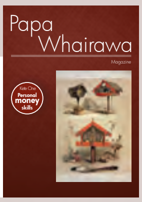
Papa Whairawa

Magazine

Kete One

Personal money skills



A Pātaka is a traditional Māori storehouse elevated on poles to protect the contents. It was used to store preserved delicacies and important artefacts and access was controlled by the rangatira of the tribe. Entry was gained via a small trap door in the floor through which only small children could fit, while the front door of the structure was used by the rangatira to direct which delicacies or artefacts would be retrieved. They were often highly adorned with carvings depicting tribal knowledge and a source of pride for the tribe as a symbol of their wealth of resources.

In contemporary times, Pātaka are a storage place for precious things and the imagery reflects a symbol of knowledge to be gained, utilised and shared.

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Cover Image Caption: Giles, J W, fl 1847. Angas, George French, 1822-1886: Whatas, or patukas. (Storehouses for food)/ George French Angas [delt]; J. W. Giles [lith]. Plate 30. 1847. Angas, George French 1822-1886: The New Zealanders Illustrated. London, Thomas McLean, 1847. Ref: PUBL-0014-30. Alexander Turnbull Library, Wellington, New Zealand. http://natlib.govt.nz/records/23053951

Kia ora and welcome to Kete One

Personal money skills

Congratulations on choosing to learn about your personal money skills. We know it can be scary starting something new. That's why we have put together a number of items to help you settle into this Kete as quickly as possible, and show you that you can have fun along your learning journey!

So what will you learn in this Kete? You will be able to:

- describe financial behaviours and attitudes when making financial decisions
- identify the role and functions of different financial institutions and organisations
- set financial goals
- understand the principles of budgeting

This magazine is a link between your Kete resources and your Student Working Journal

The magazine contains:

- introductory explanations around the topics you will be studying
- activities and references
- links to resources you will find in your Kete
- links to the assessment activities you need to do in the Student Working Journal

The Student Working Journal is where you complete the assessment activities which are then checked by your kaitiaki.

Your kaitiaki will act as a guide and support person along the way. If you get stuck be sure to ring them. They will also ensure you have completed all your assessment requirements.

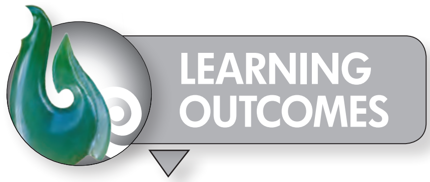
What do you need to do?

- work your way through the material and activities in this magazine
- read, watch, or listen to the resources in the Kete that you are directed to
- complete the assessment activities in the Student Working Journal when you are ready

We look forward to working with you over the coming months

Symbols or Icons

Throughout this magazine, you will see a number of symbols or icons. These are used to give you reminders that further action needs to happen.



Indicates the key things you will learn in each section of the magazine. ***Hei Matau*** (fish hook) is a well known symbol. Here it indicates the gathering of knowledge.

Indicates a practice activity you can complete to help you learn. ***Toki*** (adze) is used as a tool for chopping or cutting. Here it indicates a practice activity to complete.

Indicates that you can find more information in one of the resources on the CD/DVD. ***Kete*** can be made for different functions, for example gathering potatoes or carrying books. Here it indicates resources that can help you with your learning.

An example that applies what you are learning and helps you understand it. ***Waka*** represents an older style vessel used for fishing and short travel. Here it represents the stories that will help you on your learning journey.

Learning and studying by distance at home

SUPPORT
0800 135 135

Learning and studying at home by yourself can be challenging. You will be supported by your kaitiaki and through the 0800 number (0800 135 135) but there are some things you can do to help yourself as you learn and study:

- acknowledge that learning as an adult is different from learning as a child – all adults have the ability to learn and you are no different

Trust your abilities

- recognise that each of us likes to learn in different ways – you might be a visual learner who likes to learn through watching, reading or seeing OR you might be an auditory learner who likes to learn through speaking and listening OR you might be a kinaesthetic learner who likes to learn through touch or movement (doing)

Find out what your preferences are and use these to help you learn more effectively

- set up a study space that will help you to get into the study habit – your study space should be comfortable, inviting, free from distraction, and motivating

Find and set up a good place to study

- replace bad study habits with good study habits – one way to do this is to make sure you sleep and eat well so that you feel fresh when you sit down to study

Get into some regular routines when studying

- think about things like drinking water, doing relaxing breathing and other exercises, and playing quiet music when you are studying

Help your mind and body to learn through water, exercise and music

- manage your time when you are studying – do not do too much study at once

Study in manageable chunks and take regular breaks

- Stay motivated and believe in yourself. Ask for help. If you need help, ask for it.

Section One

INTRODUCTION TO FINANCIAL LITERACY

LEARNING OUTCOMES

By the end of this section, you will be able to:

- identify the skills needed for financial literacy in everyday life
- demonstrate knowledge of how money works and managing money
- explain effective money management skills

WHAT IS FINANCIAL LITERACY?

Financial literacy is the ability to understand how money works. Understanding how money works will help you make wise choices and decisions about how to manage your money. Being "money-wise" will help to achieve financial wellbeing for you and your family.

To understand money and how it works, it's important to learn common financial terms, products and services, as well as financial processes and methods such as; budgeting and goal setting.

WHY IS BEING MONEY-WISE IMPORTANT?

Financial education can:

- affect your quality of life significantly
- enable people to understand what is needed to achieve a balanced lifestyle
- help low-income earners and families make the most of what they are able to save and help them avoid financial traps
- benefit people of all ages and income levels. For young adults just beginning their working lives, it can provide basic tools for budgeting and saving so that expenses and debt can be kept controlled.
- help families acquire the discipline to save for their own home and/or for their children's education
- help older workers ensure that they have enough savings for a comfortable retirement by providing them with the information and skills to make wise investment choices for their pension

MANY PEOPLE FAIL TO PLAN AHEAD AND THEY TAKE ON FINANCIAL RISKS WITHOUT REALISING IT.

Problems of debt are severe for a large proportion of the population because of the lack of financial education.

STORY

Being money smart

Why is financial literacy important? Papakura school teacher Carleen Ashford (pictured) explains how knowing about money can make a big difference in everyone's life.

> It can be the difference between having enough to live on day by day, as well as having money for incidentals and the unexpected, and really struggling.

Financial literacy – understanding about saving and spending and making money work for you – is an enabler. It enables you to become informed about your finances and it helps individuals, families and entire communities to improve their understanding of resource management and, ultimately, their own position.

It provides an opportunity to learn about budgeting and how to manage a weekly budget which, in today's world, can be difficult. It can be the difference between having enough to live on day by day, as well as having money for incidentals and the unexpected, and really struggling.

More than ever, basic skills – like being able to manage a budget, knowing about saving and finding ways to put some money aside for things like buying a home, children's education and retirement – are important. It's also vital to pass these skills onto our young people and teach our children so they develop good financial habits.

As adults, we're the role models for our children. I favour things like letting them earn a portion of their pocket money rather than just receive a hand-out; encouraging them to have half for spending and half for saving and saving for the things you want rather than getting into debt. You want to see them grow into adults who can and do take responsibility for their finances so that poor money management doesn't become a cycle.

The other thing is, if you're financially literate and on your feet, you might be able to help them out if they need it. Take buying a house, for example. We managed to save a deposit because we were able to live with my parents, who'd been able to afford their own home, and save. It's so good to get yourself into a position where you could do that.

WHAT SKILLS DOES A PERSON NEED TO BE FINANCIALLY FIT?

Having effective money management skills is a key tool in helping you achieve what you want out of life

Becoming more financially able should be a goal for all people. Feeling confident to talk with others about money matters will be very valuable for you and other people. Being able to look at financial situations and apply your knowledge and skills to work out what is happening is very useful in helping yourself and other people move forward.

PRACTICE ACTIVITY

A financially fit person would have the following skills. Tick the ones you think you have. Don't worry about how many you have ticked. By the end of this programme you will be able to tick many more boxes.

- ☐ understand basic financial services
- ☐ understand different attitudes towards spending money and saving
- ☐ understand financial risks
- ☐ know your rights as a consumer
- ☐ know where to go to get financial advice
- ☐ understand the different types of debt
- ☐ be able to explain the different types of expenditure
- ☐ understand the different types of income
- ☐ be able to budget to meet expenses
- ☐ be able to find financial products and services that meet your needs

WORKING TOWARDS FINANCIAL SUCCESS

The earlier you learn about debt, savings, and credit, the less likely you will struggle with debt in the future. Early mastery of these foundational concepts will enable you to improve your quality of life and standard of living.

Success is something we all aspire to throughout many aspects of our lives. In order to succeed in our financial lives we must understand the way we think about money. Financial success is not defined in terms of competing against one another; instead we are striving to achieve our own dreams and goals.

PRACTICE ACTIVITY

What does financial success mean to you?

Tick the boxes next to the statements which apply to you. At the end write down one other thing explaining what financial success means to you.

- ☐ getting to the end of the month with some spare cash
- ☐ being able to pay your bills on time
- ☐ feeling in control of your finances
- ☐ not fighting with your partner about money
- ☐ getting to the point of having no personal debt

One other thing that financial success means to me is:

____

____

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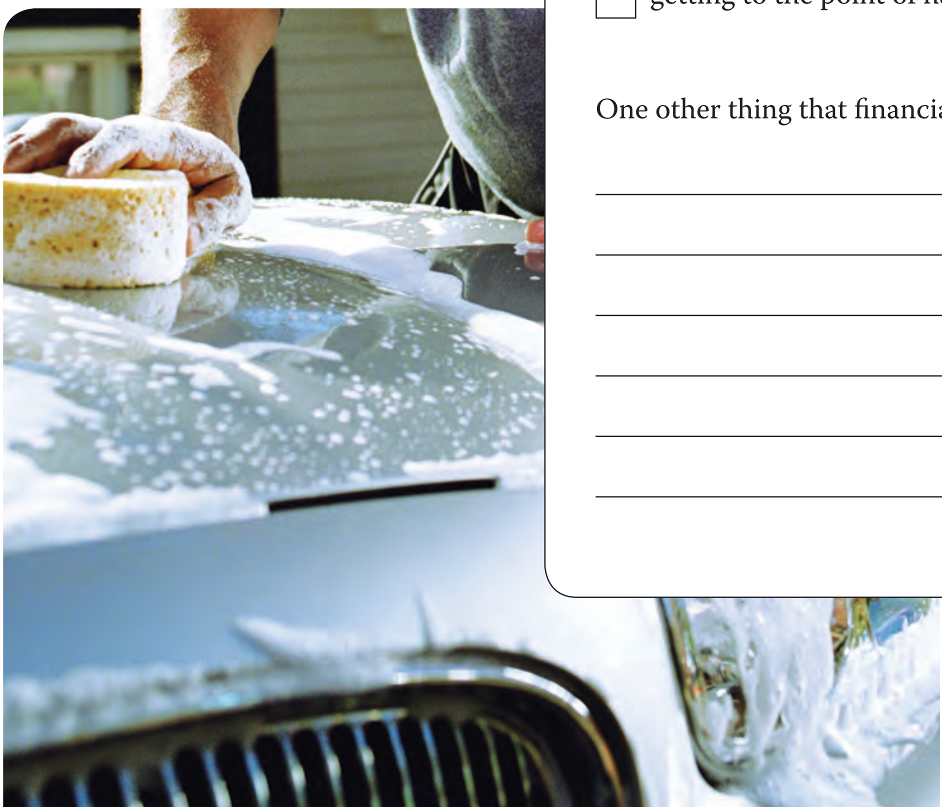


FINDING OUT MORE ABOUT HOW MONEY WORKS

RESOURCES

Are you happy to keep getting "what you have always got"?
Would you like to create more "good money experiences"?

Complete the following exercises:

1 Read pages 21 – 35 of the book *How to Stop Your Kids from Going Broke*

TIP Want to become financially well? Read page 25

2 Read pages 7 – 32 of the book *Get Your Head Out of the Sand*

TIP Want to create a vision for your life? Complete exercises on pages 12 – 17

3 Read pages 44 – 55 of the book *Your Money – The Twelve Laws of Gold*

4 Want to be successful? Listen to track 2 on the audio CD, Phil Strong provides 3 Key Principles of Success

"Some people create GOOD Money Experiences.

Some people create BAD Money Experiences.

STORY

Back to basics

What have I learned and how has it changed the way I do things? Emmeline Meleah (pictured) says she learned to budget from her mother, who was a single mother with four children.

My mother had to make every penny count; you know, recycle our clothes and cook all the meals from scratch. She did housecleaning as a job to earn some extra money and, from week to week, she had to budget every expense. Being the youngest and spending the longest time at home with her, I learned all those traits.

These days, the prices of things are going up and up – in everything – yet our pay is not increasing at the same rate; we have to go back to the sort of budgeting my mum did to make our dollars spread.

I'm trying to pass down to my kids that they need to save for the things they want and they can't expect just to get what they want, plus the difference between wants and needs. That's really hard to teach kids who grow up in a world full of technology where they see people paying for things on cards and getting money out from 'the hole in the wall'. They don't understand that the money has to be earned and has to be there in the first place for those things to work. They're also part of a generation that is used to throwing something away when it stops working or has a minor breakdown, and just buying a new one.

I have automatic payments into our regular bills, like power and phone, so they're taken care of and I don't get such a shock at the end of the month at the cost of a bill. My oldest son is working now and, although he's still living at home, he is now expected to help out with some of the household bills.

Section Two

DESCRIBE FINANCIAL BEHAVIOURS AND ATTITUDES WHEN MAKING FINANCIAL CHOICES

LEARNING OUTCOMES

By the end of this section, you will be able to:

- explain personal financial behaviours and attributes whilst making financial choices
- demonstrate a knowledge of money personality types

MONEY PERSONALITIES

You already know that your basic personality makes you different than everyone else.

