



Name:

Te whai hua - kia ora!

**sorted**  
*in Schools*

US 28104 (version 3)

**Impact on personal finances**

Analyse external risk factors and select strategies to manage their impact on personal finances

LEVEL

**3**

CREDITS

**3**

THEMES

Goals

Managing my money

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# Nau mai haere mai!

## Welcome to the impacts on my finances module.

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

You will be assessed on how well you:

- analyse external risk factors and select strategies to manage their impact on personal finances. You will learn how global, national and regional events can impact on personal finances.  
Events include:
  - international events
  - pandemics
  - interest rate changes
  - inflation
  - economic environment changes
  - employment issues
  - societal trends
  - demographic trends
  - climatic change
  - political change
  - policy change
  - environmental issues
  - legislation
  - natural disasters
  - man-made disasters or events
  - technological and digital developments
  - and transport development

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 three different external factors – one global, one national and one regional factor – that impact on personal finances</li> <li>• select strategies to manage the impact of external risk factors on personal finances – three different strategies – one global, one national and one regional factor.</li> </ul>	<p>As well as meeting the requirements for Achievement, the learner needs to:</p> <ul style="list-style-type: none"> <li>• explain the selected strategies to manage the impact on personal finances.</li> </ul>	<p>As well as meeting the requirements for Merit, the learner needs to:</p> <ul style="list-style-type: none"> <li>• justify the same strategies used at Merit to manage the impact of external risk factors on personal finances.</li> </ul>





### Potential link to NCEA Level 2 Achievement/Unit Standard

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:** What is personal finance
- **Topic Two:** Financial wellbeing
- **Topic Three:** External factors that impact on personal finances and decision making
- **Topic Four:** Strategies to manage the impact of external risk factors



## Resources

There are lots of useful resources for exploring income options.

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

- [Riding Life's Waves](#)
- [Insurance / inihua](#)
- [Cost of raising a Child](#)
- [Financial Decision Making](#)
- [Managing Your Money](#)
- [Understanding financial identity](#)
- [Relationships to Money](#)
- [Setting Goals](#)
- [Setting goals/whāinga paetae](#)
- [Taxation](#)

Other useful tools and websites include:

- Sorted: Protecting wealth  
<https://sorted.org.nz/guides/protecting-wealth>



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



# Topic One:

## What is personal finance?

### Learning outcomes for Topic one

- ☒ Explain personal finances.

### Success criteria

You should complete all activities in this topic. They will help you learn about how to explain personal finances.

Personal finances is a term that covers managing your money as well as saving and investing. It encompasses budgeting, banking, insurance, mortgages, investments and retirement planning. The term often refers to the entire industry that provides financial services to individuals and households and advises them about financial and investment opportunities.

Personal finances are about meeting personal financial goals, whether it's having enough for short-term financial needs, planning for retirement, or saving for your child's college education. It all depends on your income, expenses, living requirements, and individual goals and desires—and coming up with a plan to fulfil those needs within your financial constraints. To make the most of your income and savings, it's important to become financially literate, so you can distinguish between good and bad advice and make smart decisions.

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

- ☐ How to explain personal finances.

# Topic Two:

# Financial wellbeing

## Learning outcome for Topic two

- ✓ Explain financial wellbeing
- ✓ Make financial decisions.

## Success criteria

You should complete all activities in this topic. They will help you learn about how to explain financial wellbeing and make financial decisions.

Financial wellbeing refers to how people feel about the control they have over their financial future, and their relationship with money. That includes their ability to respond to financial unpredictability and unexpected expenses. It is about;

- a sense of security and feeling as though you have enough money to meet your needs.
- being in control of your day-to-day finances,
- and having the financial freedom to make choices that allow you to enjoy life.

People with healthy financial wellbeing can meet their long-term financial goals and make informed choices that allow them to enjoy life, both now and into the future. Furthermore, financial wellbeing is a positive contributor toward the overall health of yourself and your whānau. It can better enable you to successfully overcome difficulties and achieve what you want out of life.





## Financial decision making

Past experiences, attitudes and outlook all impact financial wellbeing which means that sound financial decision making is a core requirement toward achieving financial wellbeing. Financial decision making is the process of weighing the pros and cons of a decision as it relates to the use of money.

Achieving anything of financial value in life, requires effective financial decision making. You can do this by breaking the picture down into small moveable parts and begin to implement good financial decision-making practices, starting by;

### 1. Identifying your goals.

Goals drive plans, which produce intelligent action, which over a period of time produces results. Have short term and long-term financial goals.

### 2. Understanding your own money personality type.

Better understanding your money personality type will assist you by giving you and awareness of your spending and savings habits.

The following website link will assist with this; **Sorted Personality Quiz**.



### 3. Understanding your purchasing WANTS versus your purchasing NEEDS.

Understanding the difference between purchasing what you Want versus purchasing what you Need (US28089 He Puka Rauemi Tautoko), can assist you towards financial wellbeing, as well as reduce financial stress and anxiety

### 4. Identifying your emotional responses to a purchase.

Understanding how your emotional responses drive what, when and how you purchase, can actually assist you to curb spending that does not serve your financial wellbeing. This Sorted Blog '[Emotions Rise, Balances Fall](#)' provides some basic information.

- Take your time when making a decision. Use the following steps to think about your spending.

#### **STOP**

Stop, in your tracks, take your time to think about your purchase.

