



Name:

Te whai hua - kia ora!

sorted
in Schools

US 28098 (version 4)

Personal Income

Evaluate options to increase personal income

LEVEL

3

CREDITS

3

THEMES

Saving

Goals

Managing my money

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Increasing personal income

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Financial impacts on personal income



Nau mai haere mai!

Welcome to the Personal Income module.

This module provides an opportunity for you to evaluate options to increase personal income.

You will be assessed on how well you:

- evaluate the positive and negative financial impacts of different options to increase personal income.
Options may include
 - pay increase,
 - secondary income,
 - boarders,
 - unearned income;
- income tax rates for individuals,
- government financial support,
- childcare costs,
- child support;
- a comparison of the options is made
- evaluating the impacts including
 - lifestyle,
 - income tax,
- recommend the most beneficial option.

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"> • evaluate the positive and negative financial impacts of different options to increase personal income <p>Range options may include – pay increase, secondary income, boarders, unearned income; evidence of three options is required;</p> <ul style="list-style-type: none"> • impacts may include – lifestyle, income tax, income tax rates for individuals, government financial support, childcare costs, child support; evidence of one positive and one negative financial impact for the three options selected. • compare the options and recommend the most beneficial option. 	<p>As well as meeting the requirements for Achievement, you need to:</p> <ul style="list-style-type: none"> • compare the options by providing examples of impacts on personal income. 	<p>As well as meeting the requirements for Merit, you need to:</p> <ul style="list-style-type: none"> • include a comparison of options by providing a justification for the recommended option.

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

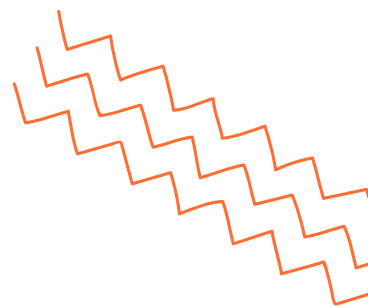
Discuss this possibility with your teacher.



This module is about increasing personal income.

In this module you will explore:

- **Topic One:** Increasing personal income
- **Topic Two:** Financial impacts on personal income

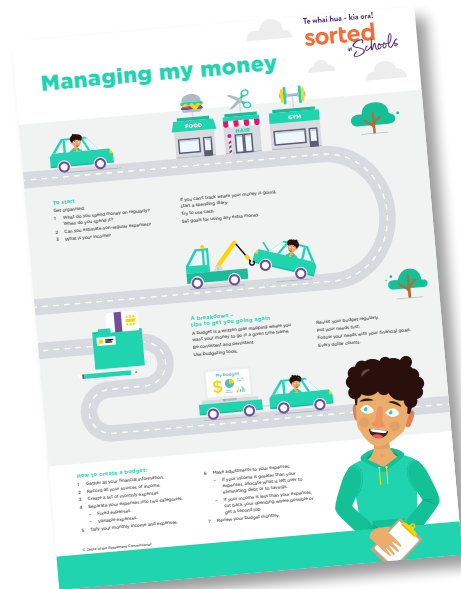


Resources

There are lots of useful resources for exploring income options.

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

- **Financial Identity resources about Managing my money**
- **Managing my money 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 **Managing My Money** from the dropdown menu.

Other useful tools and websites include:

- **Te Ara Ahunga Ora Retirement Commission** <http://retirement.govt.nz>
- **KiwiSaver, available at** <https://www.ird.govt.nz/kiwiSaver>;
- **Inland Revenue, available at** <https://www.ird.govt.nz/>;
- **Ministry of Business Innovation and Employment, available at** <https://www.mbie.govt.nz/>;
- **Sorted: Your Independent Money Guide, available at** <https://www.sorted.org.nz/>;
- **Work and Income, available at** <https://www.workandincome.govt.nz/>;
- **StudyLink, available at** <https://www.studylink.govt.nz/>.

Let's begin to explore ways to increase your personal income.

