



NZQA Assessment Support Material

Unit standard		28090			
Title	Demonstrate knowledge of personal financial saving and investment options for given scenario(s)				
Level	1	Credits	4	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

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:

- Features of saving and investment options (KiwiSaver or managed funds, term deposits, property, shares, business ownership, bank account);
- Risks, reward, and length of time of saving and investment options;
- Suitability of saving and investment options to improve future financial outcomes.

AWARD OF GRADES



- For award with **Achieved**, learners must describe saving and investment options (KiwiSaver or managed funds, term deposits, property, shares, business ownership, bank account) in terms of risk, reward, and length of time; choose and explain four different saving and/or investment options (including KiwiSaver) that will improve future financial outcomes for given scenario(s).
- For award with **Merit**, learners must show a detailed understanding by including reasons for choosing the saving and/or investment options and make links to the suitability of those options in terms of improving future financial outcomes for the given scenario(s).
- For award with **Excellence**, learners must show a comprehensive understanding by including justification for the saving and/or investment options chosen, over other options available for the given scenario(s).

CONDITIONS OF ASSESSMENT



The 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 two (2) tasks.

Task 1 involves demonstration of knowledge of six (6) types of personal saving and investment.

Task 2 requires the learner to explain four (4) possible investment and/or saving options (one of which must be KiwiSaver) for given scenarios.

Resources

Resources that may help are:

- Young Enterprise Trust KiwiSaver Resource Package;
- Mary Holm, KiwiSaver Basics – <http://www.maryholm.com/KiwiSaverbasics.php>;
- KiwiSaver, <http://www.KiwiSaver.govt.nz/>;
- Commission for Financial Capability, <http://www.cffc.org.nz/>;
- The New Zealand Network for Financial Literacy <http://www.financialliteracy.org.nz/>;
- Inland Revenue Te tere Taake <http://www.ird.govt.nz/>;
- Sorted Your independent money guide <https://www.sorted.org.nz/>;
- Skint to Mint – The Game of Calculated Risks and Rewards, Reserve Bank of New Zealand – <http://www.rbnz.govt.nz/education/skint-to-mint-board-game/>;
- 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
ER 1.1 Task 1	<p>Six types of personal financial saving and investment options (KiwiSaver or managed funds, term deposits, property, shares, business ownership and bank account) are described in terms of risk, reward and length of time.</p> <p>See sample answers for Task 1.</p> <p>Note: Sample answers have been provided for 'KiwiSaver' only. Answers for the other five options will need to be developed.</p>	<p>Six types of personal financial saving and investment options (KiwiSaver or managed funds, term deposits, property, shares, business ownership and bank account) are described in terms of risk, reward and length of time.</p> <p>See sample answers for Task 1.</p> <p>Note: Sample answers have been provided for 'KiwiSaver' only. Answers for the other five options will need to be developed.</p>	<p>Six types of personal financial saving and investment options (KiwiSaver or managed funds, term deposits, property, shares, business ownership and bank account) are described in terms of risk, reward and length of time.</p> <p>See sample answers for Task 1.</p> <p>Note: Sample answers have been provided for 'KiwiSaver' only. Answers for the other five options will need to be developed.</p>

<p>ER 1.2 Task 2</p>	<p>Four (4) different saving and/or investment options relevant to the scenario(s) are chosen and explained in relation to how they will improve future financial outcomes. One of the options must be KiwiSaver.</p> <p>See sample answers given for one saving and investment option only.</p> <p>Note: Sample answers will need to be developed for KiwiSaver and two other options.</p>	<p>Four (4) different saving and/or investment options relevant to the scenario(s) are chosen and explained in relation to how they will improve future financial outcomes. One of the options must be KiwiSaver.</p> <p>The explanation shows detailed understanding by including reasons for choosing and makes links to the suitability of the four savings or investment options (including KiwiSaver) for the circumstances of the people/person in the scenario(s).</p> <p>See sample answers given for one saving and investment option only.</p> <p>Note: Sample answers will need to be developed for KiwiSaver and two other options.</p>	<p>Four (4) different saving and/or investment options relevant to the scenario(s) are chosen and explained in relation to how they will improve future financial outcomes. One of the options must be KiwiSaver.</p> <p>The explanation shows comprehensive understanding by including justification for the four savings or investment options (including KiwiSaver) over other investment and/or savings options for the scenario(s).</p> <p>See sample answers given for one saving and investment option only.</p> <p>Note: Sample answers will need to be developed for KiwiSaver and two other options.</p>
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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.



