NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

QUALIFY FOR THE FUTURE WORLD
KIA NOHO TAKATŪ KI TŌ ĀMUA AO!

NZQA Assessment Support Material

Unit standard	**28091**				
Title	Explain risks and risk management strategies for personal finances				
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

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.

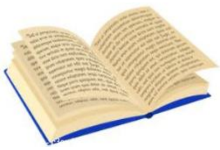
Over the weeks prior to this assessment, students should have had sufficient teaching and learning to be familiar with the following:

- Risks to personal assets (motor/house/house contents; bank accounts/investments; identity/access to personal information; self – health and well-being/hauora; future income).
- The causes and consequences of risks to assets.
- Strategies to manage the risks.
- Justification for using strategies to minimise the impact on future personal finances.

AWARD OF GRADES

- For award with ***Achieved***, learners must identify and explain risks to personal assets in relation to impact on personal finances, and explain four different risk management strategies to minimise risks to personal finances in relation to personal assets.
- For award with ***Merit***, learners must provide an explanation that shows detailed understanding by including examples of risks to assets, and how the risk management strategies minimise the risk to personal finances.
- For award with ***Excellence***, learners must provide an explanation that shows comprehensive understanding by including causes and consequences of the risks for each of the personal assets, and a justification for using strategies to minimise impact on future personal finances.

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 and is scenario based. **Note** that each scenario can include more than one personal asset. For example a scenario could combine health and future income.

Resources

Resources that may help with this are:

- Ministry of Consumer Affairs – Scams, http://www.consumeraffairs.govt.nz/;
- Financial Markets Authority, http://www.fma.govt.nz/;
- Commission for Financial Capability, http://www.cffc.org.nz/;
- Inland Revenue Te tare Taake, http://www.ird.govt.nz/;
- Sorted Your independent money guide, https://www.sorted.org.nz/;
- Department of Internal Affairs, www.dia.govt.nz/Identity---What-is-identity-theft;
- Insurance Council of New Zealand, http://icnz.org.nz/for-consumers/;
- Consumer New Zealand, http://search.consumer.org.nz/;
- Bamzonia Personal Financial Education, http://www.bamzonia.co.nz.

Assessment Schedule

Unit standard	28091				
Title	Explain risks and risk management strategies for personal finances				
Level	1	**Credits**	3	**Version**	3

Task	Evidence/Judgements for achievement	Evidence/Judgements for achievement with merit	Evidence/Judgements for achievement with excellence
Outcome 1 ER 1.1 Question 1	Risks to personal assets are identified and explained in relation to impact on personal finances. At least one risk from each of the following five personal asset groups: • motor/house/house contents; • bank accounts/investments; • identity/access to personal information; • self – health and well-being/hauora; • future income See sample answers given for ***one risk for one personal asset group***. **Note:** Sample answers for risks from the four other personal asset groups will need to be developed by the assessor.	Risks to personal assets are identified and explained in detail in relation to impact on personal finances. Explanation shows detailed understanding by including examples of risks to assets. See sample answers given for ***one risk for one personal asset group***. **Note:** Sample answers for risks from the four other personal asset groups will need to be developed by the assessor.	Risks to personal assets are identified and explained in detail in relation to impact on personal finances. Explanation shows comprehensive understanding by including causes and consequences of the risks. See sample answers given for ***one risk for one personal asset group***. **Note:** Sample answers for risks from the four other personal asset groups will need to be developed by the assessor.

Outcome 1 ER 1.2 Question 2	Risk management strategies to minimise risks to personal finances are explained in relation to personal assets. See sample answer given for ***one strategy for one strategy***. **Note:** Sample answers for three other strategies will need to be developed by the assessor.	Risk management strategies to minimise risks to personal finances are explained in relation to personal assets. Explanation shows detailed understanding by including **how** the risk management strategies minimise the risk to personal finances. See sample answer given for ***one strategy for one strategy***. **Note:** Sample answers for three other strategies will need to be developed by the assessor.	Risk management strategies to minimise risks to personal finances are explained in relation to personal assets. Explanation shows comprehensive understanding by including: • **how** the risk management strategies minimise the risk to personal finances • justification, using supporting examples, of how the strategies minimise the impact on future personal finances. See sample answer given for ***one strategy for one strategy***. **Note:** Sample answers for three other strategies will need to be developed by the assessor.

Final grades will be decided using professional judgement based on a holistic examination of the evidence provided against the criteria in the unit standard.

Scenarios

Read the following six (6) scenarios. Use them to identify and explain risks to personal assets and risk management strategies.

Each scenario may include more than one personal asset.