#### **WAIT**

Wait, take your time and think about your purchase.

#### **VALIDATE**

Think about the reasons you want to purchase your item, think about your purchase

### 5. Save & Invest

Kuputaka	
Āhuetanga ahumoni whanokē	Financial unpredictability
Whakapaunga ohorere	Unexpected expenses
Taituarā	Security
Hiahia	Want
Matea	Need

## Activity 1

Within this activity, you will create a Vlog to assist whānau with their financial wellbeing by helping them to better understand the following terms. You will need to;

- 1) Research the following understandings and in your own words, write what each means to you.

Terms	Understanding
Financial wellbeing	
Financial decision making	
Savings plan	
Wants versus Needs	
Money personality	
Buying or purchasing with your emotions	

- 2) Record these terms and understandings as a Vlog to assist whānau with their financial understanding.

## Activity 2

- 1) Visit and complete the Personality Quiz Tool: **Sorted Personality Quiz Tool** and answer the questions in the table below?
- 2) Promote **Sorted Personality Quiz Tool** within your Vlog on YouTube and get whānau to share your Vlog with others as well as the personality type, they received.

Question	Answer
What is your personality type?	
What are some of the money tips you received?	

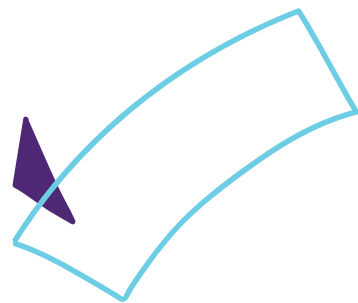
## Activity 3

### Top 10 personal income tips exercise

Review the following Top 10 Personal Income Tips. Choose 3 and in your own words explain what you think they are referring to.

1. You need a budget. Set specific financial goals, specific numbers, specific dates. The key to getting your financial life under control is making a budget, a plan and then sticking to it.
2. You need **insurance** to protect yourself, your whānau and your wealth.
3. Time is money. Wealth is a measure of how much time your money can buy. Money saved is money earned.
4. The 50-30-20 rule of budgeting. After taxes, 50% of your money should cover needs, 30% should cover **wants**, and 20% should repay debts or invest.





- 5. Spend less than you earn.
- 6. Go to investment experts for advice, and keep investment costs low.
- 7. Save for your retirement first, so your tamariki don't have to pay.
- 8. Get a KiwiSaver, as currently your employer and Government match funds up to a certain point each year.
- 9. Negotiating your salary can be one of the most important financial moves you make. Increasing your income, can assist your financial wellbeing.
- 10. Learning is earning. **Education is 5x more impactful** to work-life earnings than other demographics.

Preferred tip		Your understanding
1.		
2.		
3.		



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

- ☐ Financial wellbeing
- ☐ How to make financial decisions

# Topic three: External factors that impact on personal finances and decision making

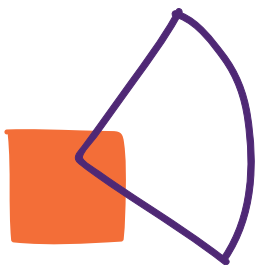
## Learning outcome for Topic two

- ✓ Identify global, national and regional factors
- ✓ Briefly explain how these might affect their personal finances and financial decision making.

## Success criteria

You should complete all activities in this topic. They will help you to meet the assessment requirement of analyse different external factors including:

International events, pandemics, interest rate changes, inflation, economic environment changes, employment issues, societal trends, demographic trends, climatic change, political change, policy change, environmental issues, legislation, natural disasters, man-made disasters or events, technological and digital developments and transport development.



## Assessment tip:

In your assessment, you will be required to write a short description of each external factor.

## External factors

There are many external factors which can influence and/or impact our personal finances and financial decision making. Such factors can be global, national and regional, and within this section, we learn about these factors and how they adversely effect or positively influence our personal finances and financial decisions.

### Global events

A global event is defined as, 'events of a limited duration that have a global reach, require significant public investment and have an impact on the population and built environment' (OECD, 2020)<sup>1</sup>.

### National events

A national event is defined as an event effecting New Zealand only.

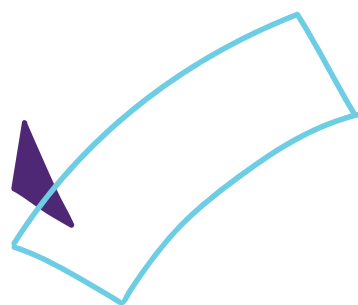
### Regional events

A regional event is defined as effecting a part of New Zealand, such as the Waikato region.

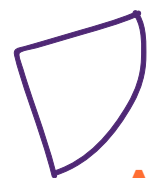
## External risk factors

### 1. International events

Some international events can cause a financial crisis. This is a situation where the value of assets drop rapidly and is often triggered by a panic or a run on banks.



<sup>1</sup> OECD.Org (2021) Retrieved from <https://www.oecd.org/regional/global-events-recommendation.htm>



## Activity 1



From the following international events, explain the effect on New Zealanders.

