

NZQA Assessment Support Material

Unit standard	28089				
Title	Demonstrate understanding of personal financial goal setting				
Level	1	Credits	3	Version	3

Note

The following guidelines are supplied to enable assessors to carry out valid and consistent assessment using this internal assessment resource.

Assessors must manage authenticity for any assessment from a public source, because students may have access to the assessment schedule or student exemplar material. Use of this assessment resource without modification may mean that students' work is not authentic. The assessor will need to change figures, measurements or data sources or set a different context or topic.

While this ASM lends itself to written assessments, there are other activities and approaches that could be taken.

See Generic Resources and Guidelines at <https://www.nzqa.govt.nz/providers-partners/assessment-and-moderation-of-standards/assessment-of-standards/generic-resources/>.

Assessor guidelines

The following guidelines are supplied to enable assessors to carry out valid and consistent assessment using this internal assessment resource.

Assessors need to be very familiar with the outcome being assessed by the unit standard. The evidence requirements and the explanatory notes contain information, definitions, and requirements that are crucial when interpreting the standard and assessing learners against it.

Over the weeks prior to this assessment, learners should have had sufficient teaching and learning opportunities to be familiar with the following:

- Personal financial goal setting (specific, measurable, achievable, realistic, time bound).
- Personal budgeting.
- The impacts of financial goals on spending behaviour.
- Monitoring and strategies for maintaining progress towards achieving personal financial goals.

AWARD OF GRADES



- For award with **Achieved**, learners must: develop a personal financial goal from a case study; identify three impacts of the financial goal on spending behaviour across the life of the goal; describe a plan for monitoring and maintaining progress towards achieving the personal financial goal.
- For award with **Merit**, learners must: provide a description that shows detailed understanding of personal financial goal setting by explaining how changes in spending behaviour, due to identified impacts, help to achieve the personal financial goal.
- For award with **Excellence**, learners must: show comprehensive understanding of personal financial goal setting by including justification of the process for monitoring and strategies for maintaining progress towards the personal goal.

CONDITIONS OF ASSESSMENT



This assessment is an **open book** activity that will take place over a timeframe set by the assessor. Learners can use any information to help them complete the tasks. Answers must be in their own words.

Assessment activity

The assessment activity has one (1) task.

The task requires the learner, for a given case study, to:

- Describe a personal financial goal in terms of how it is specific, measurable, achievable, realistic and time-bound.
- Identify the impacts of the financial goal on spending behaviour across the lifespan of the goal.
- Make changes to a budget that will help to achieve the goal.
- Explain how changes in spending behaviour can help to achieve the goal.
- Describe a plan for monitoring, and strategies for maintaining, progress in terms of achieving the personal financial goal.
- Justify the process for monitoring, and strategies for maintaining, progress towards achieving the personal goal.

Notes

Learners should be provided with a case study that contains sufficient information to develop a financial goal and personal budget as per steps in published resources. Alternatively, they can use their own situation but care must be taken to protect privacy.

The financial goal should be one that involves a savings plan or payment scheme that can be achieved within 12 months (eg buying a cell phone, going on holiday, buying concert tickets, funding sports or cultural trips).

The goal needs to be SMART (Specific, Measurable, Attainable, Relevant, Time-bound).

Resources

- Sorted Your Independent Money Guide <http://www.sorted.org.nz>.
- Examples of steps in developing and monitoring a budget can be found in *Budgeting: Money planning to meet your financial goals*. This guide and related online budgeting calculators can be accessed through <http://www.sorted.org.nz>.
- Commission for Financial Capability, <http://www.cffc.org.nz/>.
- Bamzonia Personal Financial Education, <http://www.bamzonia.co.nz>.

