



NZQA Assessment Support Material

Unit standard	28098				
Title	Evaluate options to increase personal income				
Level	3	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:

- Options for increasing personal income (including earned and unearned income sources).
- Positive and negative impacts, both short and long-term, on personal income.
- Suitability of options to people's particular personal financial situations.

AWARD OF GRADES



- For award with **Achieved**, learners must provide an evaluation of seven options to increase personal income by providing evidence of a positive and negative impact of each option; a comparison between two options; a recommended most financially beneficial option based on the findings of the evaluation.
- For award with **Merit**, learners must provide an evaluation of seven options to increase personal income by providing evidence of a positive and negative impact of each option; a detailed comparison of two options, including examples of two short-term and two long-term impacts on personal income; a recommended most financially beneficial option based on the findings of the evaluation.
- For award with **Excellence**, learners must provide an evaluation of seven options to increase personal income by providing evidence of a positive and negative impact of each option; a comprehensive comparison of two options, including examples of two short-term and two long-term impacts on personal income; a recommended most financially beneficial option based on the findings of the evaluation including a justification of why the recommended option is the most financially beneficial one.

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 four (4) tasks.

The learner chooses a scenario from three (3) given scenarios. For the scenario they must:

- Evaluate options to increase personal income in terms of their positive and negative impacts on personal income.
- Compare two options, using two short-term and two long-term impacts on personal income.
- Recommend the most financially beneficial option according to the findings in the evaluation and explain and justify the reasons for their selection.

Resources

Resources that may help with this are:

- Young Enterprise Trust KiwiSaver Resource Package;
- “KiwiSaver – How to make it Work for You” Mary Holm;
- 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 tare Taake, <http://www.ird.govt.nz/>;
- Department of Labour Te Taare Mahi, <http://www.dol.govt.nz/>;
- Sorted Your independent money guide, <https://www.sorted.org.nz/>;
- Work and Income Te Hiranga Tangata, <http://www.workandincome.govt.nz/>;
- StudyLink Hoto Akoranga, <http://www.studylink.govt.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
Outcome 1 ER 1.1 Question 1	<p>Seven options to increase personal income are evaluated including one positive and one negative impact for each option</p> <p>Options must be logical and realistic for the situation.</p> <p>See sample answers given for one scenario only.</p> <p>Note: Sample answers for other scenarios included in assessment material would need to be developed.</p>	<p>Seven options to increase personal income are evaluated including one positive and one negative impact for each option</p> <p>Options must be logical and realistic for the situation.</p> <p>See sample answers given for one scenario only.</p> <p>Note: Sample answers for other scenarios included in assessment material would need to be developed.</p>	<p>Seven options to increase personal income are evaluated including one positive and one negative impact for each option</p> <p>Options must be logical and realistic for the situation.</p> <p>See sample answers given for one scenario only.</p> <p>Note: Sample answers for other scenarios included in assessment material would need to be developed.</p>



Scenarios

Read the scenarios below and **tick one** that you will use as a basis for completing all the tasks.

A



Rose is a single mother of two children at primary school. She works 30 hours a week at a retirement village as a caregiver. She was earning enough to pay expenses with the help of the children's father (through a private agreement) until recently when he stopped helping pay their costs.

They split up 2 years ago and he has not been making official child support payments. He has only been putting money into her account when he can. Now Rose is struggling to make ends meet.

B



Manu and Luke are married with two young children. They live in Dunedin and own their own home and two cars. Luke works as an electrician and has been offered a promotion but the position is in Wellington. The job comes with a 5-bedroom house rent-free.

Manu used to work as a copy-editor at a publishing house but now she is a full-time mum to Damien who is 2 and Mereana who is 4 years old. Manu's family live close by.

C



Julia and Katrina are in a civil union. They are both in their late twenties and are saving up to buy their first house in the next five years.

Julia is a nurse and Katrina works part-time as an administrator for a small family business. Katrina is a qualified accounting technician. They have \$35,000 in savings.



Tasks

1. Evaluate the following seven (7) options to increase the personal income of the person or people in your selected scenario. Include at least one positive and one negative impact on personal income.

Options for increasing personal income include:

- promotion
- secondary income
- pay increase
- increased working hours
- contract work
- boarders
- unearned income, including government benefits, interest, dividends, capital gains from investments, rent from land or property ownership and any other form of income that does not derive from work.

Impacts may include:

- Lifestyle
- Taxes
- Income tax rates for individuals
- Government entitlements
- Childcare costs
- Child support

Option 1 - Promotion

Positive Impact

If Rose was able to secure a promotion at work she could earn a higher income due to the increased responsibilities.

Negative Impact

Rose would have increased responsibilities which could increase her accountability and levels of stress. She would have additional costs for clothing and childcare due to working longer hours.

Option 2 – Secondary Income

Positive Impact

If Rose could get a second job looking after other children this would give her more income without having to worry about extra childcare/travelling expenses. Even though she would be paying more tax she may be able to get some of this back at the end of the financial year.

Negative Impact

Rose would have to pay secondary tax. This is higher than the tax on a first job, so she might not increase her net income. She would have less time to spend with her children or for herself, and might get tired and stressed which could take its toll on the children and her physical/mental health.

Option 3 – Pay Increase

Positive Impact

If Rose could get a pay rise without the need to work extra hours or to find another source of income. This would not impact on her time with her children or child-care costs

Negative Impact

Rose might be expected to take on extra responsibilities or duties if she is given a pay rise and be expected to work longer hours which increase her child-care costs. She may incur additional costs entertaining and caring for her children.