Date	International event	Effect on New Zealanders
January 2011	Three quarters of Queensland is declared a disaster zone due to severe flooding.	
March 2011	An 8.9 magnitude earthquake hits Japan with numerous aftershocks. There is a 10 metre tsunami and Japan declares an emergency at a nuclear power plant.	
2007 - 2009	Global Financial Crisis	
February 2022	Russia's invasion of Ukraine	
March 2021	Americas Cup in New Zealand	



## 2. Pandemics

Throughout history nothing has killed more human beings than viruses, bacteria and parasites which cause disease and Covid-19 is the most recent example of a global pandemic which has held severe consequences for millions of people all over the world. Many people died, many are still sick and although there is now a vaccine, many people were and continue to be financially adversely affected by this pandemic. The Covid-19 pandemic has caused pandemonium.

At the time of writing this booklet, over 6 million people have died, alongside economic worldwide disruption.

This economic global shock involved simultaneous disruptions to both supply and demand in an interconnected world economy. On the supply side there was reduced labour supply and productivity. Whilst lockdowns, business closures, and social distancing also caused supply disruptions.

On the demand side, there were layoffs and the loss of income from morbidity (portion of people considered unhealthy), quarantines, unemployment as well as worsened economic prospects which reduced household consumption and investment.

Covid 19 negatively impacted whānau and businesses physically, mentally, and spiritually worldwide. The financial consequences of Covid 19 will continue to be felt now and into the future.



## Activity 2

In the following table, explain what type of event Covid-19 fits into, as well as one example of a situation that occurred because of Covid and how this may have impacted finances at an international, national and regional level.

	Type of event	Global	National	Regional
Event effect	Global	<b>Lockdown</b> <i>New Zealand Borders close to reduce the spread of disease. No, or very little International travel</i>	<b>Lockdown</b> National flights reduced to a bare minimum to reduce spread of disease throughout NZ	<b>Lockdown</b> <i>Essential services only allowed to open to the public</i>
Financial impact		<i>Tourism reduced; businesses close due to lack of business</i>	<i>Many within travel industries lose their jobs</i>	<i>Many people unable to work - decreased or no income</i>
Event effect				
Financial impact				

Kuputaka	
Waka tūmatanui	Public transport
Mahi waimori	Casual work
Mahi wāpoto	Part-time work
Pāpātanga tāke ā-taumata	Progressive tax rate
Arawai parahanga	Polluted waterway
Whakatōhenehene	Disruption
Ōhanga whāuitui ā-ao	Interconnected world economy
Tū tīrara	Social distancing
Nohonga taratahi	Quarantines
Kohi ā-whare	Household consumption

### 3. Interest rate changes

The interest rate is the amount charged on top of the principal by a lender to a borrower for the use of assets. It is generally a percentage of the principal which is noted on an annual basis as the annual percentage rate (APR).

As an example, if the principal home loan amount is \$300,000.00, and the interest rate is 5%. The APR charged to the borrower and received by the lender will be \$15,000.00 pa (per annum or yearly).

$$\$300,000.00 \times 5 \div 100 = \$15,000.00 \text{ pa}$$

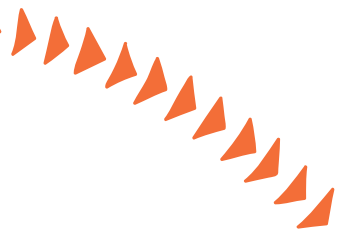
You can see from this example how much interest rates can impact on personal finances. The higher the interest rate, the more money the borrower will have to pay on the loan and the less money they will have to contribute towards savings or purchase goods. The lower the interest rate, the less money the borrower will have to pay on the loan, and the more money the borrower can contribute to savings, purchases and even to make extra loan repayments.

#### Borrower

A person or organisation that takes a loan out from a person, bank or financial institution with the intention of repaying the loan, and generally with interest.

#### Lender

A person, bank or financial institution that lends money to another person or organisation, with the intention of that money being repaid, and generally with interest.



Kuputaka	
Kaimino	Borrower
Kaiwhakatārewa	Lender
Pāpātanga huamoni	Interest rate
Tahua more	Principal

## 4. Inflation

Inflation is the rate at which the value of a currency is falling and consequently the general level of prices for goods and services is rising. The Consumer Price Index (CPI) and the Wholesale Price Index (WPI) are two Inflation indexes.

Inflation is a decrease in the purchasing power of money, reflected in a general increase in the prices of goods and services in an economy. People holding cash may not like inflation as it erodes the value of their cash holdings. Yet those with tangible assets, like property, see inflation as positive as it raises the value of their assets.



### Activity 3

- a) Using the **Big Mac Index**, comment on the price of a Big Mac for New Zealand, the United States and one other country of your choice.

Country	May 2004	January 2022
New Zealand		
United States		

- b) Explain why there are variances.

.....

.....

.....

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.....

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## 5. Economic environment changes such as

### a) Exchange rates

An exchange rate is the value of one nation's currency versus the currency of another nation or economic zone. For example, how many NZ dollars (NZD) does it take to buy one US dollar?

If the USD rate is 0.72 cents, and on the same day the NZD rate is \$1.00; then you will need \$1.39 NZD to purchase \$1 USD. Remember, the rates can vary often, so keep this in mind before you purchase foreign dollars (Foreign exchange service - FX).

*NZ Dollars divided (÷) by USD Rate = ?     $\$1.00 \div 0.72 = \$1.38$*

Kuputaka	
Pāpātanga whakawhiti	Exchange rate

### b) Tax issues

Tax issues refer to any tax changes which can positively influence or negatively effect the economy and personal finances. Tax cuts are a great example of this. They are reductions to the amount of taxpayers' money that goes toward government revenue.