GUESS WHAT?

You have a money personality that makes your attitudes about money and the decisions you make about your finances different than everyone else's too!

In this section you will learn about different money personalities and identify your own money personality.

What is a Money Personality?

Your money personality is how you tend to behave and react to situations involving money. It influences the financial choices and decisions you make.

If you understand your money personality, you can make some positive changes in the way you manage your finances.


HOARDER
I don't like to take risks – so I might miss out on opportunities to make money
I'm not worried about getting rich
I like to put my money in a bank and watch it grow slowly and steadily
I have a budget and I keep to it
I'm careful with my money
I will save for something rather than using a credit card
I hate to be in debt
I know how much I earn, spend and save


I want to look like I am wealthy
I spend my money on high quality things like a car, a home or holidays
I am usually careful with my money
I have goals that I work hard towards
ACHIEVER
I am well educated and have a well-paid professional job
I want to be successful in life


ENTREPRENEUR
THE RISK TAKER
I like to take risks with my money
I like to spend my money on things that will help me more in the future e.g. a business or education
Sometimes I am successful in my ventures, and sometimes I'm not
I can make my money work for me
I like to create my own success and wealth


Sometime I regret going on my spending sprees
I often use my credit card to the limit
I enjoy taking a risk and gambling with my money
I do not always think carefully about my spending – I just do it
THRILL SEEKER
I would rather go on a holiday than pay off debt
I am enthusiastic and will try lots of new things with my money

WHAT IS MY OWN MONEY PERSONALITY?

PRACTICE ACTIVITY

Now that you have learnt a bit about some of the different personalities, it's time to work out your own money personality!

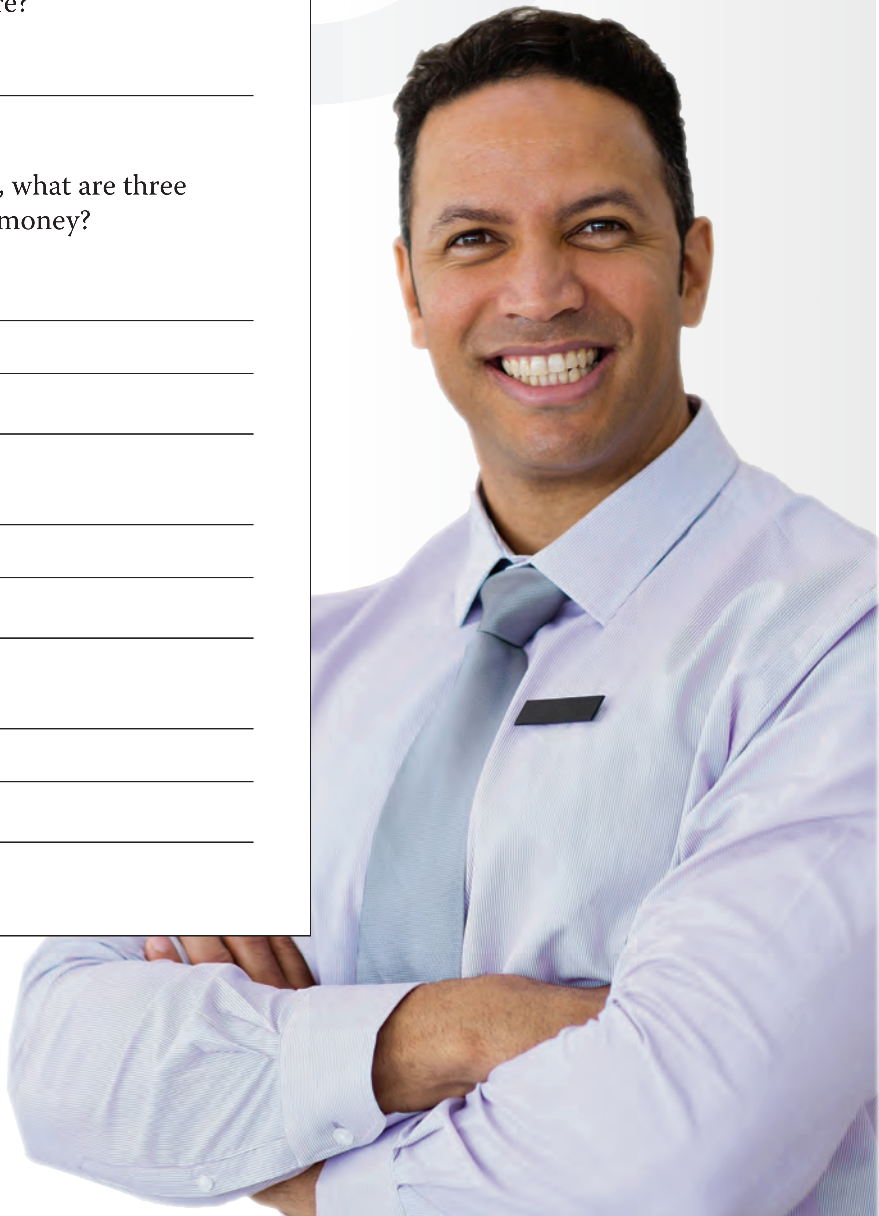
Using the money personality types on the previous pages, which personality type do you think you are?

According to your money personality type, what are three characteristics you have when it comes to money?

1

2

3



MONEY PERSONALITY TIPS

MONEY PERSONALITY	TIPS
ENTREPRENEUR – Risk Taker	▶ Don't just splash out on your big dream; remember to put a little away each month to save for the future, just in case your dream doesn't go as planned ▶ Look into a family trust to keep your personal assets separate from your business assets ▶ Have a plan before you start your dream, know when enough is enough and when to quit before you lose everything
THRILL SEEKER	▶ Set a budget and try and stick to it ▶ Live within your means – don't spend more than you are earning ▶ Create a savings account that you cannot access on an impulse. This will prevent you from spending it without thinking and will benefit you in the long term
HOARDER	▶ Learn more about investing ▶ Get advice from financial experts about which investments are good and which are bad ▶ Take a risk every so often so that you can make your money work for you
ACHIEVER	▶ Think more about value for money. Rather than spending as much as possible to have the most expensive item, challenge yourself to find something just as good for less ▶ Instead of eating at the nicest restaurants in town, try making your own gourmet meal to take on a picnic, or make it a once a month treat to go to a nice restaurant ▶ If you spend too much on gifts for other people, remember it is the thought that counts. Make a gift that is heartfelt, rather than spending a fortune on something from a store

CONSEQUENCES AND EFFECTS OF MONEY PERSONALITIES AND FINANCIAL BEHAVIOURS

As you have seen, different money personalities make different financial choices and decisions.

Each decision has an effect and a consequence!

CONSEQUENCE

A consequence is what happens as a result of any financial choice or decision you make. It can be good – or bad. For example:

- not having a budget, taking on debts you can't pay off, having to pay high interest on loans or credit cards will probably have "bad" consequences
- sticking to a budget, saving, being very informed and careful about when and how you take on debt, managing your credit card well will probably have "good" consequences

EFFECT

An effect is the impact that the consequences have on you and your life. For example:

- being unable to pay your debts, having your credit card cancelled, or your car
- re-possessed will probably make you feel stressed, hopeless and unmotivated. It could make you unpopular with your family and friends
- paying your bills on time, having some savings and being in control of your finances will probably make you feel pretty relaxed, comfortable and in charge

MATIU'S STORY

Matiu is a typical hoarder. He avoids any type of risk and lives by a strict budget. The problem is that yesterday his car broke down and the mechanic thinks it will cost about $2,000 to fix.

Matiu is extremely stressed about this as it wasn't in his budget. He doesn't know where he will get the money from as he cancelled his credit card last month (he didn't want to have to pay interest!) If he didn't need to use his car to get to work, he probably wouldn't fix it until he could save the money up.

He doesn't know what to do.

Some consequences of Matiu being a hoarder in this scenario are:

- **he lives by a budget but hasn't allowed anything for emergency situations that might pop up, like a car breaking down**
- **he doesn't have a credit card to use as he didn't want to pay any interest on it**
- **he doesn't have time to save the money up before fixing his car**

An effect of Matiu being a hoarder in this story is:

- **He is very stressed, confused and doesn't know what to do**

CONSEQUENCE STORY

PRACTICE ACTIVITY

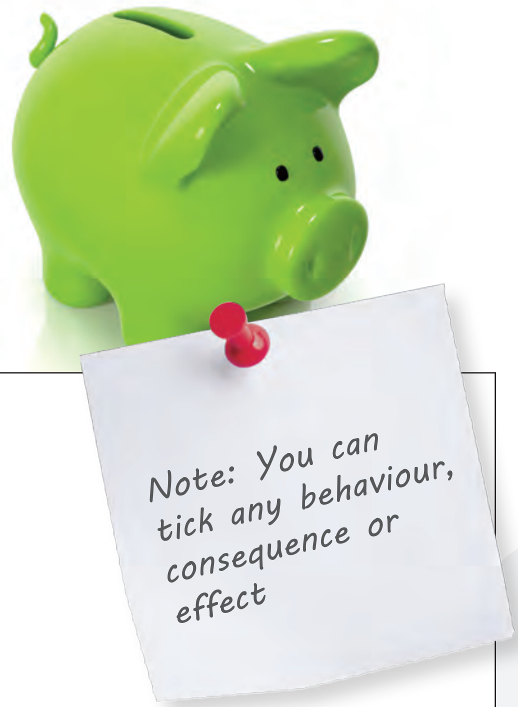
Now see if you can work out a **consequence** and an **effect** for Rawiri's story:

Rawiri is a typical thrill seeker. He loves to take risks. His favourite pastime is to go shopping and look for bargains, items that you would never see at that price again. Last week he bought a new LCD TV for $1,199! What a bargain! He often goes to the casino in the hope that he will win the jackpot and never have to work again. He has used all available credit on his credit cards, and put off paying his mortgage this month so that he could play at the casino the day he got paid. Now he has no money left and won't get his next pay for another fortnight. He has paid his mortgage late on numerous occasions and they said the last time that it mustn't happen again. He is very upset, and stressed. He also feels ashamed about his gambling problem but doesn't know what to do.

One **consequence** of Rawiri being a thrill seeker is:

One **effect** of Rawiri being a thrill seeker is:

FINANCIAL BEHAVIOURS, CONSEQUENCES & EFFECTS



PRACTICE ACTIVITY

From the lists below on the following two pages tick at least three **behaviours**, three **consequences** and three **effects** that you think describe you and how you relate to money.

BEHAVIOURS	✓	CONSEQUENCES	✓	EFFECTS	✓
You will spend your money according to your mood	☐	Spending money makes you feel better but you tend not to have the assets your peers have	☐	You might become dissatisfied with the return you get on your money	☐
You have an unrelenting drive to succeed and believe luck is on your side	☐	Luck might not always be on your side	☐	You may feel frustrated about the progress you are making	☐
You will take extreme risks or set yourself impossibly high goals to gain financial achievement	☐	You do not always accurately estimate the risk	☐	You might experience anxiety or a sense of failure	☐

BEHAVIOURS	✓	CONSEQUENCES	✓	EFFECTS	✓
You are least likely to take risks with your money and more likely to put your money in a savings account	☐	You would like greater prosperity but are unsure of taking direct control of your money	☐	You are dissatisfied with the return on your money	☐
You are very proud of the way you manage your money	☐	You need and want control of your money and believe you are responsible for your financial success and failure	☐	You will rarely take risks	☐
You distrust yourself when making money decisions	☐	You will not take action to become a better money manager	☐	You are overly critical of your money management skills	☐
You care very little about prestige or influencing others moneywise. People matter more to you	☐	You invest in solid consistent investment plans	☐	You are the most likely one in your age group to own your own home	☐
You believe hard work will provide financial success	☐	You prefer saving money to spending it	☐	You are motivated to get ahead financially but can at times feel dissatisfied with your progress	☐

STORY

Making better decisions

What does it take to change the way we save and spend our money?

Dr Armon Tamatea is a senior lecturer at the University of Waikato's School of Psychology and changing behaviours is one of his research interests. He says success is firstly about deciding what you want, then setting realistic goals and coming up with a plan to achieve them – and nothing succeeds like success.

"A person is likely to change a set pattern of behaviour if the intended outcomes of the new behaviour are important enough to warrant the required investment of time and energy and they have sufficient confidence in their ability to make the change. The actual experience of successful change can support continuing this new behaviour. It means greater exposure to relevant situations that result in rewarding outcomes can be a powerful way of consolidating change."

Dr Tamatea says decisions about saving, spending, investing and managing debt are affected by financial knowledge and confidence. They're often complex and involve recognising and navigating short and long-term risks, including economic conditions and life events.

"A person's ability to make sound financial decisions relies, in part, on what they see as an important financial outcome and how confident they are about navigating through a complex and potentially costly environment.

"Being overconfident can overcome anxieties that might stop one from making potentially wise decisions in the short-term but it may also result in risky behaviour that incurs unwanted costs over the longer-term. Often those who take more risks are not necessarily risk-seeking, but may not be aware of the risk due to their inexperience and overconfidence."

Learning more about finances and financial activities is a way to get familiar with key concepts and develop greater understanding of financial decision-making which, in turn, allows you to make sound decisions.

A budgeting service or financial agency, like a bank or a credit union, can provide advice on saving and spending but Dr Tamatea says financial advisory services would be improved by understanding that money priorities can differ for people of different cultural backgrounds.

"The role of whānau can be instrumental in shaping attitudes and promoting values towards financial activity. For many Māori, financial resource isn't necessarily about acquisition, which speaks to materialism and exploitation, but also includes offering contributions as a customary response in establishing and maintaining reciprocal social relationships."