Task 1

Complete the following table to describe six (6) personal investment/saving options in terms of risk, reward and length of time.

	Risk	Reward	Length of time
KiwiSaver or Managed funds	<p>KiwiSaver: as an investment KiwiSaver involves taking some risk.</p> <p>KiwiSaver is a long term investment, and collapse of a subsidiary fund or the financial institution the KiwiSaver fund is with sometime before you turn 65 are risks.</p> <p>The level of risk will vary depending on the fund the savings are invested in, as each type of fund is exposed to different levels and types of risk. For example, a growth fund faces higher levels of risk from fluctuations in the share market etc than a conservative fund that has predominantly safe cash investments that earn lower but stable interest rates.</p>	<p>KiwiSaver: Government and employers contribute to the savings.</p> <p>No lower age limit to join.</p> <p>Access to money for a first home deposit.</p> <p>Can change type of investment fund and amount of contributions.</p> <p>Portable between jobs.</p> <p>Managed funds: Money is pooled and spread across more investment types than if investing in those investments directly.</p> <p>Can earn income as well capital gains.</p> <p>Can have lower tax rate.</p> <p>Managed by 'experts'.</p>	<p>KiwiSaver: due to compounding interest and returns, the longer the investment, the greater the returns are likely to be.</p> <p>Anyone younger than 65 years old can invest in a KiwiSaver fund. It is advisable to start as young as possible.</p> <p>Usually, your KiwiSaver savings are only available to withdraw after you turn 65 and have been a member for at least five years. You may be able to withdraw all or part of your savings early if you're buying your first home, emigrating or suffering financial hardship or serious illness.</p>

	Risk	Reward	Length of time
	The final value of a fund will not be known until retirement as it depends on the performance of the fund throughout its life, but you can shift the type of scheme you're in which can change/manage the level of risk.		
Term Deposit			
Property			
Shares			
Business ownership			
Bank account			

Sample answers are for KiwiSaver/Managed Funds only, with some 'reward' sample answers for other options.

Full sample answers for features of the other options will need to be provided.

(Sample answers related to awarding Achievement.)



Task 2 - Scenarios

Read the scenarios below and answer the questions that follow.

A	<p>Kaveri is 23 and serves in the Navy. The Navy paid for her tertiary study and she has just started working as a naval engineer. She has signed up to a conservative KiwiSaver fund. Because she is away a lot, most of her living expenses are paid for by the Navy as part of her salary, she manages to save about \$2,000 a month. She has already saved \$17,000 and doesn't see herself being in the Navy forever. She is keen on learning more about investment and is prepared to take some risk to get good returns on her savings to set herself up for the future.</p>
B	<p>Andrew is 16, in Year 12 and wants to go to University. His grandfather has just died suddenly at age 68, and has left Andrew an inheritance of \$12,000. Andrew's parents are reasonably well-off and he has no immediate expenses. He mows lawns for family and friends to earn pocket money and plans on going to university to study Arts.</p>
C	<p>Peta and Robyn are a young couple in their late twenties. Robyn has a student loan but they have no other debt. They both are in KiwiSaver (balanced growth funds) and have a sensible budget with \$300 a week for savings. Robyn is a DOC worker and Peta works as a roofer. They have \$6,000 in savings and would like to be in a position to start a family before they are 35.</p>
D	<p>Charles is a 65 year old retiree who lives by himself. He recently downsized his home and has \$150,000 in the bank. He collects the Superannuation, and has \$25,000 in a Balanced Growth KiwiSaver fund.</p>

Choose KiwiSaver and **three** other saving and investment options from those described in Task One. You can choose one option for each scenario or more than one option in one scenario, but one of the options **must be** KiwiSaver.