#### Pros and Cons

- Tax cuts reduce taxpayers' burden but also increase the nation's debt
- Tax cuts can boost growth but rarely do so enough to make up for the revenue lost
- Tax cuts are most effective if tax rates are high or occur during a recession
- Tax cuts are always popular with voters
- At the end of 2020 a new legislation tax rate of 39% was introduced for those earning above \$180,000 per annum. This increase came into effect in April 2021. Previously this rate was 33%.
- New Zealand has a progressive tax rate which means your tax rate increases as your income increases

## Income tax rates

For each dollar of Income	Tax rate
Up to \$14,000	10.5%
Over \$14,000 and up to \$48,000	17.5%
Over \$48,000 and up to \$70,000	30%
Over \$70,000 and up to \$180,000	33%
Over \$180,000	39% (April 2021)

Working example: \$200,000 per year with new top tax rate:

CEO Moana earns \$200,000 per year (gross). Based on previous individual tax rates (see above 33%) she would pay \$56,920 in tax, leaving her with a take home pay of \$143,080.

With the introduction of the 39 percent top tax rate, she will now pay \$58,120 in tax. This is a \$1,200 difference than under previous tax rates that Moana will no longer have in her pay packet.

## 6. Employment issues

Misconduct and Serious misconduct, bullying harassment and discrimination, incapability, medical incapacity, migrant exploitation are some common forms of employment issues. These can effect personal finances on an individual. **Employment New Zealand** provides guidance for both employers and employees if there are any issues with your boss.

## 7. Societal trends

Social issues such as inequality negatively affect personal finances.

An example of economic inequality can be seen in the income gap which is over 5 times more for the top 20% of New Zealand earners versus the lower 20%. This inequality also refers to economic resource distribution across society such as the distribution of land for example. Māori and Pasifika sit at the bottom of the resource distribution list. On average Māori and Pacific people still have lower incomes and worse housing than Pākehā in New Zealand. (Source: [household income data from StatsNZ](#))

## 8. Demographic trends

A popular term for any measurable change in the characteristics of a population over time—e.g., increased or decreased concentration of a particular ethnic group, sex ratio.

## Activity 4

NZ Stats has projected the population aged 65+ (0.79 million in 2020) has a 90 percent probability of increasing to 1.36–1.51 million in 2048 and to 1.61–2.22 million in 2073. How will this effect a person's finances?

## 9. Climate change

Climate change refers to long-term shifts in temperatures and weather patterns. These shifts may be natural, such as through variations in the solar cycle.



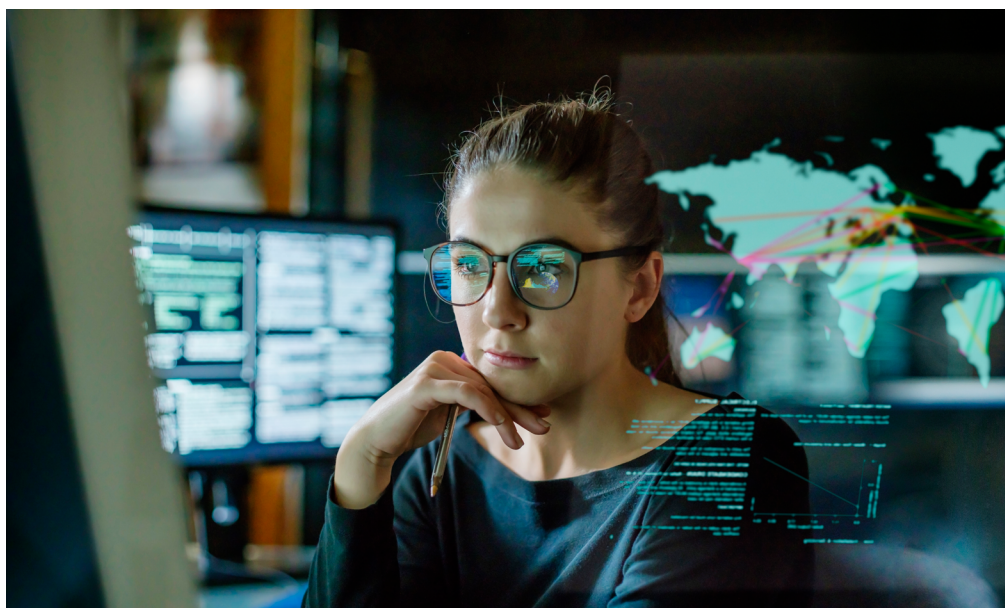
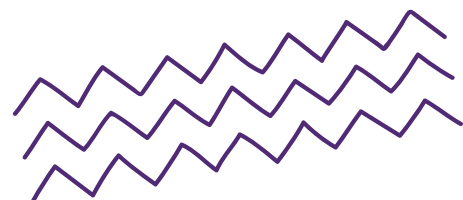
## Activity 5

- a) Brainstorm recent weather changes that have occurred around New Zealand.
- b) How has this affected an individual's finances?

## 10. Political change

International and regional political issues can play a large role in the New Zealand, Aotearoa economy which in turn can positively influence or negatively impact personal finances.

The recent raising of the minimum wage from the Government is a great example of this. For many people, this minimum wage raise will positively influence their take home wage with more money. It is also predicted that this raise will boost the economy. However, it is also predicted that many job losses will occur as employer's implement this strategy to ensure they can cover this raise with their employees.





