



NZQA Assessment Support Material

Unit standard		28093			
Title	Describe the financial responsibilities and consequences of tertiary study funding options				
Level	2	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

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:

- Student loans and other possible funding options for tertiary education study.
- Potential consequences of funding options on the financial responsibilities and choices for individuals in the short and long term.

AWARD OF GRADES



- For award with **Achieved**, learners must describe and compare a student loan and one other tertiary study funding option in terms of their key factors (criteria for eligibility, components of tertiary study costs, advantages, disadvantages); describe and compare short term and long-term potential consequences of those funding options in terms of two individual financial responsibilities and two choices.
- For award with **Merit**, learners must provide a comparison of the two funding options and make links to the individual's financial responsibilities, potential consequences and implications for future choices.
- For award with **Excellence**, learners must provide a comparison of the two funding options including justification of their suitability for an individual's financial responsibilities and the potential consequences and implications for future choices.

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

This assessment activity has one task.

The learner is required to describe two tertiary study funding options for an individual situation – in this case it is proposed this be their own personal situation. One of these must be a student loan. Assessors should check that the 'other' study funding option is realistic and appropriate to the learner's situation.

The task involves:

- Describing and comparing a student loan and one other tertiary study funding option in terms of their key factors (criteria for eligibility, components of tertiary study costs, advantages, disadvantages) for their personal situation.
- Describing and comparing the potential consequences of those funding options (to include one short and one long term), for two financial responsibilities and two choices.
- Making links to the individual's financial responsibilities, potential consequences and implications for future choices for the two funding options.

- Justifying the suitability of the two options for their own financial responsibilities, the potential consequences and implications for future choices.

Resource requirements

Resources that may help with this are:

- Commission for Financial Capability, <http://www.cffc.org.nz/>;
- Inland Revenue Te tare Taake, <http://www.ird.govt.nz/studentloans>;
- Sorted Your independent money guide, <https://www.sorted.org.nz/>;
- Work and Income Te Hinanga Tangata, <http://www.workandincome.govt.nz/>;
- StudyLink Hoto Akoranga, <http://www.studylink.govt.nz/>;
- Breakout, <http://www.fis.org.nz/databases/BreakOut.php>;
- 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 Question 1	<p>A student loan and one other tertiary study funding option are described in terms of their key factors (criteria for eligibility, components of tertiary study costs, advantages, disadvantages).</p> <p>Details are realistic and accurate.</p> <p>See partial sample answers for question 1</p>	<p>A student loan and one other tertiary study funding option are described in terms of their key factors (criteria for eligibility, components of tertiary study costs, advantages, disadvantages).</p> <p>Details are realistic and accurate.</p> <p>See partial sample answers for question 1</p>	<p>A student loan and one other tertiary study funding option are described in terms of their key factors (criteria for eligibility, components of tertiary study costs, advantages, disadvantages).</p> <p>Details are realistic and accurate.</p> <p>See partial sample answers for question 1</p>
ER 1.1 Question 2	<p>A student loan and one other tertiary study funding option are compared in terms of their key factors.</p> <p>Comparison is logical.</p> <p>See sample answer for question 2</p>	<p>A student loan and one other tertiary study funding option are compared in terms of their key factors.</p> <p>Comparison is logical.</p> <p>See sample answer for question 2</p>	<p>A student loan and one other tertiary study funding option are compared in terms of their key factors.</p> <p>Comparison is logical.</p> <p>See sample answer for question 2</p>