Topic one:

Increasing personal income

Learning outcomes for topic one

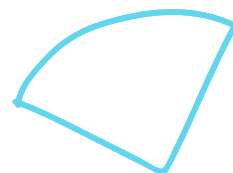
- ✓ Evaluate the different options to increase personal income.

Success criteria

You should complete all activities in this topic. They will help you to meet the assessment requirement of evaluating the different options to increase personal income including:

pay increase, secondary income, boarders, and unearned income; government financial support, interest, dividends, capital gains from investments, rent from land or property ownership, gifts, winnings, inheritance, cash prizes, student loans (evidence of three options is required).





What is income?

Earned v Unearned Income.

Types of earned income

Pay increase

It is often difficult to ask for a pay increase but if you go prepared, with back up evidence your boss may well be obliging to your request. Ask yourself the following questions:

- Have you worked longer hours than required?
- Have you been given positive feedback that you are doing a great job?
- Is there other businesses offering higher money and therefore you are being underpaid?
- How much you have achieved in your role?
- Has your role expanded with more duties and responsibilities?
- Can you demonstrate a greater rate of efficiency?
- Can you demonstrate an increase in revenue generation and/or performance?

Activities

- 1) Review the following <https://www.seek.co.nz/career-advice/article/want-a-pay-rise-say-this> and prepare a role play to asking for a pay rise.
- 2) Complete the following table for advantages and disadvantages of gaining a pay increase:

Advantages	Disadvantages

Secondary income

Sometimes it is necessary to have a second job to increase your personal income. A second job can be with a second employer or it could be working from home using some of your skills and talents. Often a second job and will mean secondary tax at 33 cents.

Activities

1) For the following skills and talents, what secondary job could you undertake to increase your personal income:

Skills/Talents	Secondary Job
A great baker	
A great musician	
A great storyteller	
A great artist	
Great with younger kids	



Boarders

<https://www.moneyhub.co.nz/best-side-hustles.html>

Having a spare room can earn you up to \$40,000 “tax-free” by deducting the costs from the income. Yes, you will have people in your house, sitting on your sofa, using your kitchen etc, but the extra money can be considerable.

Renting out a room to boarders or homestay students offers up to \$40,000 per year of tax-deductible costs for up to four boarders.

Estimated earnings can be from \$100 to \$300 a week, depending on the property offered and location. Tax deductions will vary based on your use and how many rooms you can rent/offer to the boarders.

Activities

- 1) Complete the following table for advantages and disadvantages of having a boarder:

Advantages	Disadvantages



Types of unearned income

Government financial support

There are many government benefits available to you.

<https://www.workandincome.govt.nz/products/a-z-benefits/index.html>

Activities



- 1) Using the Work and Income website, complete the table, identifying a government benefit available for the following groups.

	Youth	Parent	Retired
Name of benefit			
Amount of benefit			
Other interesting facts			



Interest

A deposit at a bank either through a savings account or term deposit will earn you interest.

The interest rates go up and down, and the payment is often paid at the end of your term. For terms longer than a year, you might be able to arrange to have your interest paid into your bank account more regularly, for example, every month or every six months.

Activities

- 1) Review the Sorted Investing Guide and draw conclusions about how compound interest can assist in your savings. <https://sorted.org.nz/guides/saving-and-investing/compound-interest-friend-or-foe>
- 2) Calculate the interest earned on the following term deposits:

\$5,000	0.03%	
\$20,000	2.20%	
\$50,000	3%	

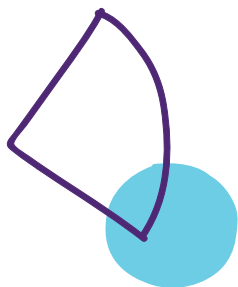


Dividends

When you buy shares, you're buying a small part of a company and the reward for having shares is the share in any profit that the company makes, called a Dividend. You can buy shares directly or you can buy them as part of a managed fund. For example, if you invest in KiwiSaver some of your money may be invested in shares chosen by your KiwiSaver provider, depending on the fund you choose.