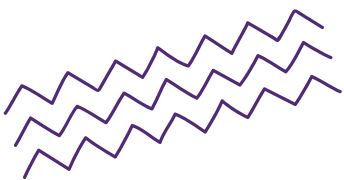
## Activity 6

Brainstorm recent political changes that have occurred in New Zealand.

Kuputaka	
Tāmi ahumoni	Inflation
Namatohu Utu Kaihoko	Consumer price index (CPI)
Namatohu Utu Kaihoko Waenga	Wholesale price index (WPI)
Utu ā-Hāora Mōkito	Minimum wage

## 11. Policy change

Policy change includes policies at the legislative or organizational level. For example, institutionalizing new rules or procedures as well as passing laws, ordinances, resolutions, mandates, regulations, are all examples of policy change efforts.



## Activity 7

With the Covid 19 pandemic, the NZ Government introduced many policies such as the Traffic Light System. Review the policies and highlight three requirements under the Traffic Light System.

## 12. Environmental issues

Environmental issues can negatively affect personal finances. An example of this is the economic effect from polluted waterways. It can stall economic growth, worsen health conditions and reduce food production. An impact on your personal finance could include price increase for certain foods.



### **13. Legislation**

Legislation can positively influence or negatively effect your personal income. An example of a change in legislation was the Holidays (Increasing Sick Leave) Amendment Bill to increase the minimum employee sick leave entitlement from 5 days to 10 days in 2021. This can impact personal finances for individuals where they will not be taking unpaid leave when they run out of sick days to look after their dependents.

### **14. Natural disasters**

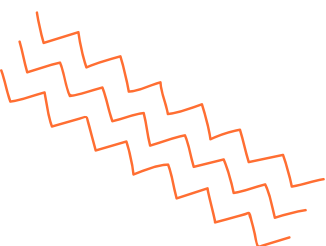
A natural event such as a flood, earthquake, or hurricane that causes great damage or loss of life can affect personal finances drastically. An example of this was the Christchurch earthquake in 2011. 185 people lost their lives in this natural disaster and many people suffered financial consequences for many years to come.

### **15. Man-made disasters or events**

Extreme hazardous events that are caused by human beings. Some examples of man-made disaster emergencies include chemical spills, hazardous material spills, explosions, chemical or biological attacks, nuclear blast, train accidents, plane crashes, or groundwater contamination. Examples of this include the war on Ukraine by Russia. The most significant impacts on New Zealand of the invasion will be indirect, primarily through higher fuel and commodity prices, financial market volatility, and the potential drag on global economic activity.

### **16. Technological and digital developments**

A technological development can positively influence personal finances. During Covid-19, a digital transformation occurred and online meeting apps such as Skype, Zoom and Google Drive became key professional and personal forms of communication, especially during lockdown. These benefits continue to positively influence personal finances, such as the growing ability for people to work from home. This can save money for people who travel to work or those who save money from not having to rent a business property.





Kuputaka	
Tāke	Tax
Poronga tāke	Tax cut
Kaiutu tāke	Taxpayer
Paheketanga ohaoha	Recession
Manarite-kore	Inequality
Whakaahu whakamua hangarau	Technological advancement

## 17. Transport developments

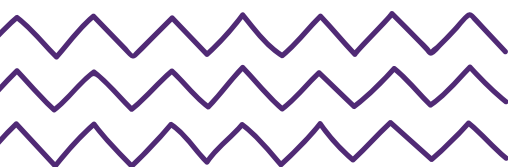
Transport developments can influence personal finances. Amongst other benefits, public transport can save money as you don't have to pay for petrol, car repairs and maintenance as often.

### Assessment tip:

In your assessment, you will be required to explain three different external risk factors – one global, one national and one regional factor.

### Before moving on to Topic four, check that you understand:

- ☐ Global, national and regional factors
- ☐ How to explain how the factors might affect their personal finances and financial decision making.





# Topic Four:

## Strategies to manage the impact of external risk factors

### Learning outcomes for Topic one

- ✓ Identify strategies to manage external risk factors
- ✓ Briefly explain how these strategies might affect their personal finances.

### Success criteria

You should complete all activities in this topic. They will help you to meet the assessment requirement of selecting strategies to manage the impact of external risk factors on personal finances. The strategies include:

Income protection, life insurance, health insurance, house insurance, contents insurance, motor vehicle insurance, online cyber-security, property security and alarm systems and diversification of investment and personal savings portfolio.

### Assessment tip:

In your assessment, you will be required to select three different strategies to manage the impact of the external risk factors.



## **1. Income protection**

Income protection insurance, which pays a percentage of your income on an ongoing basis if you suffer from named illnesses.

## **2. Life insurance**

Life insurance provides a lump sum of money on death. In some cases a portion or the entire 'sum insured' is paid out early on the diagnosis of a terminal illness.

There are different types of life insurance cover. The most common one today is term life insurance, which provides cover for a fixed number of years such as the length of a mortgage

## **3. Health insurance**

Health is a precious thing. If you fall sick and can't work you still need money to pay the bills. Insurance can help you make ends meet if you are unable to earn your normal income.

There are many types of health-related policies, such as:

Medical insurance, which covers private hospital and other medical bills

Trauma (also called critical illness), which provides a lump sum if you suffer from certain illnesses or injuries such as cancer, heart disease or paralysis

Disability insurance, which pays out a lump sum for permanent disablement through sickness or accident

Mortgage protection insurance, which covers your mortgage if you can't work.