For each saving/investment option you have selected use the following tables to provide:

- an explanation of your choice and how it will improve future financial outcomes for the person/people in the scenario, including reasons why the option is suitable for the circumstances of the person/people in the scenario(s).
- links to the suitability of the chosen saving/investment option for the scenario, in terms of improving future financial outcomes.
- justification for the chosen option over other saving and investment options.

Saving/Investment Option 1 – Shares		Scenario(s) = A B C D (circle relevant scenario)
Explanation of choice	Links to the suitability of the choice for the scenario	Justification of choice over other options
<p>By investing some money in shares Kaveri could in the long term receive a sum of money that she would not have ordinarily saved. This may be in the form of capital gain from the shares growing in value over time, and income from dividends that Kaveri could reinvest.</p> <p>The longer the time frame, the more risk the investment can withstand and also the likelihood of greater future financial outcomes</p>	<p>Shares as an investment should improve Kaveri’s future financial outcomes, as they generally offer comparatively high returns over time and that is what she has indicated she wants even if there is some risk.</p> <p>With the Navy paying most of her living expenses whilst she is away, she is able to invest the funds she would otherwise have spent</p>	<p>Investing in shares would be a good addition to her KiwiSaver and a way to maximise returns without having the problems that come with other options such as property investment (i.e. maintaining full tenancy and property upkeep), or business ownership (financial and time commitments). Shares should offer better returns longer term than less risky investments such as term deposits or a general savings account in the bank.</p>

for her. Should her circumstances change she could still sell the shares at any stage or she gets the dividends as income.

Kaveri is in a good position to save and invest. She is at a stage in life where she doesn't have many commitments so could afford to commit savings to this type of investment (shares) and take the risk to get the better return in the long run.

It will also give her the opportunity to learn more about investment in shares so she can grow her portfolio gradually.

on living costs into shares to try and make a capital gain.

There will always be fluctuations in share prices but generally the trend is upwards in the long term. Kaveri is only 23 years old and therefore has time on her side. She doesn't presently need an additional income flow so can therefore use the investment in shares as a long-term investment which will improve her future financial outcomes.

Alternatively, if Kaveri wanted to increase her exposure to better potential gains from the share market, she could also consider altering the type of KiwiSaver investment plan she has, or split some into 'growth' share type funds and keep some in her conservative fund. She could also consider a managed fund that is not KiwiSaver with shares as the main investment.

With her frequent absences from home, this might be an easier option for her as the managed fund (which could be KiwiSaver) would be professionally managed and she wouldn't have to be on top of monitoring share price fluctuations and managing her share portfolio.

(Sample answers related to awarding Achieved, with additional reasons showing detailed understanding related to awarding merit)

(Sample answers related to awarding Merit – where detailed understanding is also demonstrated by the learner's reasons in the explanation column)

(Sample answers related to awarding Excellence)

Saving/Investment Option 2 KiwiSaver		Scenario(s) = A B C D (circle relevant scenario)
Explanation of choice	Links to the suitability of the choice for the scenario	Justification of choice over other options

Saving/Investment Option 3 -----		Scenario(s) = A B C D (circle relevant scenario)
Explanation of choice	Links to the suitability of the choice for the scenario	Justification of choice over other options

Saving/Investment Option 4 -----		Scenario(s) = A B C D (circle relevant scenario)
Explanation of choice	Links to the suitability of the choice for the scenario	Justification of choice over other options

Sample answers are for Shares only.
Full sample answers for KiwiSaver and two other options will need to be provided.