Some companies pay regular dividends, for example, once a year. Other companies pay dividends more randomly and some companies don't pay any dividends.

As with other forms of income you need to pay tax on any profits you make from shares.



Activities



- 1) Work through the **Sorted in Schools 'Investing in Shares' resource**. Investigate companies' revenue comparisons and simulate investing in shares. Draw conclusions as to which company has performed the best.

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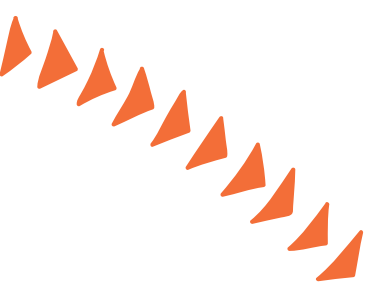
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Capital gains from investments

You can make money through capital gains. A capital gain is when you sell something for more than you paid for it. You might choose to sell the shares you own to make money from them that way.

You can also lose money by buying shares. For example, if the selling price of a share goes down, but you want to sell the shares that you own, you will lose money. This is called a capital loss.

Most capital gains are through investment properties, where you sell the property for more than you purchased it for.

Activities

- 1) Using www.homes.co.nz find the current value of the following addresses and calculate the capital gain if these houses were sold:

Address	Purchase price	Current market value	Capital gain
114b King Street, Cambridge	\$189,000		
78 Boydfield St, Wanganui	\$350,000		
31 Harker Street, Christchurch	\$550,000		

- 2) Ask your friend/teacher for the purchase price of their home, research the current value and calculate the possible capital gain if they were to sell it today.

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Rent from land or property ownership

A tenant's regular payment to a landlord for the use of property or land is called Rent. This is a common form of unearned income and can give a landlord regular income as well as a capital gain when they decide to sell.

Activities

- 1) Work through <https://www.tenancy.govt.nz/assets/Uploads/Tenancy/renting-and-you-english-edition.pdf> and identify THREE rights and responsibilities for a landlord.
- 2) Using www.trademe.co.nz investigate three current places for rent in your suburb.

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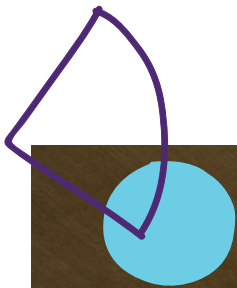
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Gifts

Gifting includes any assets that a person and/or their spouse (partner) have given away to other people. Currently the maximum amount that a person or their spouse can gift over the period of five years prior to the date of the person's financial means assessment, without it affecting the income and asset test is up to \$6500 per year.

Winnings and cash prizes

One-off winnings are money you win once through gambling. These include winnings you get from Lotto or any other lotteries, pokie machines and TAB. They are a form of unearned income and not taxable.

Inheritance

Inheritance refers to the assets that an individual bequeaths to their loved ones after they pass away. An inheritance may contain cash, investments such as shares or bonds, and other assets such as jewellery, automobiles, art, antiques, and real estate.

Activities

- 1) Ask your peers, if anyone has received a gift, winnings or an inheritance. Get them to share their story to the class.
- 2) Reading the following article **'The top ten most astonishing inheritance stories'**. What are the top 10 bizarre inheritance stories?

1.		6.	
2.		7.	
3.		8.	
4.		9.	
5.		10.	


Student loans and student allowances

A Student Loan helps to pay for your course fees (the compulsory fees charged by your education provider), study materials (eg, books, computer, travel) and living costs, but you'll have to pay it back.

A Student Allowance is a weekly payment that can help with your living expenses while you're studying. The Student Allowance is similar to the Student Loan living costs but you don't have to pay it back. You do have to pay back the living costs, as it's part of the Student Loan.