Option 4 – Increased Working Hours

Positive Impact

If Rose could get more shifts at work she would have more income. She'd be familiar with the job and the workplace making it an easy way for her to earn additional income.

Negative Impact

Rose might need to pay for childcare, have extra travelling costs and find juggling her time challenging.

She might not be able to get regular extra shifts and therefore will not earn additional income.

If Rose can't get regular extra shifts there will be uncertainty and make it hard for her to plan childcare. She may have to pay for it when she doesn't need it.

Option 5 – Contract Work

Positive Impact

This does not need to be permanent and could be a short-term solution until Rose is able to balance her finances. Contract work would be useful for Rose to take whenever she is struggling to make ends meet.

Negative Impact

This could be time-consuming and impact on the cost of child care. Rose may have to travel to many different locations for the contract work and therefore incur additional expenses for mileage and travel. She may also have to pay secondary tax.

Option 6 - Boarders

Positive Impact

There will be more income/money to share expenses (e.g. power, rent). She might find a boarder who can help out with childcare, therefore reducing her child care costs. If Rose finds someone who is happy to help out with childcare she might be able to pick up extra hours at work.

Negative Impact

The boarder might not pay money regularly or on time. The boarder might cost Rose more than the rent they actually pay e.g. extra-long showers or leaves the heater on, dramatically increasing the electricity bill and Rose's expenses.

Option 7 – Unearned Income

Positive Impact

Rose could apply for child support payments from the Inland Revenue. She would receive regular payments and potentially be able to receive other benefits. Having a formal agreement means if the children's father stops paying again the IRD will be responsible for it. Having regular payments will assist Rose with managing her budget.

Negative Impact

The amount is set by the Inland Revenue, so it might not be as much as Rose was receiving from the children's father through an informal agreement.

2. Compare two (2) of the most financially beneficial options, for the scenario you described in question one with each other.

Option 1: Increased working hours – taking on extra shifts

Option 2: Unearned Income – child support payments

Comparison:

If Rose takes on extra shifts, there could be more immediate expenses than with other options, such as childcare, petrol and wear and tear on her car. She would need to make sure she could organise additional regular extra shifts. Having to spend more hours working will mean less time with her children which could be difficult for Rose.

Receiving regular child support payments and possibly extra benefits, such as an accommodation grant, would provide immediate security and no additional stress, compared with trying to juggle an extra job or more hours work. The stress of not knowing when the father of her children is going to pay her or how much would be decreased by having a formal agreement through the IRD.

(Sample answer related to awarding Achievement)

3. Compare the two chosen options and include two short-term and two long-term impacts on the personal income of the person, or persons, in the scenario.

Short-term impacts:

Both options will give Rosie additional income, but increased hours may not be enough, in the short-term, to help her to make ends meet. She will also pay higher tax and incur travelling costs, such as petrol. Rose may also need to wait a few weeks for any child support payments to be agreed and then paid to her.

Rose will have the immediate issue of finding and organising additional child-care, if she secures additional hours of work outside school time. This would then be an additional cost for Rose to meet, therefore reducing any additional income earned. This would not be an issue with child support payments as Rose would not need to increase her hours of work.

Long-term impacts:

The additional working hours will increase Rose's income which will allow her to make ends meet and help her to balance her budget. This will reduce the financial stress Rose is under, which will be good for her health and for her family-life, as well as her financial position. The additional hours may not be a permanent arrangement and may vary from week-to-week, which will make it difficult for Rose to make a long-term financial plan and to be assured of regular additional income. Whereas, the additional income from child support payments will allow Rose to be financially secure and ensure that she is able to make ends meet. These will be ongoing payments, therefore Rose does not need to worry about the payment being stopped, as was the case with her ex-partner in the past. This will provide her with financial peace of mind which may not be the case with working additional hours.

Rose will face long-term issues around organising child-care for her two children when she's working outside school hours. This could create on-going stress and anxiety for Rose, as child care options and the needs of her children change over time. Rose may not be given additional shifts at the same time each week making planning for additional child-care difficult and potentially expensive, as most child-care needs to be organised well in advance. On the other hand, child support payments would allow Rose to spend time with her children after school and ensure that the child-care she requires is kept to a minimum, reducing her child-care costs and any additional financial burden. This will allow Rose to be able to plan and budget for her child-care costs as they will be the same each week.

(Sample answer related to awarding Merit)

4. Recommend the most financially beneficial option, and justify why it is financially beneficial for the person, or persons in your scenario.

Justify your choice by giving reasons and explaining why it is better than the other possible option

Best option

Recommendation

Rose should apply for child support payments from Inland Revenue (and other entitlements, such as for the accommodation supplement from WINZ).

(Sample answer related to awarding Achievement)

Justification

This would ensure that Rose would be guaranteed a reliable and predictable source of additional income until her circumstances change. The effects on her expenses and family situation will be fewer than working additional shifts at work. The positive financial benefits for her and her children will be almost immediate and will be a permanent arrangement until her children are 18. Rose will be able to budget and make financial decisions with the knowledge of knowing exactly how much she is going to earn. This will help Rose to permanently make ends meet. She will be able to budget and plan so that her family is financially secure into the future.

Taking on extra work might not be financially viable, especially if Rose spends most of the extra money on taxes, childcare and extra travelling. Also, if Rose needed to spend less time at home, as a single parent, that may not be good for her kids or her health. This option would not make Rose permanently financially secure as her additional income may vary from week to week.

(Additional sample answers related to awarding Excellence)