Because finances can have a cultural as well as economic value, it means ensuring the service you visit understands your needs and priorities.

WHAT IS NEXT?

FINDING OUT MORE ABOUT FINANCIAL ATTITUDES AND BEHAVIOURS

RESOURCES

All of us have beliefs and attitudes towards money. There's more great information on these topics in the following resources in your Kete.

Complete the following exercises:

1. Read pages 39 – 68 of the book *How to Stop Your Kids from Going Broke*

   TIP Want to transform your thinking? Take a look at the 'Healthy Tree' on page 54

2. Read pages 33 – 50 of the book *Get Your Head Out of the Sand*

   TIP What is success? Read page 34

3. Listen to track 3 on the audio CD, Phil Strong talks about financial priorities

4. Read pages 22 – 32 of the book *Get Your Head Out of the Sand*

   TIP Want new money habits? Read page 31

SORTED

Complete the following exercise:

The Sorted website has a money personality profiler that can help you work out your financial strengths and possible blind-spots. To do this, type the URL below in the address bar of your web browser

www.sorted.org.nz/calculators/personality-profiler

Section Three

DESCRIBE THE NATURE AND ROLE OF DIFFERENT FINANCIAL INSTITUTIONS AND TERMS USED BY THOSE INSTITUTIONS

LEARNING OUTCOMES

By the end of this section, you will be able to:

- explain what a financial institution is
- explain the difference between types of financial institutions
- explain the difference between banks and other lenders

THE NATURE AND ROLE OF DIFFERENT FINANCIAL INSTITUTIONS

One of the best ways to put your money to work is to understand the role of different financial companies and products and services they offer.

In this section you will learn more about the roles of these financial institutions.

What is the definition of a financial institution?

A financial institution can be defined as any person or organisation in the business of borrowing or lending money or providing financial services. Financial institutions generally fall under financial regulations from a government authority.

Examples of financial institutions include:

- banks
- credit unions
- fund managers
- insurance companies

What is a financial service provider?

Any business or business person who deals with your money, lends you money or gives you advice about money is a financial service provider. Entities and individuals in the business of providing financial services are required to register on the Financial Service Providers Register (FSPR). The Register is maintained by the New Zealand Companies Office.

This includes:

- financial advisers
- brokers
- banks and credit unions
- money or investment managers
- lenders and credit card providers
- insurers
- superannuation scheme

WHAT IS THE DIFFERENCE BETWEEN BANKS AND OTHER FINANCIAL INSTITUTIONS?

Banks have a trading licence which allows them to deal in cash and provide us with personal accounts and services, as well as personal and commercial loans.

Financial institutions deal mostly in credit and investment. They offer services such as hire purchase lending, personal loans and commercial loans.

Since 1987 there have only been two categories of financial institutions:

1. registered banks
2. non-bank financial institutions

The main distinction between the two is that banks have to be registered with the Reserve Bank and are the only institutions which can use the word 'bank' in their name.

Apart from this, non-bank financial institutions are on a more or less equal footing with registered banks.

WHAT ARE THE NAMES OF THE MAJOR BANKS IN NEW ZEALAND?

New Zealand's five major banks are:

1. ANZ Bank New Zealand LTD
2. Bank of New Zealand
3. ASB Bank LTD
4. Kiwibank LTD
5. Westpac New Zealand LTD

Other banks include TSB Bank LTD, Rabobank New Zealand LTD & Citibank N A.

> You WORK for your money.
> Your money should WORK for you.

What is a bank?

A Bank is a registered financial institution which manages other people's money. All banks operating in New Zealand must be registered with the Reserve Bank of New Zealand. The term 'bank' is either derived from an old Italian word banca or from a French word banque both mean a 'bench or money exchange table'. In olden days, European money lenders or money changers used to display coins of different countries in big heaps on benches or tables for the purpose of lending or exchanging.

A bank accepts money from people in the form of deposits and lends out money in the form of loans to those who require it for different purposes.

The name of any bank must be listed on the register that is maintained by the Government. The Reserve Bank Act 1989 (an Act of Parliament) details how this happens. There are approximately 25 registered banks in New Zealand.

Banks are providers of valuable services to the public. The three traditional services provided by today's banks have been in existence for at least five hundred years.

They are:

- The safe keeping of the public's savings (secure place to store money)
- Acting as intermediaries between people who want to deposit money for safe keeping and those who want to borrow money. (provide loans and mortgages)
- The provision of a safe and efficient means of settling transactions such as the purchase and sale of goods and services. (provides a means of paying for goods and services)

Banks also provide financial advice and services for their customers.

A great resource for you if you want advice about banking services is the Banking Ombudsman. You can contact this person through the website at www.bankomb.org.nz.

RESOURCES

Top tips for banking

Read pages 88 – 101 of the book *Your Money*

What is a credit union?

Credit unions are member-owned, not-for-profit financial cooperatives that provide savings, credit and other financial services to their members.

Credit union membership is based on a common bond, a linkage shared by savers and borrowers who belong to a specific community, workplace, organisation or religion. Credit unions were created with an objective to provide a secure and convenient place where members can save their money and also get loans at reasonable prices. More common in areas pertaining to low income groups, a credit union operates by using the pooled savings of its members to raise funds that can be passed off to members at low interest rates loans.

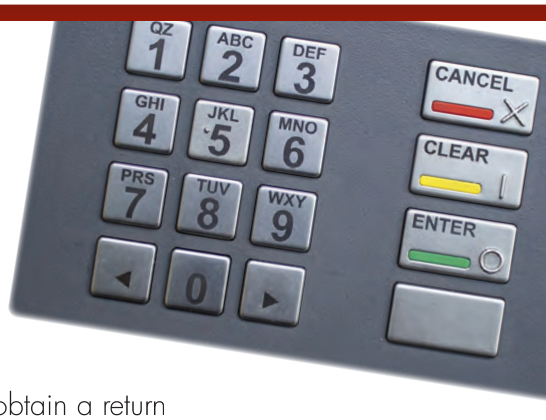
Credit unions don't charge a lot of interest because they are not-for-profit businesses. That means that instead of trying to make heaps of money from letting people bank with them, they help out their members by giving them good interest rates on savings and not charging members lots of fees.

Credit Unions have bank accounts too! The money you save doesn't sit in a box; it gets put into a big savings account with everyone else's savings.

Credit Unions use the money people have saved with them to lend to other people – that's how credit unions can afford to pay you interest on your savings!

Credit unions offer a broad range of products and services similar to a small bank – internet banking, phone banking, loans, saving accounts, ATMs, debit cards.

Credit unions provide a great alternative to banks if you only require basic banking services.



WHAT IS THE DIFFERENCE BETWEEN BANKS AND CREDIT UNIONS?

The major difference lies in the fact that other banks and financial institutions are profit making organisations that operate for the benefit of shareholders, while credit unions split profits among their members through dividends.

Another difference involves ownership and control. Banks are owned and controlled by stockholders whose main interest is to obtain a return on their investment. Credit unions are run by members through a board of directors who reinvest the profits made, or provide members with a portion of the profit. Since the very existence of credit unions is for the welfare of its members, all profits can be reinvested, allowing the credit unions to provide lower interest rates on loans.

STORY

Credit unions keep it local

What do you need to know about borrowing from a credit union? Henry Lynch, CEO of Co-Op Money NZ*, explains how to go about it and what the advantages are.

Credit unions are holistic, member-based organisations driven by a people-helping-people philosophy. They are regulated and monitored by the Reserve Bank of New Zealand and work to provide services around all aspects of a member's personal financial situation.

Credit unions offer multiple advantages. Key among them is that when you join a credit union, you become a member or an owner in the organisation. That means profits made by credit unions are circulated back to you – as a member/owner – through various methods, such as lower fees, higher interest rates on deposits and community sponsorships, among others. Profits remain within the community, for the benefit of all Kiwis and the New Zealand economy.

If you're a member seeking a loan, be honest. Allow your credit union to get a good picture of your finances, your budget and your spending and saving habits, so they can give you the most appropriate suggestions when it comes to loans.

It is also good practice to take along any documentation, like car registration or pay slips, which will help to ensure the process moves along smoothly. You can also use the opportunity to structure a savings plan and a repayment schedule that works best for you. This isn't a static endeavour; things can change with time so you might need to repeat the process at regular intervals to stay on top of your goals.

I would also advise honesty with credit unions at all points in time. Credit unions are dedicated to helping their members through every difficulty. So if your situation changes, or if you are not able to meet the obligations of the loan, talk to the staff and they will do everything they can to renegotiate new payment terms.

Be aware of your responsibilities as well and make genuine efforts to repay loans – whether it is with a credit union or any other financial institution. This will allow everybody to work in the most productive fashion and help safeguard your future credit rating.

*Co-op Money NZ is the industry voice for its member credit unions and mutual building societies in New Zealand.

WHAT IS A FUND MANAGER?

A fund, pools together the money from many individuals and then the fund manager uses it to invest in a broad range of assets. Their aim is to help you grow your money and if required, provide you with a regular income.

A fund manager or investment advisor refers to both a company that provides financial investment management services and an individual who directs fund management decisions. A fund manager is an investment professional who oversees the investments within a portfolio.

When you invest in a managed fund your money is pooled with other investors' money and spread across different kinds of investments. A manager chooses the investments the fund invests in and each investor owns a proportion of the total fund.

With a managed fund your money is spread across more investments than it would be if you bought an investment such as a share or property directly.

As funds typically invest in a number of different underlying assets they can help spread your investment risk. If you invest in a small number of companies via stocks and shares you would be reliant on the fortunes of these organisations. By investing in a fund, your money could be invested across hundreds of companies, making you less reliant on the success or failure of any individual company, and creating a diversified portfolio.

The manager chooses investments according to the fund's rules. The manager is paid to administer the fund, and choose the investments.

Benefits of a pooled investment

- you take advantage of the fund manager's specialist knowledge
- by collating your investment into a fund with thousands of other investors you have access to investment opportunities that may not be available to an individual investor
- your risk is spread, so your investment does not depend too heavily on the fortunes of individual companies

It's a good idea to choose the type of assets or markets you want to invest in first and then find a suitable fund manager that specialises in that type of fund. KiwiSaver investment funds are a type of managed fund.

Examples of Fund managers include NZFunds, Devon Funds, Milford Asset Management, Pie Funds, Fisher Funds, AMP Capital, Mint Asset Management, Fund Source, Path Finder Asset Management and Gareth Morgan Investments.

LEARNING OUTCOMES

Credit union

Fund manager

Bank

What is the difference between a **fund manager** and a **credit union**?

What is the difference between a **fund manager** and a **bank**?

INSURANCE COMPANIES

WHAT IS INSURANCE?

Insurance helps you to manage a risk if something happens to you or your property and helps you recover from the difficulties and financial hardship caused by unexpected events that cause injury and/or a financial loss. The person who buys the policy is known as the policyholder or the insured. In return, the insurance company who issues the policy to you promises it will compensate you under certain loss or damage circumstances as set out in the policy.

For example, in a car insurance policy, the insurance company agrees that if the car is damaged, the insurance company will pay the cost of repairing it. Under an income protection policy, the insurance company agrees that if its client is unable to work, the insurance company will pay its client an agreed amount.

It's important to protect yourself against loss that could mean financial ruin to you and your family. The best way to do this is to buy insurance.

COMMON TYPES OF INSURANCE INCLUDE:

House and contents
Car
Life
Health
Travel
Income protection

Insurance is a way to protect you (and your family) against financial loss if something unexpected happens to:

- the things you own
- your health
- your ability to earn money

Insurance provides you with some peace of mind about your financial future in the case of an accident or disaster. Insurance is an important financial choice.

HOW DOES INSURANCE WORK?

With insurance, you choose what you want to be protected against. Then your insurer calculates the risk that the events to be insured will happen and the insurance provider or insurer will determine the price you will need to pay (your premium).

These are the three main steps:

1. Choose a policy. An insurance policy is a document that lists exactly what you are or aren't protected against. For example, a travel insurance policy might say that it will cover your medical bills if you injure yourself abroad – but not if you were doing something dangerous, like skiing.

2. Pay the premium. The premium is the amount you pay each month or year (or sometimes just once) to have the insurance. The amount you pay depends on the risk and on the value of the events you're insuring. For example, if you're an inexperienced driver it's more likely that you'll have an accident, so your car insurance will cost more – and it'll be even more if you drive an expensive car, because repairs will probably cost more.

3. Make a claim. If something happens that's covered by the policy, you can claim on your insurance. You tell the insurance company what happened, they check that it's covered under your policy, and if the claim meets with what you are protected against then they pay you as agreed.

4. Pay the excess. Excess is a contribution you are required to pay towards a claim. Generally speaking, the higher your excess (contribution) the lower your premium.

Common insurance companies in New Zealand include:

- State Tower
- Vero Southern Cross
- AMP Pinnacle
- AMI NZI
- Sovereign

Insurance companies are essentially financial institutions: They take in money (premiums), invest money and then pay money out (claims).

The basic difference between a bank and an insurance company is that a bank manages your money while insurance companies manage financial risks.

AN EXAMPLE OF AN INSURANCE CLAIM

You decide to get car insurance and insure your car for $10,000. The excess for this insurance policy is $250. The premium for this policy is $35.00 per month or a one off yearly payment of $420.00.

If you would have chosen an excess of $500 your premium would have been $30.00 per month or a one off payment of $360.00.

You have a car accident and cause $2,000 worth of damage to your car. You make a claim to your insurance company and your insurance company agrees the claim is covered by your insurance policy. You then pay the excess of $250 to the insurance company and they pay you or the repairer the balance of $1,750.