1	Mel and Miguel have been married for one year and have just bought their first house. As a present for their first-year anniversary, Miguel's parents have shouted them a trip to see his family in Venezuela. They are packed and ready to leave for the airport. They forget to lock the back-door, the house does not have a burglar alarm and no-one else lives there.
2	Ben is a friendly and trusting person who is always willing to help out a "mate". When he is out one night with a group of friends, his best friend's cousin runs out of money and asks who has an ATM card that he could use to borrow some cash. Ben lends him his ATM card on his savings account and gives him his PIN number. Aside from this, a couple of weeks later, he receives an email with his bank's branding and logo at the top, asking him to confirm his identity by replying with his bank account numbers, credit card number, PIN number and CVC code. He is about to reply.
3	Tara and Dylan have four children and own a house together. Dylan used to be a builder, but an injury means he can no longer work. He is now a stay-at-home dad, and Tara supports the family financially. She works in a government department. Her salary is enough to pay the bills and minimum mortgage payments, but only just.
4	Sally is going to university and lives in a flat with four other flatmates. People are always coming and going and she does not always know everyone who is visiting the flat. Sally keeps her user names and passwords to her online accounts in a notebook sitting on her bookshelf. Sally notices some transactions on her online bank statements for items from an online retailer that she has not used.
5	Thirty years ago Maia was offered the chance to join her firm's superannuation scheme. She thought this was a good idea as the firm contributed to the monthly payments made into the scheme. She thought that, as her firm had recommended a particular scheme to join, they must know what they were doing. The scheme is a managed fund. She has paid little attention to the value of the price of the units of the

	managed fund. She is about to retire and investigates the amount she is likely to receive.
6	Eli has just passed his driver's licence test. Eli's parents consider him to be a responsible driver. Eli has saved up for a car and buys a $1500 car from his older brother.

Task

1. Complete the following tables to identify and explain a risk to personal assets from each of the following groups:
   - *motor/house/house contents*
   - *banks accounts/ investment*
   - *identity/access to personal information*
   - *self – health and well-being/hauora*
   - *future income*

You may use the same scenario more than once but the personal asset must be different.

For each group you will need to:

- Circle the scenario and personal asset it relates to.
- Identify and explain what the risks are in relation to the impact on personal finances.
- Include examples of risks to assets.
- Explain what the causes and consequences of the risks to the assets are.

Personal Asset Group 1: Motor / House/ House Contents
Scenario: 1 | 2| 3 | 4 | 5 | 6 (circle one)
Risk(s) to personal asset(s) and impact(s) on finances:
Mel and Miguel's house could be burgled while they're overseas and they could lose some or all of the contents of their house and personal assets. *This will impact on their finances as Mel and Miguel would have to replace their possessions and may not have enough money to be able to do this.* (Sample answer related to awarding Achievement)

Examples of risks to assets:
Mel and Miguel's house could be burgled while they're overseas and they could lose some or all of the contents of their house and other personal assets. The house could also be damaged, set on fire or used to commit a crime in. Burglars could potentially have plenty of time to commit their crime as Mel and Miguel will be away in Argentina for some time. *This will impact on their finances as Mel and Miguel would have to replace their possessions and may not have enough money or the correct insurance to be able to do this. If they do have insurance, the cost of their insurance premium may go up if they are burgled.* (Sample answer related to awarding Merit)
Causes and consequences of the risks:
The unlocked door provides easy entry to potential burglars and is an open invitation to anyone to enter the house. Opening and entering through an unlocked door is relatively easy and less obvious than breaking a window and climbing into a house, so may go unnoticed the whole time Mel and Miguel are in Argentina. *Not having any other security measures, such as a burglar alarm, which gives notification to a monitored alarm company or the neighbourhood, will also assist any potential criminal in burgling the house.* *As a consequence, the burglars could spend some time in the house and Mel and Miguel could have a substantial number of their possessions stolen or the house could be damaged. Not having a burglar alarm will allow the burglars to stay in the house for longer without anyone knowing.* *As a consequence, Mel and Miguel could lose many of their possessions. They may lose some precious possessions that they cannot replace, like gifts from their families or valuable items they have collected. They may have to replace household items that are stolen and this could impact on their personal finances and they may need to borrow money or use their savings to replace them.* ***This could also impact on their future insurance premium.*** (Additional sample answers related to awarding Excellence)

2. Use the following tables to explain four (4) different risk management strategies to minimise risk to personal finances in relation to personal assets.
For each strategy use examples from the scenarios to show how the strategy minimises the risk, and provide justification for using strategies to minimise impact on future personal finances.

Justify, using supporting examples, how the strategies minimise risk to personal finances.

Risk management strategy 1
Mel and Miguel should have a house and contents insurance policy. This will help pay for replacing any stolen or damaged possessions in the event of a burglary. (Sample answer related to awarding Achievement)
How the strategy minimises the risk (using examples)
Mel and Miguel should have house and contents insurance as this will minimise the risk of loss even though it will not prevent the removal or destruction of contents. If Mel and Miguel are burgled while they're away they would receive some compensation for any loss or the replacement of stolen or damaged goods. *Without insurance, if the house or contents are damaged by the burglars then Mel and Miguel may be liable for the cost of repairs and may have to pay for this out of their savings. If their house is badly damaged and they are not able to live in it while it is being repaired Mel and Miguel may need to pay for hotel accommodation or rent for another house. This would have a significant impact on their personal finances that insurance could alleviate.* (Sample answer related to awarding Merit)

Justification for using strategy to minimise impact on future personal finances
Having house and contents insurance can be justified in that it is the best risk mitigation strategy to minimise the impact on personal finances. For example, with their house and contents insurance they may have a policy that allows them to list very valuable items or specify replacement cost. This will minimise any cost to them. If they do not have this, they may only receive what they paid for the items and would have to pay the difference to get the items replaced. *Replacing lost and stolen property would be very expensive for Mel and Miguel and cost far more than the cost of insurance. Insurance will also provide them with peace of mind when they're away from their house.* (Additional sample answers related to awarding Excellence)