



NZQA Assessment Support Material

Unit standard		28092			
Title	Analyse the effect of significant life events at different life stages on personal financial income				
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 resource exemplifies written assessment, there are other assessment 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 opportunities to be familiar with the following:

- Earned and unearned income sources and other receipts.
- Income sources at different life stages (education, industry training, early employment, mid-career and retirement) and why these change.

- Positive and negative consequences of income sources (such as interest on student loans, advantages of multiple sources of income) at different life stages.
- Effects of significant life events (such as going flatting, studying, starting work, travel, employment interruption or change, relationship change, getting a fine, separation, redundancy having a child, raising a family, buying a first home, changing roles within the family, serious accident, serious illness, losing your partner, living in retirement, moving to a retirement village, and financial windfalls) on personal financial income sources.
- Potential solutions and their suitability to minimise/maximise the effect of significant life events on personal financial income at different life stages.

AWARD OF GRADES



- For award with **Achieved**, learners must for each of three different life stages: identify income sources; explain why sources of income change and the consequences of the change in income; analyse the significant life event in terms of its effect on income sources and potential solution(s) to minimise/maximise the effect on personal financial income.
- For award with **Merit**, learners must for each of three different life stages: identify income sources; provide an explanation of why sources of income change and the consequences of the change in income, by providing supporting examples; analyse the effect of the significant life event in terms of its effect on income sources and potential solution(s) to minimise/maximise the effect on personal financial income.
- For award with **Excellence**, learners must for each of three different life stages: identify income sources; provide an explanation of why sources of income change and the consequences of the change in income, by providing supporting examples; analyse the effect of the significant life event in terms of its effect on income sources and potential solution(s) to minimise/maximise the effect on personal financial income; provide a justification of the suitability of potential solution(s) to minimise/maximise the effect of the significant life event on personal financial income.

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 **two** tasks.

Task **one** involves:

- Completion of a table for 3 life stages to show:
 - (i) The sources of income someone might have for the life stage.
 - (ii) The reasons that income sources might change during the life stage and the consequences of that change.
 - (iii) Give supporting examples of each of the consequences identified for ii).

Task **two** involves:

Analysing (3) scenarios for how the significant life event will affect the income source(s) of the person or family at the life stage, including:

- (i) The effect of the significant life event on income source(s).
- (ii) Two potential solutions to minimise/maximise the effect of the life event on their personal financial income.
- (iii) Justification of the suitability of the potential solutions.

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://employment.govt.nz/er/>;
- 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/>;
- Bamzonia Personal Financial Education, <http://www.bamzonia.co.nz>.



Task 2 Scenarios

Education/Early employment

Kahu has finished his final year of university and is looking for work. He wants to **leave home and go flatting** as soon as he can get work.

Mid-career

Prarthna and Aaron have two children at high school. Prarthna has been working part time and Aaron has been working fulltime for the last several years.

Unfortunately, Aaron is **about to be made redundant**, and his redundancy pay is only \$3,500. They have \$7,000 in savings.

Retirement

Janet is in her 60s. She is divorced and has one adult son in his thirties, and is looking to retire in a few years when she inherits \$50,000 from her uncle.

Janet lives in her own mortgage free apartment and has always been very careful with her money. However, because of **serious health problems** she has no other savings.

Both her parents are still alive. They are fit and healthy in their mid-80s.

Assessment Schedule

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Task	Evidence/Judgements for achievement	Evidence/Judgements for achievement with merit	Evidence/Judgements for achievement with excellence
Task 1 ER 1.1	<p>Income source(s) are identified for each of the three different life stages, at least two reasons why sources of income change and at least two consequences of the change are explained in terms of each life stage.</p> <p>Life stages include education/ industry training/early employment, mid-career and retirement.</p> <p>The following is a sample answer for one life stage only. Sample answers need to be developed for each life stage included in the assessment material.</p> <p><i>In mid-career life stage people could be in a relationship so there may be two income sources from wages or salary.</i></p>	<p>Income source(s) are identified for each of the three different life stages, at least two reasons why sources of income change and and at least two consequences of the change are explained in terms of each life stage.</p> <p>Explanation includes at least two supporting examples.</p> <p>The following is a sample answer for one life stage only. Sample answers need to be developed for each life stage included in the assessment material.</p> <p><i>In mid-career life stage people could be in a relationship so there may be two income sources from wages or salary. For example both people may be employed full-time or one full-time and one part-time.</i></p>	<p>Income source(s) are identified for each of the three different life stages, at least two reasons why sources of income change and at least two consequences of the change are explained in terms of each life stage.</p> <p>Explanation includes at least two supporting examples.</p> <p>The following is a sample answer for one life stage only. Sample answers need to be developed for each life stage included in the assessment material.</p> <p><i>In mid-career life stage people could be in a relationship so there may be two income sources from wages or salary. For example they may both be employed full-time or one full-time and one part-time.</i></p>