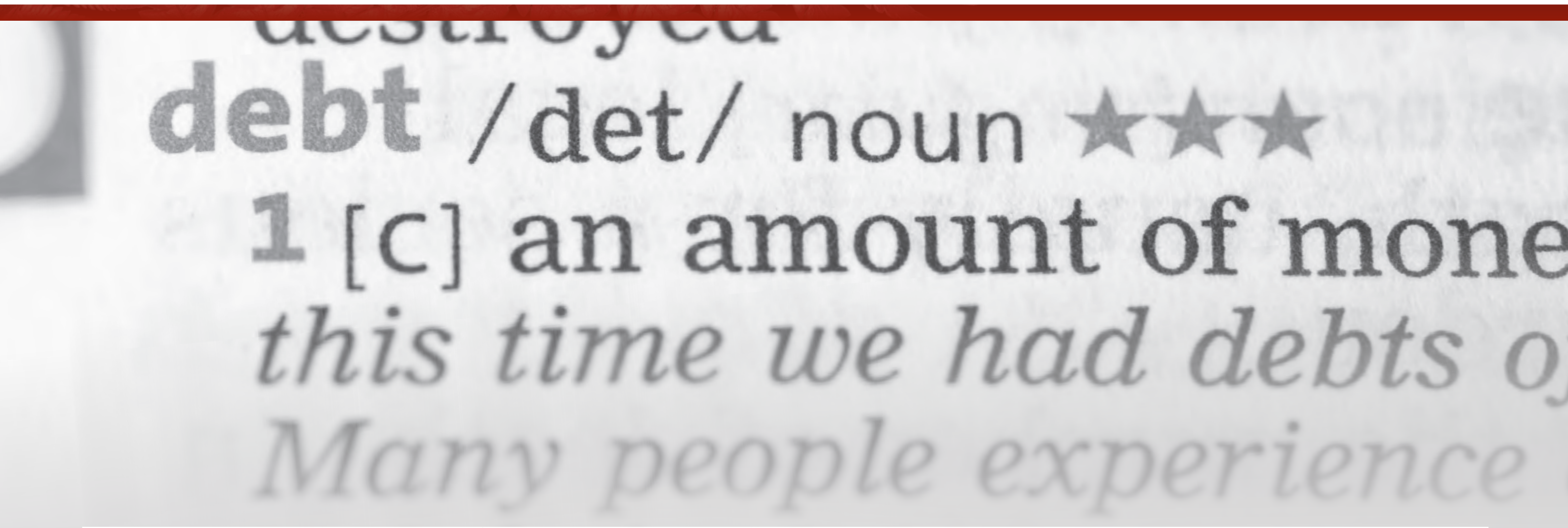
FINANCIAL LANGUAGE

Understanding a few basic financial terms will go a long way in helping you communicate with your bank or any other financial institution. Understanding some basic financial terms will help you make better financial decisions and reduce the risk of someone taking advantage of you.

Throughout this programme you will come across some common financial terms. You will read them in books or hear people use them when they are talking about finances. Most of these are very easy to learn, so let's have a look at some now.

LANGUAGE BANK OF COMMON FINANCIAL TERMS

TERM	DEFINITION
ACCOUNT	A financial relationship you have with an institution such as a bank or a lender. E.g. Checking, savings, and credit card accounts
ASSETS	Items of value that you own
BALANCE	How much money you have, or owe, in an account
BUDGET	Limits you place on spending so that you reach your financial goals
CREDIT	The ability to obtain goods, money, or services in return for a promise to pay at some later date
CREDIT RATING	An assessment of the likelihood of an individual or business being able to meet its financial obligations
CREDITOR	Is a person or organisation that you owe a debt to. For example, if you borrow money from the bank, then the bank becomes your creditor until you pay it all back
DEBTS	Money you owe to someone else
DEBTOR	A person who takes some money on loan from another person or organisation
DISPOSABLE INCOME	This is money left over after all the needs are met like paying bills, buying groceries and savings put away. People who earn more usually have more disposable income to spend on the things they want
INCOME	The amount of money an individual earns or receives in a particular time period



TERM	DEFINITION
INTEREST	Money paid regularly at a particular rate for the use of money lent or invested
INTEREST RATE	A rate which is charged or paid for the use of money
INVESTMENT	Funds you provide to an organisation with an expectation they will increase its value and/or generate positive returns over time
LOAN	A loan is an amount of money that is given to someone for a period of time with a promise or guarantee that it will be paid back. There is generally a cost for a loan which is called interest
MARKET VALUE	The current value of any assets, including investments, you own
NET INCOME	How much of your income you keep after paying your bills
NET WORTH	A measurement of your financial standing: What's left of your assets after you subtract your debts
PAYMENT	An amount of money you have paid or received in exchange for goods or services
PORTFOLIO	A collection of investments that may include stocks, which are investments in businesses; bonds, which are investments in debt that are designed to earn interest; and mutual funds, which are pools of money from many investors
TRANSACTION	A financial event that causes money to go into or out of an account. A transaction can also be a charge placed on a credit card

Section Four

DEMONSTRATE KNOWLEDGE OF THE DIFFERENT FINANCIAL AGENCIES

LEARNING OUTCOMES

By the end of this section, you will be able to:

- Identify and describe the role and nature of different financial service agencies

What organisations provide financial support and assistance?

Financial support and assistance can be sought from the following organisations:

- Budget Advisory
- Christians Against Poverty
- Work and Income
- Commission for Financial Capability
- Accident Compensation Corporation (ACC)

NEW ZEALAND FEDERATION OF FAMILY BUDGETING SERVICES

The New Zealand Federation of Family Budgeting Services has over 130 budgeting service centres nationwide, with more than 1,400 staff ready to help you by offering free and non-judgmental budgeting advice.

Budget advisors help people work out solutions to budgeting difficulties and provide education about how to manage within a budget.

Budget advice is not only for those in strife. Some people may just want help to make a savings plan. Budget advisors can help as little or as much as needed and will work with someone for as long as they need their help.

Services include online support, face to face support and free budgeting resources.

CONTACT DETAILS

www.familybudgeting.org.nz

0508 BUDGET LINE (0508 283 438)

CHRISTIANS AGAINST POVERTY (CAP)

The CAP mission is to lift Kiwis out of debt and poverty through holistic debt counselling services and money management courses.

The vision of CAP is to make financial services available in every city/town across New Zealand, so that Kiwi families can see their lives transformed financially and spiritually, in both this generation and the next.

Every year, CAP and local churches help hundreds of families as they journey out of debt, while hundreds more take the CAP Money Course and get their finances under control.

If you're struggling with unmanageable debt and can't seem to find a way out, check out the free debt services at CAP by going to its website or calling them direct:

Services include free financial literacy speakers, free budgeting courses, free debt help and job clubs.

CONTACT DETAILS

www.capnz.org

Supporter Relations
09 270 0334

Church Partnership
0508 422 769

CAP Money
0508 422 769

Debt Help Enquiries
Client Freephone Line
0508 227 111

COMMISSION FOR FINANCIAL CAPABILITY

The Commission is an autonomous crown entity (ACE). This means they report to the government, but legislation ensures they have independence. The Commission is taxpayer funded. As an ACE the Commission reports formally on what they are doing and how well it is working.

The purpose of the commission is to improve everyone's financial wellbeing through better financial information and education, so that New Zealanders make more informed financial decisions throughout their lives.

The Commission's key activities are providing financial education and carrying out regular reviews of retirement income policy. Through these the Commission contributes to four key goals for New Zealand:

- New Zealanders are better educated and motivated to make informed financial decisions throughout their lives
- New Zealanders have more trust in the financial services sector
- New Zealand's retirement income policy is stable and effective
- the legislative framework for retirement villages is effective in protecting residents and meets societal expectations, and the sector is compliant with the Retirement Villages Act 2003

Key services include the following financial tools and activities.

- Sorted – providing free independent and impartial information and tools, to help New Zealanders manage their everyday money matters – www.sorted.org.nz
- Money Week – New Zealand's annual, nationwide financial literacy week is held in September and aims to get New Zealanders thinking about and taking action with their money matters

CONTACT DETAILS

www.cffc.org.nz

09 356 0052 Auckland office

04 499 7396 Wellington office

office@cffc.org.nz

THE ACCIDENT COMPENSATION CORPORATION

ACC is a Crown organisation that provides comprehensive, no-fault personal injury cover for all New Zealand residents and visitors to New Zealand. This means you can apply for help, no matter how you got injured, or whose fault it was. ACC provides injury insurance for everyone – whether you are earning or not. So if you're a student, retired, out of work, or unable to work ACC can still help you.

The key roles of ACC are to:

- prevent injury
- make sure people can get treatment for injury, if it happens
- help people get back to everyday life as soon as possible

Key activities include:

- receive client injury claims
- oversee and coordinate the help clients get, to make sure they get the help they need
- pay weekly compensation (a regular form of income, calculated at a percentage of the client's usual earnings)
- help pay for a wide range of treatment and medical costs, from GP visits and specialist fees, to x-rays, prescription costs and hospital emergency services
- collect levies to help pay for the services we provide
- work with businesses and in the community, to help them become safer, injury-free places

What are ACC levies?

ACC collects money (called levies) to pay for the help they provide to people who are injured in accidents. They could be compared to insurance premiums. Levies are paid by different people for different purposes.

In general:

- employers pay levies to the 'ACC Work Account', which funds ACC cover for injuries that happen at work
- employees and self-employed people pay levies to the 'ACC Earners' Account', which funds ACC cover for injuries that happen to paid employees when they're away from work (except road crash injuries)
- motorists pay levies to the 'ACC Motor Vehicle Account', which funds ACC cover for people who are injured in accidents involving motor vehicles on New Zealand's public roads.

People who aren't in the paid workforce (such as students, beneficiaries, retired people and children) don't pay any levies themselves. Instead the Government uses general taxation to make a contribution to the 'ACC Non-Earners' Account'. This funds ACC cover for people in this group.

Key services include – injury insurance, payments towards treatment, financial compensation, home help and financial support.

CONTACT DETAILS

www.acc.co.nz

**Claims helpline
0800 101 996**

claims@acc.co.nz

WORK AND INCOME NEW ZEALAND

Work and Income provides employment services and financial help throughout New Zealand. This includes helping individuals and families find suitable work, and supporting those who, for a range of reasons, are temporarily or permanently unable to work.

Service centres are a critical part of Work and Income's service delivery and aim to:

- provide financial assistance and employment services to local people and employers

Case managers are the key people at each centre. They provide the following services:

- financial assistance
- work, training and development opportunities
- client plan development
- ongoing in-work support

CONTACT DETAILS

www.workandincome.govt.nz

0800 559 009
Monday to Friday 7am to 6pm
Saturday 8am to 1pm

STORY

What is a bank? What is insurance?

Aroha Awarau

Aroha Awarau, journalist and award-winning playwright: "In the traditional sense, a bank is a place to keep my money safe so it's there when I need it. It doesn't go anywhere, it's just there in the bank. Insurance is peace of mind. I've got contents insurance which provides that peace of mind, that if anything happens to my possessions I can replace them. Being a journalist, I've done a few stories about people who haven't had insurance or read the fine print on a policy – you've got to do that – and it's kind of scary what can happen without insurance."

Kura Forrester

Kura Forrester, actor and theatre-maker: "For me, one of the biggest things a bank does is lending. They lend money and they charge interest and that's how they make money. It's also a place of security, offering somewhere to keep your money. Insurance is a product or a service that you pay for – through a premium – to keep something you value, like your health or house and contents, safe. It's risk management."

> It's nice to know that if something happens, there's a back-up in place

Matariki Whatarau, member of the Modern Māori Quartet: "A bank is somewhere that holds my money. I do have an overdraft facility but I like to keep the limit low because of a personal preference; I don't like getting into debt because you can quickly find yourself in a big hole. Insurance is something you pay to provide protection for things you value. I've got health insurance and pay an ACC levy. You might think it's another bill that's hard to pay but it's worth it if, like I did, you injure yourself and you need financial support. I always take out travel insurance too when I go anywhere because you just never know what might happen and, in the general scheme of things, it doesn't cost a lot."

Maaka Pohatu, member of the Modern Māori Quartet: "The short answer is a bank is a place which keeps your money for you. I try to save some money but, to be honest, I am more of a spender than a saver. Insurance is a means to protect the things that you want to protect – and that might be your house, your health or your possessions. It's nice to know that if something happens, there's a back-up in place. I'm actually going to get more financially literate today; I'm off to sit down with an accountant and start learning more about managing my money."

James Tito, member of the Modern Māori Quartet: "A bank holds your money. I set up a service where I can't easily access the money in my savings account; I actually have to go into a branch. This makes it harder for me to transfer it from my savings account into everyday spending. That's been good. I have a credit card but I keep the limit low and I don't really use it; it's there for emergencies. Insurance is something you pay for which can allow you to pay to replace broken or lost items. I've got contents insurance at the moment but I'd definitely look at getting other kinds of insurance if – when – my circumstances change."

The Modern Māori Quartet in action, earning their money (from left) Maaka Pohatu, Francis Kora (not interviewed here), James Tito and Matariki Whatarau.

Section Five

EXPLAIN THE DIFFERENT METHODS OF SPENDING AND ASSOCIATED COSTS

LEARNING OUTCOMES

By the end of this section, you will be able to:

- Describe what credit is and what a credit rating is
- Explain the benefits and consequences of using credit

What is the purpose of CREDIT?

The purpose of credit for most people is to be able to buy something that they cannot afford to pay cash for.

When might you want to use credit?

Credit is usually used in the following situations:

- when you can't afford to pay for something now
- when you want to buy something over the phone or internet (usually credit is the only way to pay) such as concert tickets
- when you want to book a hotel (they will take your credit card details as a guarantee)
- when you want to earn points with
- programmes such as frequent flyers
- when you are travelling overseas

CREDIT RATING

Before you can get any credit, the lender will do a credit check on you. They check the computer database for your past and current debt amounts and how well you repaid that debt. That is, your credit rating.