Task	Evidence/Judgements for achievement	Evidence/Judgements for achievement with merit	Evidence/Judgements for achievement with excellence
ER 1.2 Questions 3,4,5	<p>Potential consequences of the two funding options are described and compared in terms of two financial responsibilities and two choices.</p> <p>Includes <u>one short</u> and <u>one long</u> term consequence for each financial responsibility and choice.</p> <p>See partial sample answers for questions 3 and 4</p>	<p>Potential consequences of the two funding options are described and compared in terms of two financial responsibilities and two choices.</p> <p>Includes <u>one short</u> and <u>one long</u> term consequence for each financial responsibility and choice.</p> <p>The comparison of the two funding options <u>makes links</u> to the individual's financial responsibilities, potential consequences and implications for future choices for each option.</p> <p>The links are relevant and reasonable for the individual situation, and implications for future choices are realistic.</p> <p>See partial sample answers for questions 3 and 4</p>	<p>Potential consequences of the two funding options are described and compared in terms of two financial responsibilities and two choices.</p> <p>Includes <u>one short</u> and <u>one long</u> term consequence for each financial responsibility and choice.</p> <p>The comparison of the two funding options <u>makes links</u> to the individual's financial responsibilities, potential consequences and implications for future choices for each option.</p> <p>The links are relevant and reasonable for the individual situation, and implications for future choices are realistic.</p> <p>See partial sample answers for questions 3 and 4</p> <p>The comparison of the two funding options includes a <u>justification</u> of their suitability for an individual's financial responsibilities, the potential consequences and implications for future choices.</p> <p>The justification is clearly relevant, reasonable and suitable for the situation, including potential consequences and implications for future choices being appropriate.</p> <p>See sample answer for question 5</p>

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

- Use the following table to describe **a student loan** (government assisted scheme) and **one other tertiary study funding option** for your own situation/circumstances. Check with your assessor that your other option is realistic and appropriate to your situation.

Key Factors	Option 1: Student loan	Option 2: <i>State here</i> [F amily/ w hā n au]
Criteria for eligibility	<p>Outline of the eligibility criteria listed on the studylink website</p> <p>http://www.studylink.govt.nz/student-loan/who-can-get-it/</p>	<p>No set criteria, but my parents have said I will need to commit to my study.</p>
Components of tertiary funding costs (compulsory costs, course related costs, insurance, security, living costs, administration fees and conditions)	<p>Description of what's in a student loan such as compulsory costs, course related costs, living costs, administration fees and conditions as per</p> <p>https://www.studylink.govt.nz/products/a-z-products/student-loan/index.html#null</p>	<p>My parents will loan me money to pay compulsory fees, course related costs + daily transport costs. They will also cover my accommodation costs if I am living at home.</p>
Advantages	<p>There is a formal contract in case anything goes wrong.</p> <p>The student loan is interest free if you stay in NZ. Under certain circumstances, the loan may be interest-free if you go overseas as per</p> <p>http://www.ird.govt.nz/studentloans/overseas/interest-free/</p>	<p>My parents are willing to lend me the money on an as need basis so that I don't have to borrow everything at once. They have promised that their interest rate will be lower than the student loan rate (which is zero whilst in NZ!).</p> <p>There will be less paper work and I don't have to sign up every year.</p> <p>Parents may offer incentives or even gift some money.</p>

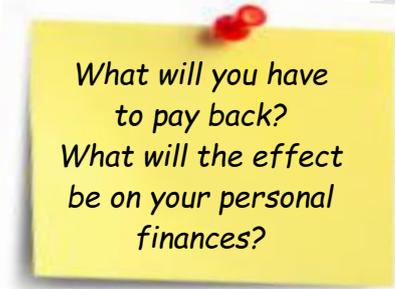
Key Factors	Option 1: Student loan	Option 2: <i>State here</i> [F amily/ w hā n au]
Disadvantages	<p>I will be in debt - it is a loan that I will have to repay from future earnings.</p> <p>There are obligations and consequences if I don't pay the loan back.</p> <p>http://www.studylink.govt.nz/student-loan/your-obligations/index.html</p> <p>http://www.ird.govt.nz/studentloans/payments/non-payment/</p> <p>I need to sign a Student Loan contract with the Government for every year and each time I start a new course.</p> <p>Because I will be under 18 years old one of my parents must sign the contract.</p>	<p>There will be some conditions attached to the loan such as some chores at home, like babysitting my younger siblings and cooking the family dinner at least once a week.</p> <p>If things go wrong at home and my parents cut my funding/loan I might need to find an alternative.</p> <p>I will be tied to my parents for each year of the time I am borrowing from my parents.</p> <p>I'll have less freedom and I will have to weigh up the potential reduced borrowing and ability to work part time.</p> <p>Not sure my parents have the spare money to pay lump sums in advance so they may need to borrow so I don't have to (and there would be interest charges they'd need to pay).</p>
(Sample answers related to awarding Achievement		

2. Compare the two study funding options in terms of the key factors (criteria for eligibility, components of tertiary study costs, advantages, disadvantages) you described above.