Assessment Schedule

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Task	Evidence/Judgements for achievement	Evidence/Judgements for achievement with merit	Evidence/Judgements for achievement with excellence
Question 1 ER 1.1	A personal financial goal is described in terms of being specific, measurable, achievable, realistic and time-bound and may include a budget, See sample answers to question 1 provided.	A personal financial goal is described in terms of being specific, measurable, achievable, realistic and time-bound and may include a budget, See sample answers to question 1 provided.	A personal financial goal is described in terms of being specific, measurable, achievable, realistic and time-bound and may include a budget, See sample answers to question 1 provided.
Question 2 ER 1.2	Three realistic impacts of the financial goal on spending behaviour are identified across the lifespan of the goal. See sample answers to questions 2.	Three realistic impacts of the financial goal on spending behaviour are identified across the lifespan of the goal. See sample answers to questions 2.	Three realistic impacts of the financial goal on spending behaviour are identified across the lifespan of the goal. See sample answers to questions 2.
Questions 3 and 4 ER 1.2		Detailed understanding is demonstrated by explaining how changes in spending behaviour, due to the identified impacts, help to achieve the personal financial goal. See sample answers to question 3 and 4.	Detailed understanding is demonstrated by explaining how changes in spending behaviour, due to the identified impacts, help to achieve the personal financial goal. See sample answers to question 3 and 4.
Question 5 ER 1.3	A plan for monitoring and maintaining progress is described in terms of achieving the personal financial goal	A plan for monitoring and maintaining progress is described in terms of achieving the personal financial goal	Comprehensive understanding is demonstrated by including a justification of the process for monitoring, and

	Must include 2 strategies for maintaining progress. See sample answer to question 5.	Must include 2 strategies for maintaining progress. See sample answer to question 5.	strategies for maintaining progress towards the personal financial goal See sample answer to question 5.
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Final grades will be decided using professional judgement based on a holistic examination of the evidence provided against the criteria in the unit standard.



Scenario: “Luke’s Financial Goal”

Luke has just completed a motor mechanic apprenticeship. He works for a car franchise that races cars in competitions. Luke is very keen to see a major car race and has talked to his employers about going to the motor racing at Bathurst (Sydney).

Because Luke is hard-working, his employers will support him to go to the racing in Sydney for a week. They will contribute \$250 towards expenses, provided he gives them a report on the event.

The employers have also arranged with their franchise for Luke to spend some time in the pits at the races. They want him to make a short film of the event that could be used by the franchise for training their other apprentice motor mechanics. They will pay Luke \$200 for the training film. They have also offered two hours per week overtime and will pay him an extra \$40 a week if he decides to work extra time.

Luke shares a flat with three other people who are all motor mechanics or car sales people. He plays league every week and goes to training two nights a week. He earns \$580 a week after tax.

LUKE'S WEEKLY FLAT COSTS ARE:

Rent	\$160
Food kitty	\$80
Power/Gas	\$15

HIS OWN COSTS ARE:

Transport/petrol	\$40
Insurances	\$15
Personal	\$90
Lunches (bought)	\$50
Clothing	\$30
Phone/internet	\$20
Entertainment	\$60

Luke does not have a credit card and saves \$20/week.

BUDGETED SYDNEY TRIP COSTS ARE:

Airfare	\$420
6 days accommodation	\$600
Travel insurance	\$60
Food	\$600
Daily travel to venue	\$180
Personal spending	<u>\$360</u>
Sub total	\$2,220
Less employer contribution	\$250
Total savings needed	\$1,970

Luke has decided he wants to go but doesn't want to dip into his savings. He will have 20 weeks to save for the trip.



Tasks

1. Describe how Luke's personal financial goal is a SMART one:

Specific:

To save \$1,970 in 20 weeks in order to attend Motor Racing at Bathurst (Sydney).

Measurable:

To save \$1,970

Achievable:

Luke can achieve this by adjusting his budget to save \$98.50 a week

Realistic:

This is realistic on Luke's salary, if he revises his budget, and within the time available

Time bound:

Luke has 20 weeks to meet his goal

(Sample answer related to awarding Achieved, Merit and Excellence)

2. Identify three possible impacts of the financial goal on Luke's spending behaviour across the lifespan of the goal.

Impact 1

Changes to the budget such as making his lunch to take to work instead buying it will impact on his time and the range and type of lunches he might eat.