WHAT SOURCES OF CREDIT ARE AVAILABLE?

There are four common forms of credit:

1. **Personal loan**
2. **Credit card**
3. **Hire purchase**
4. **Mortgage**

Let's have a look at each available type of credit in more detail:

1 Personal loan

This is a set amount of money that you apply to borrow from a bank or loan company to pay for things such as a new car, household furniture, home improvements or emergencies. You can also apply for a loan to consolidate all your debts. That means you take on one debt (the loan) to pay off all your other debts. You will then be making only one payment that you have made sure you can manage on your budget.

The amount of a personal loan is usually between $5,000 and $20,000. Some banks will have the condition that the loan must be over a certain amount, for example $3,000 or else they will recommend getting a credit card instead.

Be aware that there are costs involved with personal loans including:

- loan setup or approval fees
- late payment fees
- interest
- administration fees
- early repayment fees

You can get a personal loan from a number of sources:

SOURCE	ADVANTAGES	DISADVANTAGES
Friends or family	▸ Little or no interest	▸ Could lose friends or family if unable to pay it back
Banks	▸ Less interest than most credit cards or other loans	▸ You have to pay interest
Finance companies/ Credit unions	▸ Often easier to get a loan than with a bank	▸ High fees to setup and maintain the loan ▸ High interest rates

2 Credit card

Credit cards are usually used for smaller purchases, such as groceries, clothes, holidays or household goods. The major difference to other forms of payment is that when you pay with a credit card, you don't actually have the money in an account. That is why it is called credit.

A credit card is a convenient way to pay for goods or services. The amount is charged to your credit card. At the end of each month you are sent a bill for the goods and services you have bought. You usually need to pay this bill within 20 days. The bank who gives you the card will charge you interest on your account at a rate of around 18-21% per annum.

If you pay the balance off every month then you will not be charged the interest, only the service fees. If you do not pay the full amount you will have to pay a minimum payment each month and also the interest charges.

The costs involved in getting a credit card can include:

- an annual fee
- high interest rates if you do not pay back the credit on time
- fees for cash advances
- late payment fees

You can get a credit card from two main sources:

SOURCE	ADVANTAGES	DISADVANTAGES
Banks	▶ Many offer you some days interest free ▶ Some offer reward points for frequent flyer programmes	▶ Fees and interest charges if you can't pay the full amount off each month
Non-bank lenders (Credit unions, Finance companies)	▶ Some offer use in international countries with no money conversion fees	▶ Fairly new, no track record ▶ Don't have the security of a complaints board like the banks do

FEATURES OF CREDIT CARDS include:

- easy and convenient way to make purchases. As you don't need any money in your account, a credit card enables you to make purchases and pay later. It is always important to remember that you will need to pay later and budget enough money to cover your credit card bill at the end of the month
- easily transported
- a credit card is small enough to fit into your wallet or pocket. Credit cards are useful for holidays as they take up less room and are easy to conceal. If you're planning a ski trip, for example, a credit card is useful as you don't have to carry a cheque book or wallet around when you are skiing

③ Hire purchase

These loans are usually taken out to pay for an item that you can't afford to pay for right now.

The main source of hire purchase loans is through retail stores:

There are usually costs involved in buying on hire purchase including:

- a setup fee
- higher interest rates
- administration fees

SOURCE	ADVANTAGES	DISADVANTAGES
Retail stores	▸ Don't have to pay for the item immediately ▸ Can often get no interest deals with some hire purchases	▸ Can have higher interest rates than credit cards or personal loan ▸ Hidden fees

4 Mortgage

A mortgage is used to buy property, such as a house. This may be the biggest loan that you ever take as you will be paying it off for a number of years. You will need to have a deposit, money you have saved yourself. A lender will usually lend you a large part of the cost of the property you are buying. The greater the deposit you have, the smaller the mortgage will be.

Getting a mortgage will also have costs such as:

- an application fee
- interest
- banking fees
- early repayment fees
- legal fees

You can get a mortgage from two main sources:

SOURCE	ADVANTAGES	DISADVANTAGES
Banks	▶ Wide range of options ▶ Competitive interest rates ▶ You can negotiate fees ▶ Fees removed from other accounts	▶ If you have had credit trouble previously you will struggle to get a mortgage
Non-bank lenders (Credit unions, Finance companies)	▶ Will lend even if you've had credit problems ▶ Can get lower interest rates	▶ Fairly new, no track record ▶ Don't have the security of a complaints board like the banks do

"At some stage in your life you will consider using credit. That credit may be in the form of one of the following:
▶personal loan ▶student loan ▶credit card ▶mortgage

WHAT ARE THE BENEFITS OF USING CREDIT?

Credit can make your life easier as long as you use it wisely. Let's look at some of the advantages of credit:

Convenience	Credit cards make it easy to pay for items that you need without having to carry cash on you
Online shopping	Credit cards make shopping online or over the phone easier. A good example is buying tickets for a concert or sporting event – buying these on the internet the minute they go on sale is often the only way to get the best tickets. The only way to pay for these is with credit
Travel	Credit cards offer you security when overseas. You can use them anywhere and don't have to carry cash around. Credit cards are also good in case of an emergency
Investing in the future	Personal loans
Emergency use	Credit can be useful in an emergency situation – for example huge medical expenses or if your car breaks down

WHAT ARE SOME **CONSEQUENCES** OF USING CREDIT?

No matter what you buy on credit (a house, a car, clothes, mag-wheels for your car); you are spending someone else's money. You are putting yourself in debt and you must be able to repay that debt. Now that we've looked at some of the benefits of credit, let's have a look at the risks of using credit in the wrong way:

Substantial debt	Using credit constantly can result in your debt growing and growing
Unable to meet payments	Increasing debt may result in you being unable to keep up with monthly payments, resulting in more debt as the interest and fees pile up
Emotional turmoil	Increasing debt can cause all sorts of emotional turmoil such as stress, anxiety and depression
Bad credit rating	If you are unable to pay the credit back on time and you have a lot of debt piling up, you can get a bad credit rating. A bad credit rating means that you can't get any sort of credit and this will even affect things such as buying a mobile phone and opening a bank account
Paying more for items	If you don't pay credit off immediately you build up interest charges and end up paying a lot more for items than if you had paid cash
Alienating friends and family	You could end up losing friends or family if you have a lot of debt. You will have less money to go out and do things with friends, you will be more stressed and unpleasant to be around, and people with serious debt can even end up stealing from or lying to their friends and family
Assets being repossessed	If your debt is a large amount and you are unable to pay it back, the bank or credit company can seize (take away) any of your belongings, including furniture, appliances, vehicles or houses to repay the debt
Bankruptcy	If your debts are large and you can't pay them; you may be forced into bankruptcy. A court will declare you bankrupt, your assets will be seized to pay debt and other financial restrictions will be placed on you for a period of time. Being declared bankrupt will have a very stressful impact on your life for years afterwards

FINDING OUT MORE ABOUT CREDIT

RESOURCES

Complete the following exercises:

1 Read pages 181 – 188 of the book *How to Stop Your Kids from Going Broke*

TIP What's the difference between a debit card and a credit card? Read page 186

2 Read pages 78 – 95 of the book *Get Your Head Out of the Sand*

TIP "Slaying the plastic monster." Read page 92

3 Read page 3 of the Ministry of Consumer Affairs booklet

Section Six

EXPLAIN THE COMPARISONS OF SPENDING AND SAVING OPTIONS OVER THE SHORT, MEDIUM AND LONG TERM AND IDENTIFY IMPORTANT PERSONAL FINANCIAL DECISIONS AND GOALS THAT WILL NEED TO BE MADE IN THE NEXT 10 YEARS

LEARNING OUTCOMES

By the end of this section, you will be able to:

- Explain how to set financial goals
- Describe the goal setting process

SETTING FINANCIAL GOALS

Many people go through life one day at a time and deal with things as they come up. Successful people know that goal setting is the key to turning their dreams into their reality.

Goal setting is the process of planning your ideal future and motivating yourself to achieve it!

In this section you will learn more about financial goal setting and begin to set your own financial goals.

Why set financial goals?

Financial goal setting helps you to work out how much money you will need to:

- go where you want to go in life
- do what you want to do in life
- gain what you want to achieve in life

By knowing what you want to achieve, you can then plan a way to get there. Think of goals as a roadmap to your dreams. Goals give you a pathway or something in the distance to focus on and then give you the steps to get there. Let's have a look at an example of how goals help keep you focussed and on track.

Explain the comparisons of spending and saving options over the short, medium and long term and identify important personal financial decisions and goals that will need to be made in the next 10 years

THE GOAL SETTING PROCESS

Now that you know why goal setting is important, let's look at the things you need to do in order to set your own personal financial goals.

1 APPROPRIATENESS OF GOALS

When creating goals, you need to make sure they are appropriate by paying attention to three things.

a. Your personal preferences

You must remember that goals come down to personal preference – that is – what is it you personally want?

Everyone's dreams and ambitions are different, and therefore everyone's goals will be different.

E.g. Do you want to travel? Own your own home? Attend university?

b. That the goals are specific

Your goals should be specific.

- who the goal is about, or who needs to do what
- when the goal will be reached by
- how the goal will happen

E.g. I am going to save $25 dollars per week for the next six months by opening a savings account.

c. That the goals are realistic

When you write your personal goals you should make sure that they are realistic.

E.g. By buying two less takeaway coffees a week ($3.50 each) I will save over $350 in a year.

Everyone wants something different in life. You may want very different things from what your partner wants, what your children want, or what your parents want. When you write your goals, make sure that you are writing them for you, otherwise they won't be achievable.

2 GATHERING INFORMATION FOR GOALS

Sometimes you will need to look at more information before you can determine whether there is more than one way to achieve your goal:

OPTIONS	EXAMPLE
When you create goals you should start with only a few, otherwise you may feel overwhelmed.	You have a goal to work with children, so decide to do some study. You have several options – you could do a childcare course, or study teaching at University. Which option is the best for you?
COST	**EXAMPLE**
How much will it cost to be able to complete your goal?	You have a goal to start saving for retirement. You may want to work out how much you will need (there is a great retirement calculator on Sorted) so that you know how much to save each week/month
RESOURCES	**EXAMPLE**
Do you have the resources available to be able to achieve your goal?	Resources could include money, time, support, knowledge etc.Your goal may be to find a better house to rent, but you would need to think about the availability of resources such as how much you earn and can afford to pay

3 MAKING A DECISION

Once you have all of the information available to you – options, cost and availability, you will have some decisions to make about what path to follow and which goals to pursue.

You can do this by weighing up your options. What pathway do you prefer more? Which will be better for you in the long run?

Weighing up the options may also involve making up a list of advantages and disadvantages for each option. This is a list with all the good things about a choice on one side and all the bad things on the other side.

4 IMPLEMENTING THE GOAL

It's important to remember that just because you know what you want to do; it isn't going to magically happen.

Steps to taking action:

- pick the goal
- make a list of all the actions and items that must be completed to make the goal a reality
- prioritise the action list and/or create a timeline for each task

5 MEASURE AND REVIEW THE GOAL

It is important to review and measure your goals as often as possible. Weekly and monthly are good timeframes. Frequent reviews are the key to maintaining focus on your goals and actually making them a reality.

The key habit to actualizing your goals is to review and measure them at least once a week.

Let's be honest: if you don't think about your goals, you won't make them happen. If you aren't doing anything about your goals, they are just wishes.

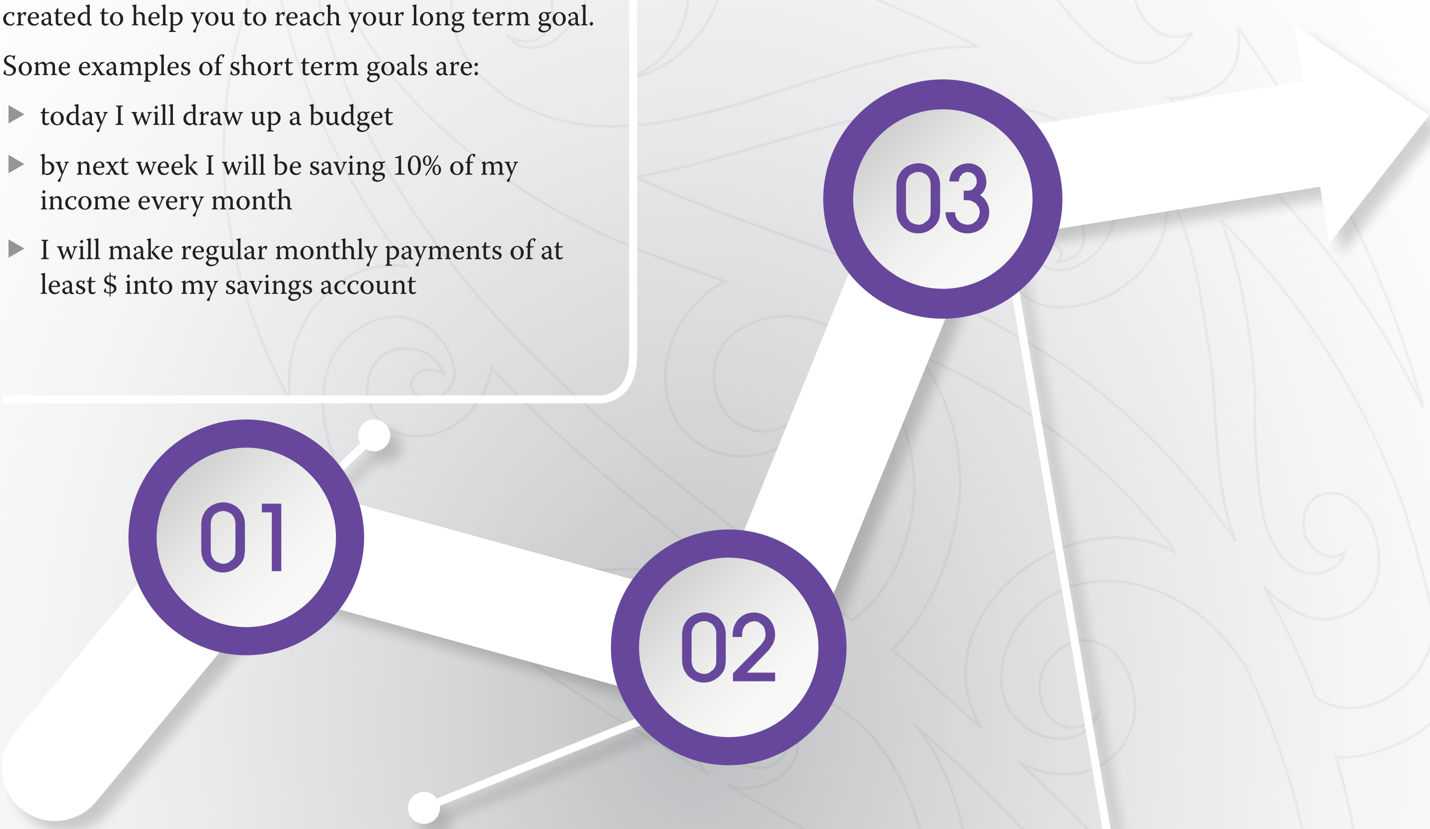
Reviewing and measuring your goals helps you determine whether you are on track or if changes are required.