## **4. House insurance**

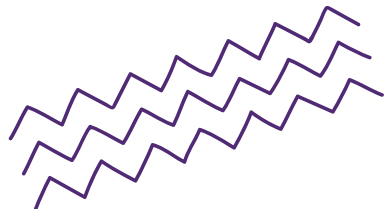
Insuring our home protects it against the risk of fire or other damage. Most home insurance provides cover only up to the 'sum insured' – a capped amount that is the limit of what we can claim. We need to decide what our sum insured is – how much it would take to rebuild our home in the event of a disaster.

## **5. Contents insurance**

Contents insurance covers damage and loss of our belongings. It also provides some 'third party' cover if we damage someone else's belongings in the house we are living in. So it's a good idea when flatting or renting.

## **6. Motor vehicle insurance**

A car may be one of the most expensive items we own. If it is stolen or damaged in an accident it can be very expensive to repair or replace. Motor vehicle insurance will pay to repair or replace our car if these events occur.



‘Comprehensive’ motor vehicle insurance is the most common and it covers us for loss, theft or damage to our vehicle. It also covers us for accidental damage to the other car or property we damage.

It can be tempting to save money by not insuring a cheap car. This can be a mistake – if we cause an accident, we could be responsible for paying for the other car’s damage.

Cheaper options are ‘third party’ and ‘third party, fire and theft’ cover. Third party insurance covers for damage to another person’s vehicle or property, but not ours. Extending third party insurance to fire and theft covers the risk of our car being destroyed by fire or stolen, too.

The cost of insurance will vary depending on our age, claims history, the level of excess we are prepared to take, and the make and type of vehicle.

## Activity 1

### How can insurance assist personal finances?

In this activity you will need to think about the factors that influence which type of insurance is needed. Alongside each of the scenarios, write how you think a savings account might be influenced.

Scenario		Type of insurance
1.	Hemi has had his car stolen	Motor vehicle insurance
2.	Tamara has had her car broken into and all her possessions taken	
3.	Hemi and Tamara have just purchased their first house and are excited about moving in, but it is in Kaikoura	
4.	Hemi and Tamara’s children are continual sick and needing specialist doctor appointments	
5.	Hemi and Tamara wish to leave their children a nest egg when they die	



## 7. Online cyber-security

Cybersecurity is at the forefront of modern technology and focuses on protecting and safeguarding computers, networks, and data from unauthorised access, attack, and damage.

## 8. Property security and alarm systems

A security and protection system is any of various means or devices designed to guard a person and property against a broad range of hazards, including crime, fire, accidents, espionage, sabotage, subversion, and attack.

## 9. Diversification of investment and personal savings portfolio

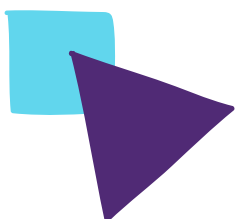
### Saving

Saving is setting aside money you don't spend now for emergencies or for a future purchase. It's money you want to be able to access quickly, with little or no risk, and with the least amount of taxes. Financial institutions offer a number of different savings options. For example, if you are saving for a particular reason such as a kapa haka trip, an overseas kura trip, a sports competition, or eventually leaving home you will need to target an amount of money you will need as well as the date or a timeline you will need it by.

### Investing

Investing is buying assets such as stocks, bonds, mutual funds or real estate with the expectation that your investment will make money for you. Investments usually are selected to achieve long-term goals. Generally speaking, investments can be categorized as income investments or growth investments.

When you begin to learn how to invest, it is important you learn to invest wisely. Understanding different investment vehicles, what they are for, and how to use them, improves successful outcomes.



Kuputaka	
Rawa	Asset
Hea-pūmau	Stock
Moni here	Bonds
Tahua hea-toha	Mutual bond
Rawa pūmau	Real estate



## Term investments

We generally invest to achieve long term financial goals. It is an investment you make for a fixed term (period of time). A term investment can be a term deposit or term PIE Fund.

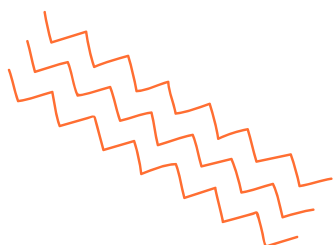
## Term deposits

A term deposit is a cash investment held at a financial institution. Your money is invested for an agreed rate of interest over a fixed amount of time, or term. Term deposits can be invested into a bank, building society or credit union.

## Retirement planning / KiwiSaver

Retirement planning refers to financial strategies of saving, investment, and ultimately distribution of money meant to sustain yourself and your whānau during retirement. It takes into account not only assets and income but also future expenses, liabilities, and life expectancy. It is never too early—or too late (although earlier is better)—to start retirement planning. To grow understanding about retirement planning and KiwiSaver, Te Kete 2 - Te Toitūtanga Ahumoni within [Māui Ihumanea](#). Also review the [Sorted Retirement Planner](#) to assist with understanding.

Kuputaka	
Pāpātanga ā-Huamoni	Rate of interest
Whare Manatōpū	Building Society
Ohu Moni Tārewa	Credit Union



## Short term financial planning

Savings & Term Deposits

## Long term financial planning

Savings, Retirement, KiwiSaver, PIE Funds, Index Fund Shares, Term Deposits, Bonds

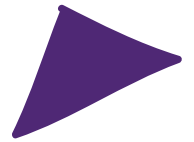
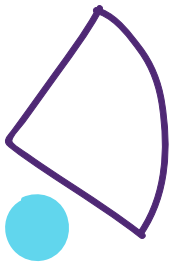
## Activity 2

### How can saving assist with personal finance?

In this activity you will need to think about the factors that influence a savings account.