	<p><i>During mid-career people are likely to be contributing to a retirement savings plan and they will gain unearned income from interest on that.</i></p> <p><i>During mid-career people may get other receipts through gifts or inheriting money.</i></p> <p><i>They may go through a relationship break-up and go from two income sources to one. People may be made redundant and have to go on a benefit while looking for a new job. People may have to look after a</i></p>	<p><i>With wages or part-time work, hours worked may vary so the take-home pay each week may be different depending on how many hours they worked and whether they worked and are paid extra for overtime. People could look at their total net income and total expenses (including taxation on income) associated with its choice of working arrangements, to determine which combination is best.</i></p> <p><i>During mid-career people are likely to be contributing to a retirement savings plan and they will gain unearned income from interest on that. For example they are likely to be in a KiwiSaver scheme or other superannuation scheme. With KiwiSaver people have a choice over which scheme they are in and the risk profile for that scheme. This means they could gain more interest if they are in a scheme that is performing well.</i></p> <p><i>During mid-career people may get other receipts through inheriting or being gifted money. For example a parent or other relative may die and leave them money, or a relative may decide to gift them money. This could be used to pay off debt, or could be invested for a fixed term or used to buy bonds or shares.</i></p> <p><i>They may go through a relationship break-up. They may then have to split any assets between them or may even be forced to sell assets and settle any common debt, for example a joint mortgage.</i></p>	<p><i>With wages or part-time work, hours worked may vary so the take-home pay each week may be different depending on how many hours they worked and whether they worked and are paid extra for overtime. People could look at their total net income and total expenses (including taxation on income) associated with its choice of working arrangements, to determine which combination is best.</i></p> <p><i>During mid-career people are likely to be contributing to a retirement savings plan and they will gain unearned income from interest on that. For example they are likely to be in a KiwiSaver scheme or other superannuation scheme. With KiwiSaver people have a choice over which scheme they are in and the risk profile for that scheme. This means they could gain more interest if they are in a scheme that is performing well.</i></p> <p><i>During mid-career people may get other receipts through inheriting or being gifted money. For example a parent or other relative may die and leave them money, or a relative may decide to gift them money. This could be used to pay off debt, or could be invested for a fixed term or used to buy bonds or shares.</i></p> <p><i>They may go through a relationship break-up. They may then have to split any assets between them or may even be forced to sell assets and settle any common debt, for example a joint mortgage.</i></p>
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sick family member and move from full-time to part-time or no employment.

People may have to use their retirement savings due to hardship and will lose the interest payments they would have received.

There are a number of consequences if income changes. People may not be able to meet their financial commitments or pay their bills. People will not be able to do the same things they are currently doing that cost money as they won't be able to afford it.

People may be made redundant and have to go on a benefit while looking for a new job. People may have to look after a sick family member and move from full-time to part-time or no employment. People may have to use their retirement savings due to hardship and will lose the interest payments they would have received. If employment hours change and their wage or salary earnings are reduced this will also impact on their superannuation savings as both they and their employer would contribute less and any earnings would be lower.

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There would be a need to amend any budget, reconsider any savings goals and consider paying off any debt with any other receipts. They may also need to refinance any loans. For example, if they had a mortgage they may want to consider paying a lump sum off using any gift or inheritance, or refinancing the loan to a longer term, however this would cost more in the long run.