SHORT TERM financial goals

Short term goals are things that you want to achieve in the near future, usually within a day, a week or a few months. Short term goals are created to help you to reach your long term goal.

Some examples of short term goals are:

- today I will draw up a budget
- by next week I will be saving 10% of my income every month
- I will make regular monthly payments of at least $ into my savings account



MEDIUM TERM financial goals

Medium term goals are planning for the next 5 years. These goals only need to be simple and general.

Some examples are below:

- I want to save a deposit of $20,000 towards mortgage
- I want to save a deposit of $5,000 towards a car
- I want to save $12,000 for my Overseas Experience

LONG TERM financial goals

Long term goals are planning for your future. These are your most important goals. These goals only need to be simple and general.

Some examples are below:

- in five years' time I will have my nursing degree from university and be earning a good salary
- in ten years' time I will have $20,000 saved in my retirement fund
- by the time I am 40 years old I will be debt free
- In 20 years' time I will have paid off my mortgage

LEARNING OUTCOMES

List one short term financial goal that you have:

____

____

____

List one medium term financial goal that you have:

____

____

____

List one long term financial goal that you have:

____

____

____

Goal tips

Match your values
– if a goal you set matches your values you are more likely to accomplish the goal

Write your goals
– writing a goal is a powerful statement that helps keep you focused

Check progress regularly
– you are most likely to achieve a goal if you review regularly

Don't get discouraged
– many goals are difficult, acknowledge partial accomplishment and seek support to carry on

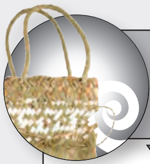
Reward yourself
– celebrate what you achieve, and then move on to the next milestone

Eliminate obstacles
– if you are not making progress you need to assess and to do something

Share your goals
– honestly assess the ability of whānau, peers and friends to provide support.

Own your goal
– the goal must be your goal and generate excitement and commitment from you

FINDING OUT MORE ABOUT GOAL SETTING



RESOURCES

Complete the following exercises:

1 Read pages 127 – 136 of the book *How to Stop Your Kids from Going Broke*

TIP Want to know about SMART goals? Read page 131

2 Read pages 39 – 50 of the book *Get Your Head Out of the Sand*

TIP Do you need help setting goals? Read pages 39 – 45

3 Read pages 17 – 43 of the book *Your Money – A goal guide for every age*

4 Want to be successful? Listen to track 1 on the audio CD, Phil Strong provides 3 Key Principles of Success

5 Read the Sorted.org booklet *Set your goals*

SORTED

Complete the following exercise:

The Sorted website has a section on setting your financial goals. This includes tools such as My Goals worksheet, a Budget Calculator and a Money Tracker. Type the URL below into the address bar of your web browser to get access to these tools.

www.sorted.org.nz/a-z-guides/setting-goals

> The poorest of all men is not the man without a cent but the man without a vision
>
> *Author unknown*

Section Seven

BUDGETING

LEARNING OUTCOMES

By the end of this section, you will be able to:

- Explain the purpose of a budget
- Describe budgeting terms
- Explain the steps in developing a budget
- Identify the difference between income and expenditure
- Prepare a weekly budget

WHAT IS THE PURPOSE OF A BUDGET?

Budgeting is the most basic and the most effective tool for managing your money. A budget is a plan for what you will earn, spend and save over a period of time. Yet, most people avoid doing it because it takes effort. However, learning to budget can create future opportunities like employment, self-employment or owning your own business.

A budget is your financial road map. It helps you to see:

- where you are starting from (your assets and debts)
- where you are going (your goals)
- how you are going to get there (your budget)

BENEFITS OF BUDGETING

Understanding how to produce and use your personal budget will:

- give you control over your money
- prevents you from getting into debt!
- show you exactly what your income and expenses are
- help you plan to put money aside for saving
- keep you focused on your financial goals
- help you organise you spending and savings
- help you plan for unexpected costs
- help you communicate financial matters with your family
- provide you with financial knowledge and skills to help you set up your own business, become self-employed or help others (you could provide financial advice)

A budget helps you make wise decisions about your money and how you spend it to reach your financial goals.

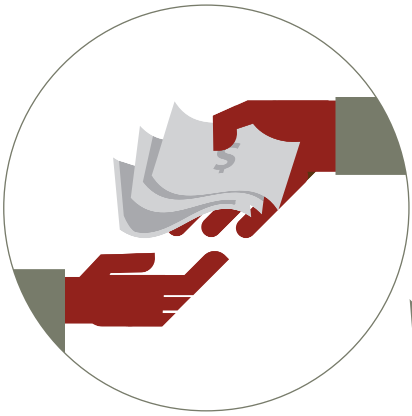
Budgeting takes a bit of commitment and dedication (personal qualities) but if you stick to it the benefits will be all yours!

Now we will show you how to create and use a budget.

A budget helps you make wise decisions about your money and how you spend it to reach your financial goals.

BUDGET TERMS

Before you can begin to budget, there are a few important terms you should know.



INCOME

Also called earnings, income is the total amount of money that you or your household receives in a given period of time.

Some examples are:

- salary/wages
- benefits
- rent/board paid to you

EXPENDITURE

Expenditure (another word for spending) is the total amount of money that you or your household spends in a given period of time.

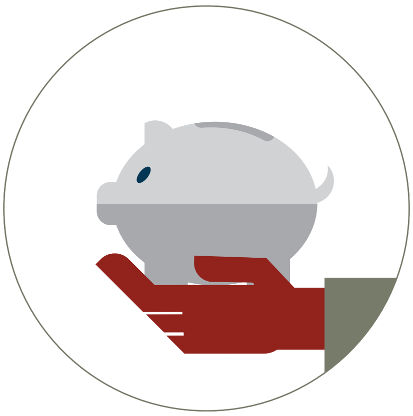
Some examples are:

- rent or mortgage
- groceries
- bills (power, gas, telephone, internet)
- entertainment and shopping (movies, takeaways, clothes, music, etc.)

BUDGET

A budget is a plan for the amount of money you will spend compared to the amount of money you will earn over a period of time.

A plan for income and expenditure over a period of time which is aimed to achieve planned goals.

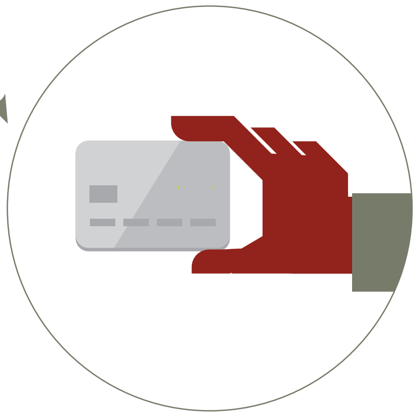


DEBT

Debt is any money you owe.

Some examples are:

- mortgages
- credit cards
- personal loans
- hire purchase



STEPS IN DEVELOPING A BUDGET

Let's have a look at the steps you need to take to develop a budget:

STEP 1 Find out your money personality

It is important to know how you spend money, your habits and behaviours before you begin to change them.

STEP 2 Set goals

Know what you want to achieve and by when. This will help you to plan to meet those goals. For example: Save $1,000 by November.

STEP 3 Work out your income and expenses

Make a list of all the income and expenses that you have for a given period (usually a week or a month). This will let you see how much extra you may or may not have.

STEP 4 Keep track of your expenses

This is probably the most important step, keeping track of how much you are spending, and not going over your planned amount. It is very easy to lose track and think 'I'll just buy one pair of shoes. That won't hurt.'

STEP 5 Evaluate your budget regularly

You need to keep evaluating your budget and making changes as interest rates change, loan amounts change, you earn more money, you get an additional expense, or something isn't working.

STEP 1 Money personalities

Earlier in the programme you learnt about what money personalities are and you learnt what your own money personality is. Remember that your money personality will influence how you behave when it comes to making financial decisions such as how much risk you feel comfortable with, whether you tend to get into debt and whether you like saving.

It is important to have an understanding of your money personality as this will influence the way you make financial decisions when budgeting.

STEP 2 Goals, priorities and budgeting

When you set goals for budgeting, you are setting goals related to your financial situation. You need to have some goals to reach; otherwise there isn't much point in creating a budget! Some ideas that you may set goals around are:

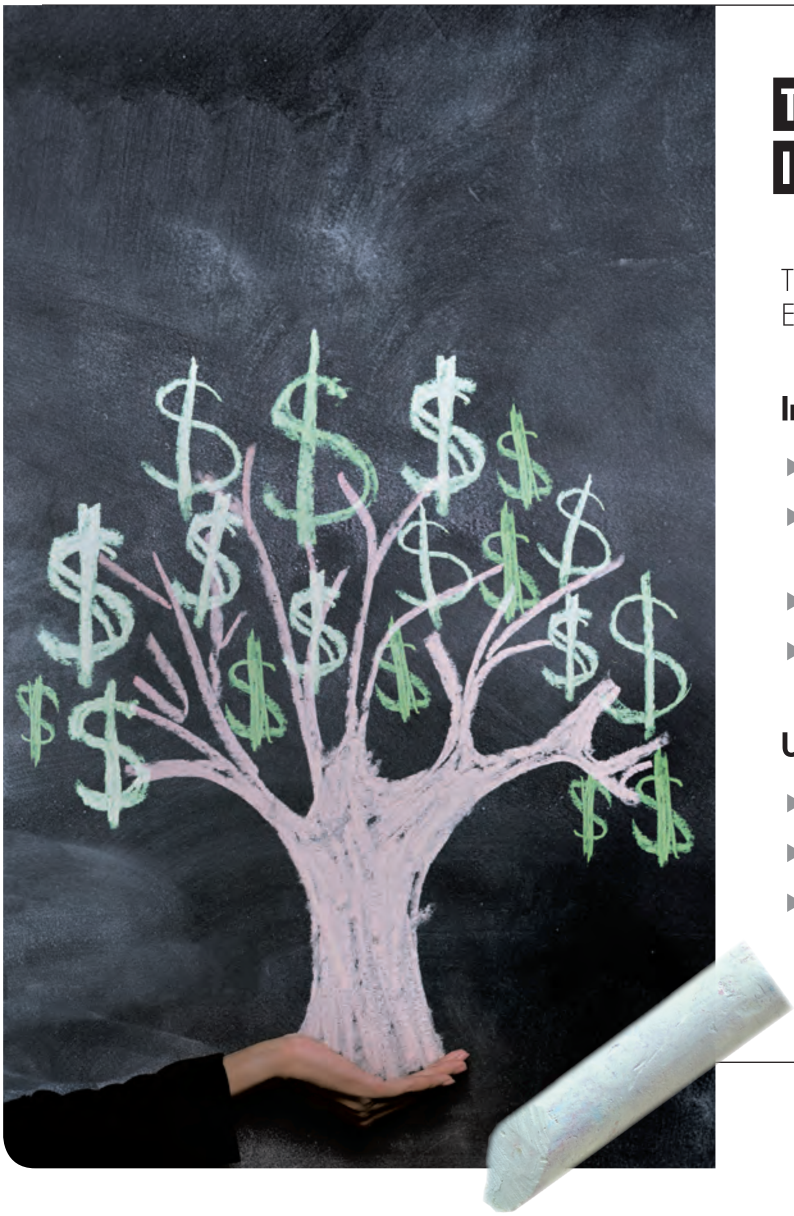
- saving for something that you want to buy
- paying off debt or loans
- investing for your future
- saving for retirement

> You need to have some goals to reach; otherwise there isn't much point in creating a budget!