Alongside each of the scenarios, write how you think a savings account might be influenced.

Scenario		Influence on a savings account
1.	Māui is a 'breakout act' on YouTube and Facebook. He receives \$5 for every ad that people watch on his Facebook page. He made \$3,000 from this in one month	Putting it in a savings account will mean that his money is earning interest, rather than spending it or leaving it in his cheque account.
2.	Hina has just found out she is pregnant	
3.	Hina and Māui have received money from their Aunty Wai's life insurance who recently passed away	
4.	Lockdown within Auckland is occurring due to Covid-19. No one living in Auckland must leave their homes unless they are an essential service	
5.	Hina wants to build a papakāinga but has to pay for beginning costs such as a license to occupy. Although the license is only \$20, she will need to go and visit all 12 trustees to get permission from them before she can get a license to occupy. Eleven of the trustees are kaumatua, so she knows it's important to visit them face to face. As the trustees live all over the North Island this travelling expense was unforeseen.	



**Before moving on, check that you understand:**

- ☐ Strategies to manage external factors
- ☐ How these strategies might affect their personal finances.

## Hina and Māui

Hina is a kaitiaki lecturer at a whare wānanga, but also has her own WIX page where she has subscribers and provides them advice about Kaitiakitanga. Although she receives a small secondary income of \$500 per month from this page, her lecturer income is the couples main income.

Māui is a relieving kaiako at the regional kura. He also has his own up and coming e-commerce channel as he is an incredibly talented singer. He makes a \$1500 secondary income from ads each month. Hina and Māui just found out that she is 5 months pregnant.

Hina had to quickly reskill and take her māra kai course online during the Covid-19 lockdown also assisting whānau so they could also learn how to continue to do the course online. Even though the Covid-19 lockdown has ended, she has continued to do her course mostly online.

Due to severe morning sickness at the beginning of the pregnancy, Hina has only a few days left of sick leave and is supposed to be going on maternity leave at 8 and a half months. Her and Māui are incredibly stressed about their current financial situation. They have just started repaying their papakāinga mortgage and know they will be down to one main income once their new pēpē arrives.

Hina's regional hapū maintains a Whānau Needs Register. During Covid-19, they delivered care and kai packages to those in need. Hina and Māui felt incredibly fortunate for the wood package that the hapū organised for them and others on the register, which saved them \$400 for the entire winter.

Unfortunately, during Covid-19 lockdown, Hina's Auntie Wai passed away from the Corona virus, and only one person was able to attend the tangi. The entire whānau was devastated from this news, especially those living overseas. Hina's auntie Wai had Life Insurance, so the whānau were relieved that Auntie Wai's tangi was all paid for and decided to organise a memorial for her once out of lockdown. She left a life insurance of \$200,000 for Hina.



### Activity 3



#### This is a group activity.

Please complete this activity with at least 2 others in your class if possible.

As a group you will answer questions within each scenario for Māui and Hina. You must explain and justify your answers.

Review the previous topics within this booklet and other unit standards, as well as your own research to further support your answers.

Each scenario is interrelated, so ensure all the advice (answers) you provide, aligns to what you have previously answered.

The following links will assist with research:

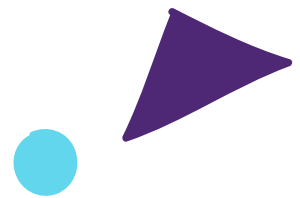
- [Te Tai Ohanga](#)
- [Work and Income](#)

Scenario		Advice & justification column
<b>A</b>	<p>Hina is a kaitiaki lecturer at a whare wānanga, but also has her own WIX page where she has subscribers, and provides them advice about Kaitiakitanga. Although she receives a small secondary income of \$500 per month from this page, her lecturer income is the couples main income.</p> <p>Māui is a relieving kaiako at the regional kura. He also has his own up and coming e-commerce channel as he is an incredibly talented singer. He makes a \$1500 secondary income from ads each month. Hina and Māui just found out that she is 5 months pregnant.</p> <p><b>1.</b> What do you think they should do with the extra income they are receiving?</p>	



<b>B</b>	<p>Hina had to quickly reskill and take her māra kai course online during the Covid-19 lockdown also assisting whānau so they could learn how to continue to do the course online as well. Even though the Covid-19 lockdown has ended, she has continued to do her course mostly online.</p> <p><b>2.</b> What do you think she should do with the \$250 money she is saving from not having to travel as often?</p>	
<b>C</b>	<p>Due to severe morning sickness at the beginning of the pregnancy, Hina has only a few days left of sick leave and is supposed to be going on maternity leave at 8 and a half months. Her and Māui are incredibly stressed about their current financial situation but they are aware that the government is looking at increasing sick leave entitlements. They have just started repaying their papakāinga mortgage and know they will be down to one main income once their new pēpī arrives.</p> <p><b>3.</b> What else do you think Hina and Maui could do to relieve their financial stress?</p>	