There are criteria around the courses I can receive a student loan for but if the course is eligible it will be interest free, and it is a formal agreement with the Government whereas my parents might not be as restricting. I might not need to borrow as much money from my parents and it will be at a low interest rate and some might be a gift, but there will be conditions. It will also depend on me keeping a good relationship with my parents.

(Sample answers related to awarding Achievement)

3. For each funding option complete the tables on the following pages to describe two financial responsibilities you will be faced with and two choices you might make. For each responsibility and choice give a short and long-term consequence.



Financial responsibilities might be repayment implications and features, for example: repayment threshold, tax code status, voluntary repayments, overdue repayment obligations, administration fees, interest, credit history.

Choices might be student loan payment or non-payment, future choices such as work, lifestyle, overseas travel.

Option 1 Student Loan		
	Potential Consequence (Short-term)	Potential Consequence (Long-term)
Financial responsibility 1: I need to ensure my course and living costs are covered whilst I am studying.	The amount I can draw down from the loan is capped to a weekly amount but if living away from home my accommodation (ie a halls of residence) will need to be paid in advance (large instalments). I will need to budget and possibly use savings to deal with any shortfall.	The loan is not available over the long holiday break so I will need to have a job (or other source of income) organised.

<p>Financial responsibility 2:</p>		
<p>Choice 1:</p> <p>I plan to work in NZ when I graduate but would also like to do some overseas travel with friends.</p>	<p>I will need to be thrifty and mindful that the loan will need to be repaid eventually. I should try to have some savings accumulating.</p>	<p>I will have to repay my loan once I complete my studies (and earn above the repayment threshold), and I will need to be earning enough to be able to afford the repayments and have enough disposable income to live and save for things I want to do (travel).</p> <p>Having interest charges applied to my student loan would result in me having to pay back much more, so when considering overseas travel, I will need to ensure that I keep within the rules for how long I can be away to avoid this (e.g. away for less than 6 months), and have a savings plan so I don't need to borrow to travel.</p>

Choice 2:		
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Option 2 State here [Family/Whānau]		
	Potential Consequence (Short-term)	Potential Consequence (Long-term)
Financial responsibility 1:		
Financial responsibility 2:		

Choice 1:		
Choice 2:		

4. Describe how the two study funding options compare in terms of the short and long-term consequences on your financial responsibilities and implications for future choices. For *merit*, you will also need to make links to your financial responsibilities and potential consequences for the two study funding options by explaining how they may have an effect on your future choices.

Short Term
<div data-bbox="188 1554 1460 1617" style="border: 1px solid black; padding: 5px;"> (Sample answer related to long term only is provided. Sample answer for short term will need to be developed.) </div>

Long Term

Whether I take a student loan and/or family/whānau, in the long term, I will have a loan to repay no matter what. However, the size of that loan and repayment arrangements might differ.

Options regarding going overseas are quite different under the two funding arrangements. If I pass my papers, and borrow from my parents, I will be able to go overseas without any financial constraints. If I go overseas with a student loan not yet paid back, I will still have financial responsibilities to IRD.

Even if I do not pass all my papers, with a student loan still to be repaid, my choices would certainly be different. I may feel obliged to get any job so that I can start to pay it back. If I borrow from my parents, I would have no legal obligations to IRD for my finances and I would most likely have a smaller loan with not so much interest, if any, accruing. I am sure that I could negotiate with my parents about the repayments.

(Sample answer related to awarding Achieved)

Whether I take a student loan and/or family/whānau support, in the long term, I will have a loan to repay no matter what. However, the size of that loan and repayment arrangements will differ depending on how thrifty I've been during my studies and the size of debt I have generated. As I plan to work in NZ, my student loan would remain interest free and deductions would be made directly from my pay to IRD to repay the loan.