Activities

- 1) Using the website answer the following questions: <https://www.studylink.govt.nz/products/a-z-products/student-loan/index.html>
 - a. Who can get a Student Loan?
 - b. What can you get with a Student Loan?
 - c. Who can get a Student Allowance?
 - d. How much can you get with Student Allowance?
 - e. Define Course Fees, Course Related Costs and Living Costs



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Assessment tip:



In your assessment, you need to evaluate the different options to increase personal income:

- Pay increase
- Secondary income
- Boarders
- Unearned income: government financial support, interest, dividends, capital gains from investments, rent from land or property ownership, gifts, winnings, inheritance, cash prizes, student loans

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

- ☐ the different options to increase personal income



Topic two:

Financial impacts on personal income

Learning outcome for Topic two

- ✓ Evaluate positive and negative financial impacts of the different options to increase personal income.

Success criteria

You should complete all activities in this topic. They will help you to meet the assessment requirement of evaluating positive and negative financial impacts of different options to increase personal income.

impacts may include – lifestyle, income tax, income tax rates for individuals, government financial support, childcare costs, child support; (evidence of one positive and one negative financial impact for the three options selected).

The following table provides examples of some of the information you will need to provide for your assessment.

Option	Impact	Positive financial impact	Negative financial impact
Pay Increase	Lifestyle	Being able to enjoy extra entertainment and more expensive choices due to higher income	May need to work longer hours to justify the pay increase and increased stress due to increased responsibilities
	Childcare costs	20 hours free provided by the government	With the possible need to work longer hours, childcare costs may increase
	Child support		If not living with your child, then this could increase the child support payments to be made.
Secondary Income	Lifestyle	Being able to enjoy extra entertainment and more expensive choices	Need to work longer hours at the second job Less time for socializing
		Could follow passions and get a second job with interests and hobbies pursued	Could get tired and stressed and mental health could suffer Could have extra travel costs to second job
	Income tax	Could receive a tax refund if extra secondary tax was paid	May have to pay more income tax
	Childcare costs	Childcare costs could reduce if secondary income is at times when childcare is not needed	With the possible need to work longer hours, childcare costs may increase
	Child support	If receiving spousal maintenance, then this could increase the child support payments being received	If paying spousal maintenance, then this could increase the child support payments to be made.

Boarders	Lifestyle	May have companionship in your house and develop a friendship Able to share expenses of the household May be able to get childcare covered by boarder	Have to share personal space with a possible stranger May cost more than the board received
	Income tax	No tax if less than 4 boarders	Tax will be payable if more than 4 boarders
	Childcare costs	Boarder may be able to assist with childcare therefore reducing the cost outlay	Boarder may ask for compensation for assisting with childcare
Unearned Income- Government Financial Support	Lifestyle	May provide basic needs of life	Could cause stress and worry due to living off welfare
	Government financial support	Maybe able to get more financial supplements from the government	May reduce ability to get financial supplements from the government
	Child support	Inland Revenue will monitor these payments received and therefore no stress for the beneficiary	Strict guidelines on the set amount of the payment
Unearned Income - Rent from Land or Property Ownership	Lifestyle	Availability of additional accomodation if so needed	Maintenance and tenancy occupancy issues
	Income tax	Can receive tax deductions in Income Tax Return	May have to pay income tax on any profit from the Rental property
Unearned Income - Interest or Dividends	Lifestyle	Being able to enjoy extra entertainment and more expensive choices	May have to pay more income tax at the higher progressive tax rates

Unearned Income – Capital Gains	Lifestyle	Being able to enjoy extra entertainment and more expensive choices	May have to pay more income tax at the higher progressive tax rates
Unearned Income – Gifts / Winnings/ Inheritance / Cash prizes	Lifestyle	Being able to enjoy extra entertainment and more expensive choices	Can cause extra stress and worry if a lot of money is received

Activities

1) Using the following scenario, answer the following questions:

Whina and Tipene have a young family with twin boys aged 5 (from Whina's previous relationship) and a girl aged 1. Whina's previous partner has always contributed to the boys upbringing but nothing is formalised. Whina used to work as a carer at the local Retirement Village but is now on maternity leave and Tipene is a qualified builder. Tipene has a great relationship with his boss and they often go out fishing in his boss's boat. Whina and Tipene rent their home and Tipene's whanau live in the same suburb of Auckland. Whina and Tipene don't seem to be able to get ahead and are wanting to use their KiwiSaver to get onto the property ladder.

a) What options do Whina and Tipene have to increase their personal income?