STEP 3 Working out your income and expenditure

The third step in the budgeting process is to look closely at the income you earn and the expenses you have for a given period – a week or a month or a year.

income
(MONEY IN)



TYPES OF INCOME

There are two types of income: Earned and unearned

Income Earned:

- Salaries/wages/benefits
- Commissions/royalties/dividends/bonuses
- Government benefits
- Private superannuation

Unearned

- Interest
- Rent/board
- ACC/private disability insurance

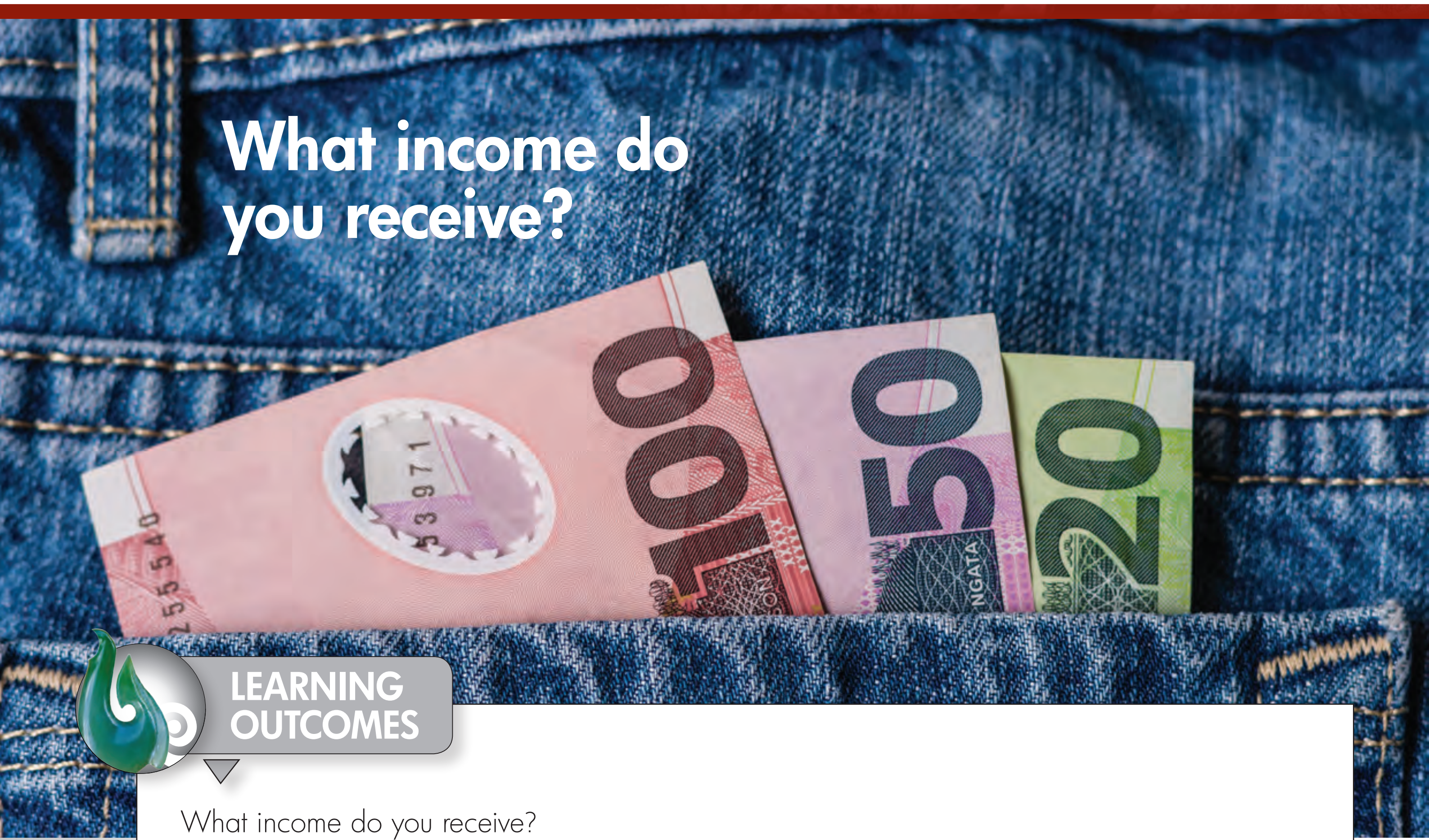
SOURCES OF INCOME

LEARNING OUTCOMES

Look at the words below and choose the definition that best describes that word. Each definition is numbered. Once you have decided on the correct definition, write the number of the definition next to the word.

	WORD	DEFINITION
☐	Salary/Wages	1. This is money paid to you by the government if you have had an accident. This money usually replaces your normal income if you can't work
☐	Interest	2. This is money paid to you once you retire. This money is built up throughout your career by both personal and government contributions
☐	Superannuation	3. Money paid to you from your workplace for work you have completed
☐	Commission/ Bonuses/Dividends/ Royalties	4. This is money paid to you from someone living in your house or on a property that you own
☐	Rent/board	5. Money the bank pays you for the use of the money in your bank accounts
☐	ACC	6. Some jobs have a scheme where you earn a base salary but also earn extra based on meeting certain targets like customer service satisfaction or goals
☐	Benefit (Job Seeker, Sole Parent Support and Supported Living Payment)	7. Financial aid provided by the government to individuals or groups who cannot support themselves financially. To enable them to maintain a minimum standard of living

What income do you receive?

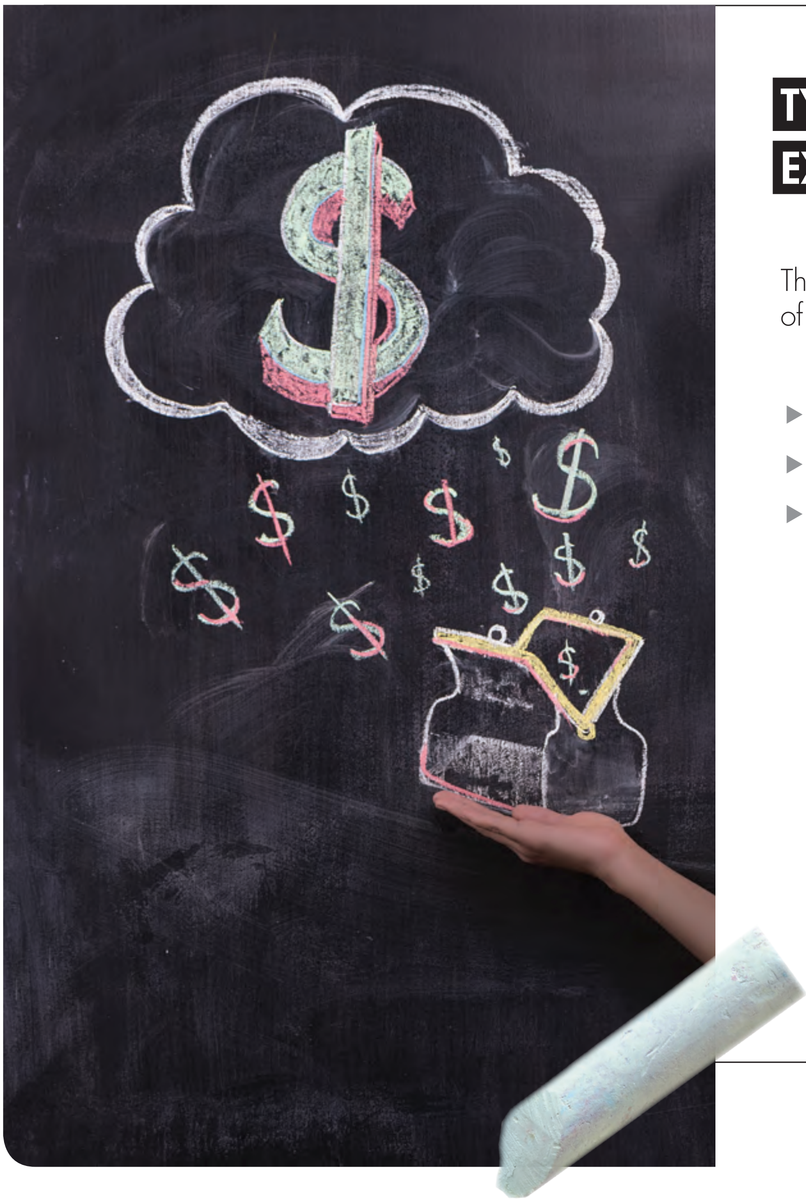


LEARNING OUTCOMES

What income do you receive?

INCOME FROM	AMOUNT
TOTAL INCOME	

expenditure
(MONEY OUT)



TYPES OF EXPENDITURE

There are three different types of expenditure:

- 1. Fixed expenditure
- 2. Discretionary expenditure
- 3. Semi-fixed expenditure

“ Expenditure (another word for spending) is the total amount of money that you or your household spends in a given period of time

Fixed Expenditure

This type of spending is necessary; you have no control over it unless you change your circumstances. You know how much you have to pay and when you have to pay it.

Some examples of this are:

- rent/mortgage
- rates
- insurance

Semi-fixed Expenditure

This type of spending is also necessary; however you won't know how much you are going to spend. You may have a choice as to what, or how much to get or spend.

Some examples of this are:

- groceries
- phone bill
- power bill
- car maintenance
- clothing
- medical costs

Discretionary Expenditure

This type of spending is not considered necessary but can make your life more fun. These may also be called 'wants' as opposed to 'needs'.

Some examples are:

- entertainment (movies, takeaways, eating out)
- personal shopping (latest clothes, makeup, etc.)
- mobile phone
- holidays.

LEARNING OUTCOMES

Expenditure

Write down one example of each type of expenditure that you have.

Fixed:

____

Semi-fixed:

____

Fixed:

____

Discretionary:

____

Some of this expenditure may be regular, for example car registration is paid every year. Others may be irregular, for example going to the movies. Some years you may go once, others you may go 12 times.

Write down one example of regular and one example of irregular expenditure that you have.

Regular:

____

Irregular:

____

STEP 4 Keep track of your expenses

A budget is considered to be balanced when the income is equal to the expenses. If your income exceeds your expenses then you are in a position to save. If your expenses exceed your income then you are building up more debt.

The best way to have a balanced budget is to be very aware of your expenses and to be as disciplined as possible with your spending – it is usually easier to cut down on your spending rather than increase your income.

When a change happens, you should change your budget immediately to cover the additional income or expense

STEP 5 Evaluate your budget regularly

As your circumstances change, so should your budget. Some examples of a change in circumstances are:

- change in pay level
- a new debt
- extra income
- paying off a loan
- saving to a set amount
- saving for a specific event
- an unexpected expense like a tangi

A WEEKLY BUDGET TEMPLATE

LEARNING OUTCOMES

Have a go at filling in the budget below.
If you are not sure make your best guess.

YOUR WEEKLY INCOME

Wages (after tax)	
Benefits/allowances	
Working for Families income	
Child Support	
Board payments	
Interest/Dividends	
Any other income	
TOTAL INCOME	

YOUR WEEKLY EXPENSES

Food and housekeeping	
Rent/board/mortgage	
Child Support payments	
Fares/petrol	
Personal cash (e.g. entertainment)	
Children's expenses (e.g. books, trips, pocket money)	
Donations (e.g. church, charity)	
Work and Income repayments	
Fines	
Other weekly spending (e.g. credit cards)	
TOTAL EXPENSES	

STORY

Getting help when you need it

When do you need to see a budget advisor? What services do they offer and what are the benefits? Kathryn Burton, senior budget advisor at the Waahi Whaanui Trust in Huntly, explains the worth of working alongside a budget advisor.

The best time to see a budget advisor is when there has been a change in your financial circumstances [maybe a new baby or redundancy or a new financial commitment] or when you anticipate there will be a change.

People often wait to see how things go and use up the resources they have and then realise they're in trouble. It's better to come sooner rather than later; to look at what your finances may be like as you're preparing for the change rather than dealing with its consequences.

If you're choosing a budget advisor, pick a service that's registered with the New Zealand Federation of Family Budgeting Services. This provides a guarantee your advisor has had training, works to a code of ethics and has standards to meet. There's a complaints procedure, too. This is important because if we're talking to clients about knowing and sticking up for their rights, that has to start with us.

You should expect to get an impartial and independent perspective from your budget advisor, who should be able to bring a fresh set of eyes to your financial position and offer non-judgemental advice that is respectful and appreciative of your individual circumstances.

People often wait to see how things go and use up the resources they have and then realise they're in trouble.

It's not as simple as saying, 'Well, spend less' and presenting a client with a list of what they have to live on. You can't make it all about survival; there has to be some 'wiggle room' for enjoying life or you risk the person sticking to the plan for so long and then, quite possibly, having a large blow-out.

It's about taking the time to get to know what demands and obligations and pressures are on each individual and/or family. That support should be, if necessary, offered on an ongoing basis with an advisor prepared to work with you for the long-term if that's what you need. Learning how to budget – and making it work – is a process that can take time but, like so much to do with money, the sooner you start, the better.

FINDING OUT MORE ABOUT

BUDGETING

You have already looked at the idea of a budget where you analysed your own spending. While budgeting takes some time and effort, it is a skill that is invaluable and worth developing and practising for your future financial success.