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Task	Evidence/Judgements for achievement	Evidence/Judgements for achievement with merit	Evidence/Judgements for achievement with excellence
Task 2 ER 1.2	<p>The significant life event in each of the three scenarios is analysed in terms of its effect on income source(s) and at least two potential solutions to minimise/maximise the effect on personal financial income are explained.</p> <p>A significant life event may include - going flatting, studying, starting work, travel, employment interruption or change, relationship change, getting a fine, separation, redundancy, having a child, raising a family, buying a first home, changing roles within the family, serious accident, serious illness, losing your partner, living in retirement, moving to a retirement village, financial windfalls.</p> <p>See sample explanations given for one scenario only – Set 1, Scenario A. Sample explanations need to be developed for three different scenarios.</p> <p><i>The significant life event is Aaron becoming redundant. When this happens, the family will lose his wage as an income source. This means the family has much less income than before and less money to pay their bills and maintain their lifestyle.</i></p> <p><i>Potential solutions to minimise/maximise the impact</i></p> <p><i>(i) The family will need to make changes to their budget to prevent them going into</i></p>	<p>The significant life event in each of the three scenarios is analysed in terms of its effect on income source(s) and at least two potential solutions to minimise/maximise the effect on personal financial income are explained.</p> <p>See sample explanations given for one scenario only – Set 1, Scenario A. Sample explanations need to be developed for three different scenarios.</p> <p><i>The significant life event is Aaron becoming redundant. When this happens, the family will lose his wage as an income source. This will mean the family has much less income than before and less money to pay their bills and maintain their lifestyle.</i></p> <p><i>Potential solutions to minimise/maximise the impact</i></p> <p><i>(i) The family will need to make changes to their budget to prevent them going into</i></p>	<p>The significant life event in each of the three scenarios is analysed in terms of its effect on income source(s) and at least two potential solutions to minimise/maximise the effect on personal financial income are explained. Analysis includes a justification of the suitability of potential solutions.</p> <p>See sample explanations given for one scenario only – Set 1, Scenario A. Sample explanations need to be developed for three different scenarios.</p> <p><i>The significant life event is Aaron becoming redundant. When this happens, the family will lose his wage as an income source. This will affect the family's level of income and their ability to pay their bills and maintain their lifestyle.</i></p> <p><i>Potential solutions (with justification) to minimise/maximise the impact</i></p> <p><i>(i) The family will need to make changes to their budget to prevent them going into</i></p>

debt. They may have to cut down on any unnecessary luxuries, like eating out, or buying the most expensive brands of food. Aaron may need to use his redundancy to pay off any existing debt, or he could look to put his redundancy and current savings into a short fixed term investment to earn some interest.

(ii) Aaron needs to get a new job as soon as possible. Aaron could do work such as lawn-mowing or gardening while he is looking for work.

(iii) Aaron and Prarthna could consider swapping roles. Aaron could get part time work, and be able to take the role as primary caregiver for the children.

(iv) They should explore what financial assistance they are able to get. For example they may be entitled to social welfare support through working for families or similar. If Aaron is in KiwiSaver he may be able to access funds from it due to significant financial hardship.

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debt. Aaron may need to use his redundancy to pay off any existing debt. Alternatively Aaron could look to put his redundancy and current savings into a short fixed term investment to earn some interest.

Tightening the budget and using their savings/redundancy sensibly is a good option in the first instance until Aaron's income situation becomes clearer. Not cutting back on spending could mean they end up in debt and are forced to sell assets - in the worst case scenario their house.

(ii) Aaron needs to get a new job as soon as possible. Aaron could do work such as lawn-mowing or gardening while he is looking for work. Aaron may need to upskill or retrain to be more employable or start a new career, so may need to undertake training or study.

By taking on any sort of work until his work situation becomes clearer means at least there is some income to help assist with bills.

(iii) Aaron and Prarthna could consider swapping roles. Aaron could get part time work, and be able to take the role as primary caregiver for the children.

If Aaron is working part time, this could give him time to study or upskill for the future.

If he becomes the primary caregiver for the children, this would ensure minimal disruption to child care and school activities which might otherwise impact on the family finances.

Prarthna could be making the change to full time work now, rather than waiting until the children have finished High School to forward her career.

Aaron upskilling can be justified on the basis that it is an investment in the family's future if it is able to secure him another job or a better paying job.

Aaron may be eligible for a student loan and allowance if he undertakes training or study. While this will create debt, it could be justified on the basis it is interest free and could help him secure a new or better paying job.

This will allow them to use Aaron's redundancy and their savings, if necessary, as a back-up until they make arrangements to put their plans into action. As well as for any unexpected expenses that may come along in the interim.

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			<p><i>While this is a suitable option for the short-term, it should not be relied on as a long term solution because the family really do need to be looking at ways to increase income, and KiwiSaver should be left as an investment for retirement.</i></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.