Whina	Tipene

b) Using THREE of the options selected above, complete the following table by evaluating the positive and negative financial impacts: impacts may include – lifestyle, income tax, income tax rates for individuals, government financial support, childcare costs, child support; (evidence of one positive and one negative financial impact for the three options selected).

Option	Impact	Positive financial impact	Negative financial impact
1.			

2.			
3.			

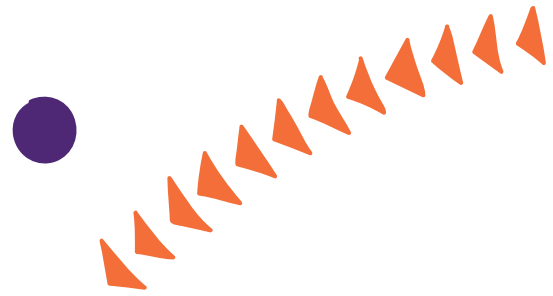
- c)** Compare TWO of the options by providing examples of the impacts.
- d)** Recommend and justify the most financially beneficial option for Whina and Tipene to increase their personal income.

Assessment tip:

In your assessment, you need to compare the different options by providing examples of the impacts:

- Eg - If Whina took on homebased childcare she would get... whereas if Whina went back to work full time she may get.... The impacts would be....

Ka pai!



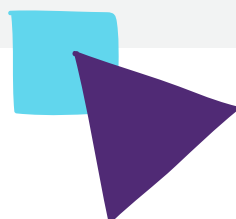
You've completed Increasing Personal income module. Use the checklist below to make sure that you are ready for your assessment.

Checklist for:

US 28098 Evaluate options to increase personal income

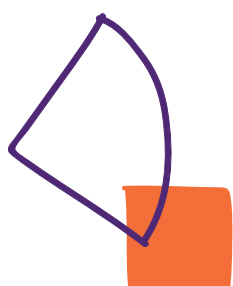
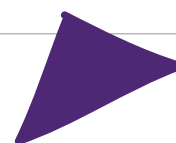
I can:

- ☒ evaluate the different options to increase personal income:
 - pay increase
 - secondary income
 - boarders
 - unearned income
- ☒ evaluate the positive and negative financial impacts to increase personal income:
 - lifestyle
 - income tax
 - income tax rates for individuals
 - government financial support
 - childcare costs
 - child support
- ☒ Compare the options by providing examples
- ☒ Recommend and justify the most beneficial option to increase personal income



Reference list

Student activities	sortedinschools.org.nz/students/activities/
Glossary	sortedinschools.org.nz/api/v1.0/download?filename=keeping-ourselves-covered-glossary&files=2467
Riding Life's Waves module video	vimeo.com/425277272/015fc14a44
Seek NZ - Career advice	https://www.seek.co.nz/career-advice/article/want-a-pay-rise-say-this
Money Hub website	https://www.moneyhub.co.nz
Sorted in Schools - Investing in Shares resources	https://sortedinschools.org.nz/resources/?resource=165
Homes website	http://www.homes.co.nz
Work and income	https://www.workandincome.govt.nz
Guides page of the Sorted.org.nz website.	sorted.org.nz/guides/
Tenancy.govt.nz	https://www.tenancy.govt.nz
Study link	https://www.studylink.govt.nz



Te whai hua - kia ora!



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Unit Standard Title:

Evaluate options to increase personal income

Notes: