

Title	Analyse and evaluate credit options and select debt management strategies to manage personal finances		
Level	3	Credits	3

Purpose	People credited with this unit standard are able to analyse and evaluate credit options and select debt management strategies to manage personal finances.
----------------	--

Classification	Core Generic > Financial Capability
-----------------------	-------------------------------------

Available grade	Achieved, Merit, and Excellence
------------------------	---------------------------------

Criteria for Merit	Analysis and evaluation include explanation of the credit options and selected debt management strategies used to manage personal finances.
---------------------------	---

Criteria for Excellence	Analysis and evaluation include justification for the selection of the debt management strategies with supporting examples to show how they can be used to manage personal finances.
--------------------------------	--

Guidance Information

- 1 This unit standard can be awarded with *Achieved*, *Merit*, or *Excellence*. For the *Achieved* grade to be awarded, the outcome must be achieved as specified in the outcome statement. For *Merit* or *Excellence* to be awarded, the candidate must meet the *Merit* or *Excellence* criteria specified above.
- 2 Definitions
Credit refers to the creation of any form of deferred payment.
Credit contract requirements refer to consideration, capacity, legality, intent, consent and/or guarantor.
Debt refers to an asset obligation owed by one person to another.
Debt management strategies may include – accessing advice and assistance, communication with creditors, interest rate considerations, debt consolidation, adjustments to lifestyle, use of hardship provisions, sale of non-essential items.
Total cost of credit may include – deposit, term/length of credit, interest costs, repayment instalments, frequency of repayments, early repayment penalties, and other charges
- 3 Assessment may be based on a case study or simulation, but where the candidate's real situation is used, every care must be taken to protect privacy, and the provisions of the Privacy Act 2020 will apply.

4 References

Responsible Lending Guidelines <https://www.fsf.org.nz/Site/consumer-info/>;
 Code of Responsible Borrowing <https://www.fincap.org.nz/>;
 Sorted: Your Independent Money Guide - <https://sorted.org.nz/>;
 Work and Income – <https://www.workandincome.govt.nz/>;
 StudyLink – <https://www.studylink.govt.nz/>;

5 Legislation relevant to this unit standard may include but is not limited to:

Credit Contracts and Consumer Finance Act 2003
 Privacy Act 2020
 Credit Reporting Privacy Code 2012:
 and all subsequent amendments and replacements.

Outcomes and performance criteria
Outcome 1

Analyse and evaluate credit options and select debt management strategies to manage personal finances.

Performance criteria

1.1 Features of two credit options are analysed and evaluated in terms of advantages and disadvantages, in relation to personal finances.

Range two credit options include credit card, and one of: personal loan, mortgage, credit card, revolving credit, student loan, buy now pay later options
 features include – total cost of credit versus cash price; length of time; credit contract requirements; potential consequences of using credit.

1.2 Debt management strategies are described in relation to personal finances and strategies selected for given or real situations to minimise debt.

Range evidence relating to three different strategies is required.

Planned review date	31 December 2025
----------------------------	------------------

Status information and last date for assessment for superseded versions

Process	Version	Date	Last Date for Assessment
Registration	1	12 December 2013	31 December 2018
Review	2	21 July 2016	31 December 2022
Review	3	31 December 2020	

Consent and Moderation Requirements (CMR) reference	0226
--	------

This CMR can be accessed at <https://www.nzqa.govt.nz/framework/search/index.do>.

Comments on this unit standard

Please contact NZQA National Qualifications Services nqs@nzqa.govt.nz if you wish to suggest changes to the content of this unit standard.

DRAFT