<b>D</b>	<p>Hina's regional hapū maintains a Whānau Needs Register. During Covid-19 they delivered care and kai packages to those in need. Hina and Māui felt incredibly fortunate for the wood package that the hapū organised for them and others on the register, which saved them \$400 for the entire winter. They are also aware that WINZ offers winter energy payments.</p> <p><b>4.</b> Should they save or invest this \$400 amount?</p>	
<b>E</b>	<p>Unfortunately, during Covid-19 lockdown, Hina's Aunty Wai passed away from the Covid virus, and only one person was able to attend the tangi due to Government lockdown and restrictions in Auckland. The entire whānau was devastated from this news, especially those living overseas. Hina's aunty Wai had Life Insurance, so the whānau were relieved that Aunty Wai's tangi was all paid for and decided to organise a memorial for her once out of lockdown. She left a life insurance of \$200,000 for Hina.</p> <p><b>5.</b> Provide options for them to save and or invest these funds. Remember, Hina is pregnant, and they will be on one income, so your answer might include a mixture of saving, repaying a lump sum on their mortgage and/ or investing the \$200,000 funds.</p>	





# Activity 4

- a) From Hina and Maui’s various scenarios, which external risk factors are Global, National or Regional?

External risk factors refer to: international events, pandemics, interest rate changes, inflation, economic environment changes, employment issues, societal trends, demographic trends, climatic change, political change, policy change, environmental issues, legislation, natural disasters, man-made disasters or events, technological and digital developments, and transport development

<b>Global</b>	
<b>National</b>	
<b>Regional</b>	

- b) Using the risk factors identified above, explain how they will impact on Hina and Maui’s personal finances.

<b>Global</b>	
<b>National</b>	
<b>Regional</b>	

- c) Identify which strategy you would use to manage the impact on Hina and Maui’s personal finances.

Strategies refer to income protection, life insurance, health insurance, house insurance, contents insurance, motor vehicle insurance, online cyber-security, property security and alarm systems, diversification of investment and personal savings portfolio.

<b>Global</b>	
<b>National</b>	
<b>Regional</b>	

# Ka pai!



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

## Checklist for:

**US 28104** Analyse external risk factors and select strategies to manage their impact on personal finances.

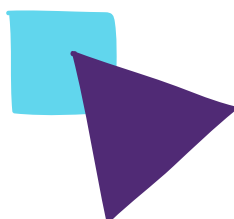
## I can:

- ☒ analyse three different external risk factors

Range: one global, one national and one regional factor

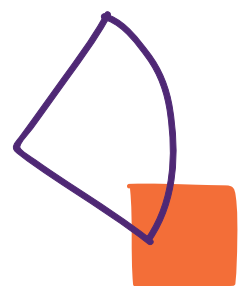
- ☒ select strategies to manage the impact of external risk factors.

Range: three different strategies – one global, one national and one regional



## Reference list

<b>Student activities</b>	<a href="https://sortedinschools.org.nz/students/activities/">sortedinschools.org.nz/students/activities/</a>
<b>Glossary</b>	<a href="https://sortedinschools.org.nz/api/v1.0/download?filename=keeping-ourselves-covered-glossary&amp;files=2467">sortedinschools.org.nz/api/v1.0/download?filename=keeping-ourselves-covered-glossary&amp;files=2467</a>
<b>Sorted Money personality quiz</b>	<a href="https://sorted.org.nz/tools/money-personality-quiz">https://sorted.org.nz/tools/money-personality-quiz</a>
<b>OECD – Global events and local development recommendation</b>	<a href="https://www.oecd.org/regional/global-events-recommendation.htm">https://www.oecd.org/regional/global-events-recommendation.htm</a>
<b>Visual capicalist – The Big Mac index</b>	<a href="https://www.visualcapitalist.com/cp/big-mac-index-purchasing-power-parity-burger-inflation/?fbclid=IwAR1Fx20anNNKNK-wfNhT-ujg318rgWft0Oh8Gg8ClSBYptq2xaCAnGVAFD0">https://www.visualcapitalist.com/cp/big-mac-index-purchasing-power-parity-burger-inflation/?fbclid=IwAR1Fx20anNNKNK-wfNhT-ujg318rgWft0Oh8Gg8ClSBYptq2xaCAnGVAFD0</a>
<b>Sorted Retirement calculator</b>	<a href="https://sorted.org.nz/tools/retirement-calculator/">https://sorted.org.nz/tools/retirement-calculator/</a>
<b>Te Whai hua – Kia ora! - Te Kete 2 - Te Toitūtanga Ahumoni</b>	<a href="https://sortedinschools.org.nz/mme/rauemi/?query=maui%20ihumanea&amp;start=0">https://sortedinschools.org.nz/mme/rauemi/?query=maui%20ihumanea&amp;start=0</a>
<b>Te Tai ōhanga The Treasury – Covid-19 economic response measures</b>	<a href="https://www.treasury.govt.nz/information-and-services/new-zealand-economy/covid-19-economic-response/measures">https://www.treasury.govt.nz/information-and-services/new-zealand-economy/covid-19-economic-response/measures</a>
<b>Work and Income</b>	<a href="https://www.workandincome.govt.nz/">https://www.workandincome.govt.nz/</a>



Te whai hua - kia ora!



**NCEA Level:** 3 (version 3)

**QAAM Number:** #3203

**Unit Standard:** #28104

**Unit Standard Title:**

Analyse external risk factors and select strategies to manage their impact on personal finances

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**Notes:**