

Te whai hua - kia ora!

sorted
in Schools



US 28099

Evaluate credit options and select debt management strategies to manage personal finances



Student Assessment

Student name:

NSN number:

Date (DD/MM/YYYY):

LEVEL

3

CREDITS

3

THEMES

Debt
Investing
Goals

NZQA QAAM
3200

Evaluate credit options and select debt management strategies to manage personal finances

Version: 3 | Level 3 | Credits: 3

Assessment activity



These assessment tasks provide an opportunity for you to evaluate credit options and select debt management strategies to manage personal finances.

This assessment has **two** tasks. You will be assessed on how well you:

- evaluate features of two credit options
- evaluate features of two credit options in terms of advantages and disadvantages
- describe three debt management strategies to minimise debt
- explain three credit options and selected debt management strategies to show how they can be used to manage personal finances
- justify the three debt management strategies with supporting examples to show how they can be used to manage personal finances.

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"> • evaluate features of two credit options including credit card AND one of: <ul style="list-style-type: none"> ○ personal loan ○ mortgage ○ revolving credit ○ student loan ○ buy now pay later options <p>Features include;</p> <ul style="list-style-type: none"> ○ total cost of credit versus cash price ○ length of time ○ potential consequences of using credit <ul style="list-style-type: none"> • select and describe three debt management strategies including; <ul style="list-style-type: none"> ○ assessing advice and assistance ○ communication with creditors ○ interest rate considerations ○ debt consolidation ○ adjustments to lifestyle ○ use of hardship provisions ○ sale of non-essential items. 	<p>As well as meeting the requirements for Achievement, you need to:</p> <ul style="list-style-type: none"> • explain the credit options and selected debt management strategies used to manage personal finances. 	<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"> • justify the selection of the debt management strategies with supporting examples to show how they can be used to manage personal finances.

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 One

Complete the table by evaluating the features of the following types of credit:

Credit card	Advantages	Disadvantages
Total cost of credit versus cash price		
Length of time		
Potential consequences of using credit		

Personal loan / Mortgage / Revolving credit / Student loan / Buy now Pay later (choose ONE)	Advantages	Disadvantages
Total cost of credit versus cash price		
Length of time		
Potential consequences of using credit		

Task Two

Read the following three scenarios and select and describe a different debt management strategy for each scenario.

Scenario 1

Taine is a 25-year-old who is very active and flatting with mates. He has accumulated a lot of toys over the years to support his various interests of scuba diving, water and snow skiing, and playing the piano. He also has a motorbike for the weekends and a car for during the week. He has funded his first year of university studies through a student loan and has a personal loan which he got to set up his flat. He is unsure how he will fund his second year at University.

Debt management strategy: Accessing advice and assistance / communication with creditors / interest rate considerations / debt consolidation / adjustments to lifestyle / use of hardship provisions / sale of non-essential items (Choose ONE)

1. Describe a debt management strategy suitable for Taine.	
2. Explain how the debt management strategy will minimise Taine's debt.	
3. Justify with examples how the debt management strategy will manage Taine's personal finances.	

Scenario 2

Tiwini and Wai are married with 3 children living in rental accommodation. They like to provide their children with everything they want and have accumulated a large amount of debt through various credit cards and buy now pay later options. They both have good jobs but do not seem to be able to get ahead with their finances.

Debt management strategy: Accessing advice and assistance / communication with creditors / interest rate considerations / debt consolidation / adjustments to lifestyle / use of hardship provisions / sale of non-essential items (Choose ONE)

1. Describe a debt management strategy suitable for Tiwini.	
2. Explain how the debt management strategy will minimise Tiwini's debt.	
3. Justify with examples how the debt management strategy will manage Tiwini's personal finances.	

Scenario 3

Tania is a 65 year old widow who is wanting to retire due to her failing health. While working Tania contributed 4% to KiwiSaver and has a substantial amount available for when she retires. She owns her own home and still has a mortgage outstanding with a high fixed interest rate. She has always treated her adult family well with weekly meals out at extravagant restaurants and regular overseas holidays. She has two credit cards which are at their maximum limits.

Debt management strategy: Accessing advice and assistance / communication with creditors / interest rate considerations / debt consolidation / adjustments to lifestyle / use of hardship provisions / sale of non-essential items (Choose ONE)

1. Describe a debt management strategy suitable for Tania.	
2. Explain how the debt management strategy will minimise Tania's debt.	
3. Justify with examples how the debt management strategy will manage Tania's personal finances.	

For more help, visit
sortedinschools.org.nz

Te whai hua - kia ora!

sorted
in Schools