When I start work, I will need to make sure SL tax code is used to ensure student loan repayment transfer to IRD by my employer. Repayment of a student loan reduces take-home pay and may constrain my future lifestyle choices, such as saving, house purchase and higher consumer spending. In comparison, if I borrow from my parents, I am sacrificing freedom in the short term for the prospect of gaining freedom in the long term. I know that the less my debt is mounting up (family support/loan minimising my student loan requirements), my disposable income and future choices will be greater when I finish my studies.

Options regarding going overseas are quite different under the two funding arrangements. If I pass my papers, with funding from my parents, I may be able to go overseas without any financial constraints once I've saved the money to travel. If I go overseas with a student loan not yet paid back, I will still have financial responsibilities to IRD which include limiting how long I can travel for before I must pay interest on my student loan, and I may need to make

arrangements for loan repayment if I decide to go overseas, even though I may not be earning regular money.

The link to my future choices is the degree of freedom that I will have to travel and work where I choose – for longer trips away there would be greater freedom with family support than a student loan. With family support, I may be able to spend some time working my way through Europe, before I am ready to return and take up full time work in my chosen vocation and without having to worry about financial obligations to the IRD due to student loan repayments.

If I have at least some funding from family/whanau, I will likely borrow less on my student loan and then have lower automatic repayments, so I will have more spending money from my income and greater flexibility about what I will do with it, therefore increasing my future choices.

Even if I do not pass all my papers, with a student loan still to be repaid, my choices would certainly be different. I may feel obliged to get any job so that I can start to pay it back.

If I borrow from my parents, I would have no legal obligations to IRD for my finances and no automatic deductions from my pay to repay the student loan, and I would most likely have a smaller loan to repay. I am sure that I could negotiate with my parents about the repayments, but this can go both ways. My family may need the money for another purpose and I may have to raise a personal loan at higher interest rates than the interest free student loan would be, to enable me to repay them.

(Sample answer related to awarding Merit)

5. Develop your comparison of the two tertiary study funding options (student loan plus one other) by justifying why each funding option is suitable (or not) for your financial responsibilities, the potential consequences and implications for future choices.

I can justify having a student loan as it would cover my tertiary funding costs and needs and is interest free whilst I remain in New Zealand, but it may limit my options in the long term. It would also take pressure off my parents to pay lump sums up front for my course fees, and they may prefer me to have a small student loan for course fees and support me how they can with my living costs during study (particularly if I live at home and keep passing my courses and helping out at home). If I am able to keep my current part time job I will need to borrow less during my studies which will mean I have less to repay and can save more easily for going overseas sometime after I graduate without putting any further financial pressure on my family.

I would always be in a position of having to pay any loan back (student loan or from family) no matter how well I did at my studies, but since the student loan is interest free this is the cheapest funding option for me (except if my parents would gift rather than loan me money!). With a student loan, I will be able to calculate exactly how much I have to pay back and as long as my employer uses the appropriate tax code, the payments will be taken automatically.

Although there will be conditions and expectations attached to borrowing money from my parents, we have a really good relationship and I would be able to negotiate with them. Living at home will mean keeping my living costs down and at the same time I will be able to discuss and share my plans with my parents. I intend to show them how serious I am about getting my qualification and progressing in my chosen vocation.

I can justify borrowing from my parents if I need to, but whilst getting funds from family may seem an attractive option (gift or borrowing), there are a few issues to consider. Funding from parents to support my living costs during study would reduce the level of debt I will have accumulated when I graduate and mean I have a lower student loan to repay in the future. Although I am prepared to stay at home as long as I can to reduce my living costs and what I might need to borrow, I would feel uncomfortable if they saw me spending money on leisure pursuits when they have paid out so much to help me further my education. Also, they do not have a lot of money and they may need to borrow to support my study, and this would be at a higher cost than what I would pay for a student loan, so seems an unfair burden on them. This might make it more attractive to get a loan from them after I complete my studies if I decide to go overseas and need to repay my student loan to avoid interest charges and other penalties.

Having a substantial loan hanging over my head for many years does not suit me and would also worry my parents, so I intend to be careful with how much I borrow and keep it to a minimum. Although any outstanding loan will be taken into consideration when I apply for a mortgage in the future, I will also have a good record for repaying the loan and a positive credit record.

(Sample answers related to awarding Excellence)