Impact 2

Changes to the budget such as reducing his spending on clothing over the next 20 weeks and wearing the clothes he already owns may impact on his ability to purchase many new clothes before his trip.

Impact 3

Changes to the budget such as reducing his entertainment spend by going out less or spending time socialising with his friends at his flat will impact on the type of entertainment Luke can take part in over the next 20 weeks.

(Sample answer related to awarding Achieved, Merit and Excellence)

3. Fill in the table to show at least three changes Luke could make to his budget that would enable Luke to meet his goal of saving \$1970 for his trip in 20 weeks.

Note: changes to flat expenses (rent, food kitty, power/gas) / are not acceptable

LUKE'S WEEKLY BUDGET

INCOME	Current	Changes
Wages	580	580
Overtime		40
TOTAL INCOME	\$580	\$620
	Current	Changes
Rent	160	160
Food kitty	80	80
Power/Gas	15	15
Transport/petrol	40	40
Insurances	15	15
Personal	90	80
Lunches	50	25
Clothing	30	20
Phone/internet	20	20
Entertainment	60	45
Savings	20	120
TOTAL EXPENSES	\$580	620

(Sample answer related to awarding Merit)

4. Explain how these changes in spending behaviour will enable Luke to achieve his financial goal.

If Luke made his own lunches to take to work instead of buying his lunch, he could easily save \$5 a day or \$25 per week. This would add \$200 over the next 20 weeks to his total savings which would be nearly 25% of what he needs to save for his trip to Sydney. Luke would need to be organised with buying the ingredients for his lunch during the week and would need to spend more time in the morning getting ready for work. This would be small sacrifice for the additional savings he would make towards his trip.

(Sample answer related to awarding Merit)

5. Describe how Luke could monitor progress and provide TWO strategies he might use to maintain progress in achieving his personal goal. Justify the monitoring and strategies used by Luke.

Process used by Luke to monitor progress in achieving his personal goal

Luke should make sure the savings are automatically going into a separate savings account especially for the trip so that he can monitor progress (and only has access to what can be spent).

He should check his spending on a weekly basis by looking at his actual spending against his budget.

REVIEW HIS BUDGET ON A MONTHLY BASIS AND ADJUST IF NECESSARY

(Sample answer related to awarding Achieved, Merit and Excellence)

Justification for the monitoring process selected

It is essential that Luke monitors his progress towards achieving his goal of saving enough to go to the Motor Racing in Sydney. Without this, he risks the prospect of not having saved enough and not being able to go. Monitoring needs to be frequent and regular so that Luke can adjust his budget, if he finds that he is unable to make the necessary savings in the four areas he's selected. The sooner he is able to make the adjustments, the more likely he will be able to successfully reach his goal.

(Additional sample answers related to awarding Excellence)

Strategy 1 for maintaining progress in achieving personal goal

- Reducing spending across four areas (personal, entertainment, lunches and clothing).
- This should not be too much of a hardship given that Luke is busy with league and will be working overtime so won't have as much recreation time.
- The cost cutting is greater but in smaller amounts across more areas of the budget.

Strategy 2 for maintaining progress in achieving personal goal

- By doing the overtime, Luke will increase his income by \$40 per week (total \$800).
- Once Luke has made the commitment to do the overtime, he will earn the additional income every week.
- This will not change with other demands on his time.

(Sample answer related to awarding Achieved, Merit and Excellence)

Justification for the strategies selected

- The first strategy spreads the cost cutting across many areas of the budget. Luke, therefore, might not notice the changes as much. Taking smaller amounts from four different areas may be easier for Luke than taking larger amounts from two areas.
- The second strategy makes the most of the extra income opportunity that exists through extra work hours, but isn't dependent on the film bonus. If Luke does find time to make the film when away, it really will be a bonus.

- The short term pain of reduced recreation time and cutting down on personal, entertainment and clothing, and making his own lunch will be rewarded in the long term by being able to enjoy the trip.
- The savings are over and above the \$20 per week Luke already saves, so won't affect his current savings.
- The option allows for an extra \$21 to be saved each week, in case of any unforeseen expenses.

(Additional sample answers related to awarding Excellence)