RESOURCES

Complete the following exercises:

1 Read pages 97 – 125 of the book *How to Stop Your Kids from Going Broke*

TIP Want to track your money? Read pages 118 – 121

2 Read pages 60 – 77 of the book *Get Your Head Out of the Sand*

TIP Looking for a budget template? Read pages 67 – 73

3 Read pages 54 – 75 of the book *Your Money – Lazy Budgeting*

4 Listen to track 4 on the audio CD, Phil Strong provides simple instructions for preparing a budget

5 Watch the *Budgeting* DVD

6 Read pages 14 – 33 of the book *Live Well Spend Less*

TIP What is an envelope system? Read pages 18 – 22

SORTED

Complete the following exercise:

The Sorted website has a section on budgeting. This includes tools such as a Budget Calculator and a Money Tracker. Type the URL below into the address bar of your web browser to get access to these tools.

www.sorted.org.nz/a-z-guides/budgeting

Section Eight

MĀORI ECONOMY 1800s TO PRESENT

LEARNING OUTCOMES

By the end of this section, you will be able to:

- Describe Māori involvement in the economy both from a historical perspective and during present time

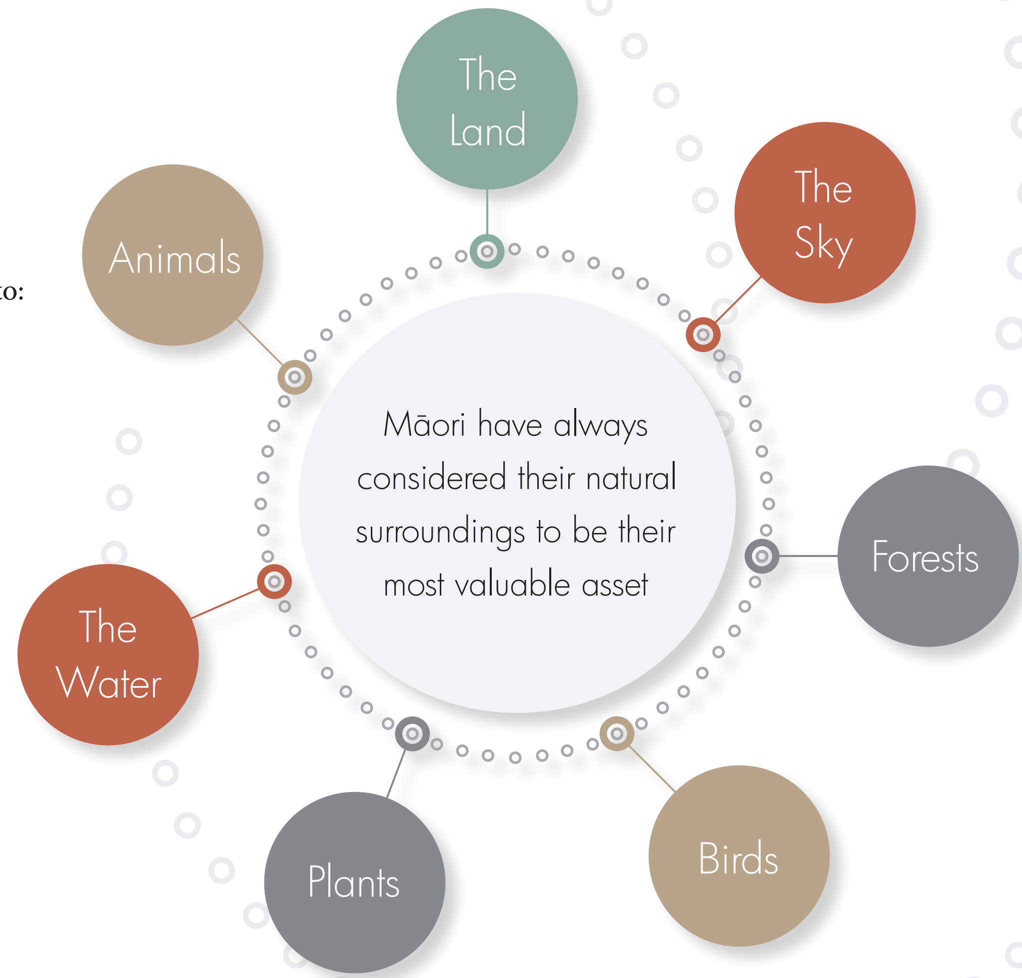
EARLY APPROACHES TO ECONOMIC MATTERS

Māori have always considered their natural surroundings to be their most valuable asset.

They have always paid attention to:

- the land
- the sky
- forests
- animals
- the water
- plants
- birds

These beliefs have been carried into the present and provide the modern Māori approach to economics.



The PAST

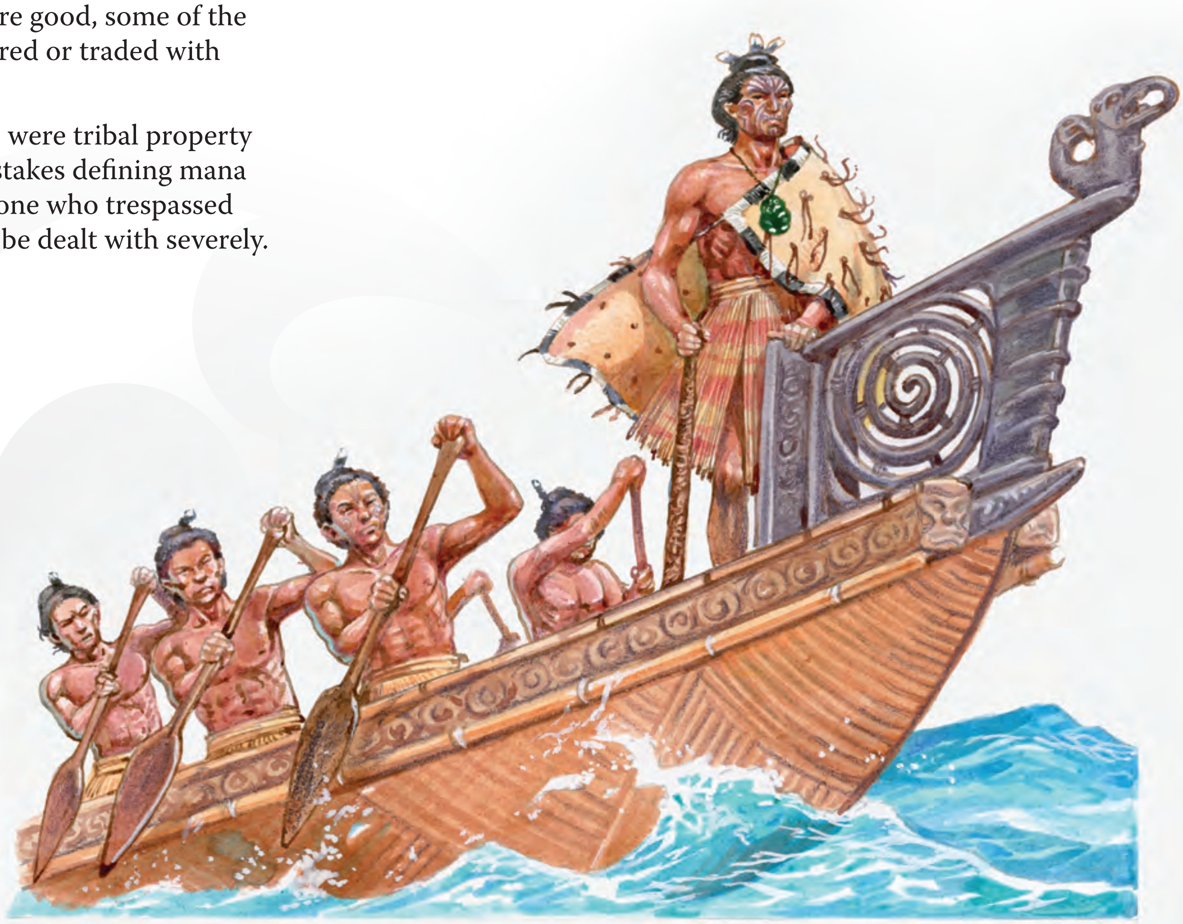
Prior to the 1860s

- early ancestors depended on a diet of kaingahere (bushfood), kaimoana (seafood) and birds
- Māori society was based on community relationships. Many large families lived together on land settled by their ancestors
- every person had a particular skill or job based on their gender, age and rank. Each person contributed and this combined effort determined the wealth and the survival of the tribe
- large crops were planted in season. When crops were good, some of the harvest was shared or traded with others
- fishing-grounds were tribal property marked out by stakes defining mana (or rights). Anyone who trespassed could expect to be dealt with severely.

The impact of European settlement – 1830 onwards

From 1830, when Europeans started arriving in Aotearoa New Zealand, the world changed for Māori.

- missionaries brought new foods, clothing, tools, weapons, religions and a whole new idea – money
- on the 6th of February, 1840 the Treaty of Waitangi was signed. This agreement led Māori to believe they still had full control over the way they lived and the land they lived on
- unfair land deals, government land confiscations, disputes about the wording and intent of the Treaty and the New Zealand Wars all had a great influence on the way the Māori economy would change and develop



The PRESENT

- the Treaty of Waitangi Land Claims today are largely the result of the Crown's unlawful taking of Māori ancestral land. In cases won, the Crown has been ordered to repay Māori a portion of the total value of the land lost
- some money received from this land is held in trust by tribes and part is usually set aside for education, health and welfare of the descendants of the original owners
- money is also set aside for the development of assets so that the wealth of that tribe is maintained and increased. Māori now have interests in businesses which include:

  Trust farms
  Forestry
  Fisheries
  Tourism

  Some of these businesses are a direct result of Treaty settlements.
- Māori participation in business increases yearly. Exceptional opportunities have been created in government, law, education, media, finance, music, arts, performing arts, retail and service, horticulture, agriculture, health and fitness and museology
- Māori creatively express their culture and identity in their business which creates a unique business market in the world

> “Māori participation in business increases yearly

The FUTURE

- Māori will continue to evolve and exchange ideas with other ethnic groups now living in New Zealand. Māori have adopted the idea of wealth and money in today's environment and are now contributing to the global economy
- they will continue to take the cultural values and principles of their ancestors to make an impact in the future

STORY

Caring about money

Successful young economist Dan Bidois says it's events, not culture, that influence the way we manage our finances.

Dan Bidois, of Tainui descent, quit school aged 15 and a week later was diagnosed with bone cancer. After chemotherapy and an operation to save his leg, he worked as a butcher's apprentice but a fellow worker urged him to go and study. Dan completed a bridging course at Manukau Institute of Technology and graduated with joint commerce and arts degrees at The University of Auckland.

In 2010, he won a Fulbright Scholarship to attend Harvard University in the United States, where he graduated with a Master in Public Policy. He spent three years working as an economist for the OECD in France and is now a fellow at the Malaysia Blue Ocean Strategy Institute. He advises the Malaysian government on economic policy with a focus on helping Malaysia become a developed country by 2020.

Dan believes that culture does influence attitudes towards financial management, but its impact is small once differences in education, income and 'extraordinary' events between cultures are taken into account.

"For example, cultures with lower average income levels tend to make more irrational financial decisions like spending more and saving less today than those on higher incomes," he says.

"Particular events across cultures can have an important role in shaping attitudes towards money. For example, having seen their country destroyed and going through financial depression in the 1930s, Germans started to save more of their income after WWII for a rainy-day-type situation. Fast forward to the present, they maintain one of the highest national savings rates in the European Union and are known – more than ever – for their care with money.

"Another example is the Singaporeans. Having been thrown out of the Malaysian Federation in 1965, the Government mandated compulsory savings schemes to fund necessary investments in the country. With a national savings rate of over 50 per cent, Singapore now has one of the highest national savings rates in the developed world."

STORY

Save first, then spend

Tainui Tukiwaho, one of the co-founders of Te Pou, the Auckland home of Māori theatre, would love to see money management taught in schools.

Like Dan, actor and theatre-maker Tainui Tukiwaho says his family was a working class one, where knowledge about money and savings was limited.

"What do I wish my whānau had told me about money? From my experience growing up in a working class Māori family, I think Māori attitudes towards purchasing and debt financing need to change.

"There's a greater tendency for our people to use finance options like hire purchase for consumer items like cars, household items and clothes. It means we end up paying more for consumer goods than if we'd just saved the money and purchased the goods at a later time."

Tainui believes that the generally accepted wisdom in economics is debt financing is okay when it increases earning potential or wealth in the future. So using debt to finance education, a house or a business venture makes sense, he says, because it increases a person's wealth in the near future when debt repayments must be made.

"But debt financing for consumer spending has no impact on future wealth so leaves borrowers worse off because they pay more in the future because of interest. It means we need to teach Māori to save more now and delay immediate gratification of whatever they want to a future time period."

The star of the TV movie *Billy* remembers school banking.

"We were encouraged to take some money along every week to bank and see the amount written in our school bank books, but the scheme didn't carry on after primary school. In fact, there wasn't much taught about money management at school.

"Lack of money and poor financial decisions can make us all feel like we're not in control of our lives," he says. "I'm sure if we all learned more about saving and making better spending decisions, we could take back some of this control."

Lack of money and poor financial decisions can make us all feel like we're not in control of our lives

FINDING OUT MORE ABOUT THE MĀORI ECONOMY

RESOURCES

Complete the following exercise:

Type the URL's below in the address bar of your web browser.

- www.berl.co.nz/economic-insights/economic-development/maori-economy
- www.mbie.govt.nz/what-we-do/maori-economic-development/the-maori-economy
- www.teara.govt.nz/en/economic-history/page-2

DIRECTORY

Contact any of the following organisations mentioned in this *Kete* for further advice:

Sorted

This website provides independent money guidance; whether it's around KiwiSaver, budgeting, insurance or credit history, you'll find out how to go about it.

www.sorted.org.nz

Banking Ombudsman Scheme

This website helps answer questions on disputes between customers and their banks. It is an independent and free service.

www.bankomb.org.nz

New Zealand Federation of Family Budgeting Services

Free budgeting advice website which is confidential, offers online advice including podcasts and tips.

www.familybudgeting.org.nz

Commission for Financial Capability

The Commission's key activities are providing financial information to everyone, and carrying out reviews of the retirement income policy in New Zealand.

www.cffc.org.nz

ACC

The Accident Compensation Corporation (ACC) provides comprehensive, no-fault personal injury cover for New Zealanders. Useful information on the site includes making a claim, preventing injuries, and levies.

www.acc.co.nz

WINZ

Work and Income New Zealand (WINZ) provides employment services and financial help. The website can help with finding a job, information on applying for a benefit, guides and online tools.

www.workandincome.govt.nz

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