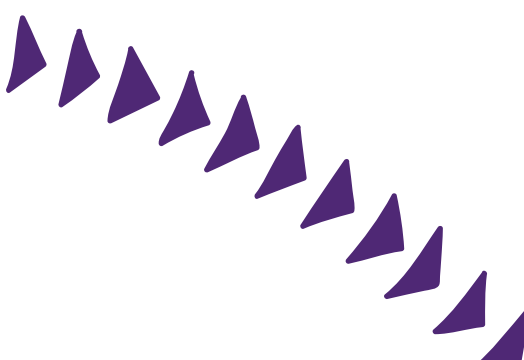
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**Before moving on to your assessment, check that you understand:**

- ☐ how to review and adjust a household budget.
- ☐ how often a budget should be reviewed
- ☐ how adjustments to a household budget can be made to meet a financial goal.

# Ka pai!



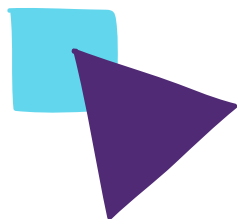
You've completed the module. Use the checklist below to make sure that you are ready for your assessment.

## Checklist for:

**US 28094** Produce a household budget, set a financial goal and review and adjust the budget to achieve the goal.

## I can:

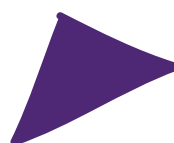
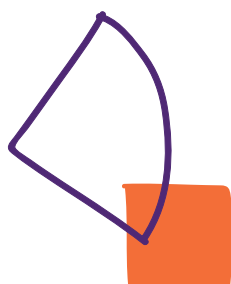
- ☒ I can set a financial goal.
- ☒ I can produce a household budget.  
Range: income – take home pay, other income;  
expenses – fixed or regular, variable or irregular; needs, wants, savings  
surplus, deficit.
- ☒ I can review and adjust a household budget to achieve the financial goal.  
Range: review includes – comparing budget with actual income and  
expenses, inclusion of an emergency fund for unexpected expenses;  
evidence of two changes to the household budget is required.
- ☒ I can explain the frequency of review and adjustments to the budget in  
terms of how they meet the financial goal.







Reference list	
Student activities	<a href="https://sortedinschools.org.nz/students/activities/">sortedinschools.org.nz/students/activities/</a>
Glossary	<a href="https://sortedin-schools.org.nz/api/v1.0/download?filename=riding-lifes-waves-glossary&amp;files=2462">sortedin-schools.org.nz/api/v1.0/download?filename=riding-lifes-waves-glossary&amp;files=2462</a>
Riding Life's Waves module video	<a href="https://vimeo.com/425277272/015fc14a44">vimeo.com/425277272/015fc14a44</a>
KiwiSaver	<a href="https://ird.govt.nz/kiwisaver">ird.govt.nz/kiwisaver</a>
Sorted.org.nz KiwiSaver savings calculator	<a href="https://sorted.org.nz/tools/savings-calculator">sorted.org.nz/tools/savings-calculator</a>
Thinklinker 5: Meeting my future self	<a href="https://sortedinschools.org.nz/sorted-resources/financial-sustainability/thinklinkers-for-financial-sustainability/">sortedinschools.org.nz/sorted-resources/financial-sustainability/thinklinkers-for-financial-sustainability/</a>
Guides page of the Sorted.org.nz website	<a href="https://sorted.org.nz/guides/">sorted.org.nz/guides/</a>
A to Z of government benefits and assistance	<a href="https://workandincome.govt.nz/products/a-z-benefits/index.html">workandincome.govt.nz/products/a-z-benefits/index.html</a>
Guides on the Sorted.org.nz website	<a href="https://sorted.org.nz/guides/#life-event">sorted.org.nz/guides/#life-event</a>
Ways to create income when you are retired	<a href="https://sorted.org.nz/guides/retirement/retirement-money/">sorted.org.nz/guides/retirement/retirement-money/</a>
Student activities section of the Sorted in Schools website	<a href="https://sortedinschools.org.nz/students/activities/">sortedinschools.org.nz/students/activities/</a>
Inland Revenue Department	<a href="https://www.ird.govt.nz/">https://www.ird.govt.nz/</a>
Ministry of Business Innovation & Employment	<a href="https://www.mbie.govt.nz/">https://www.mbie.govt.nz/</a>
Work and Income	<a href="https://www.workandincome.govt.nz/">https://www.workandincome.govt.nz/;</a>
StudyLink	<a href="https://www.studylink.govt.nz/">https://www.studylink.govt.nz/</a>



Te whai hua - kia ora!



**NCEA Level:** 2 (version 4)

**QAAM Number:** #3198

**Unit Standard:** #28094

**Unit Standard Title:**

Produce a household budget, set a financial goal and review and adjust the budget to achieve the goal

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**Notes:**