



Te whai hua - kia ora!

**sorted**  
*in Schools*

US 28093 (version 4)

## Funding Study

Describe tertiary study funding options and potential financial consequences for future choices and responsibilities

LEVEL

2

CREDITS

3

THEMES

Debt  
Investing  
Goals

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Financial responsibilities and consequences of  
different funding options

# Nau mai haere mai!

## Welcome to the Funding Study module.

This module supports you to develop your understanding of the financial responsibilities and consequences that come with tertiary funding options, including how these can impact on your future choices.

You will be assessed on how well you:

- Describe **a student loan and one other tertiary study funding option** in terms of their key factors, for example, criteria for eligibility, components of tertiary study costs, advantages and disadvantages
- Describe the possible short and long-term financial consequences for two individual responsibilities related to each funding option, for example, repayment threshold, tax code status, voluntary repayments, administration fees, interest, credit history, overdue repayment obligations
- Describe the possible short and long-term financial consequences of two future choices related to each funding option, for example, student loan payment or non-payment, work, lifestyle, overseas travel
- Compare the two tertiary study funding options, making links between potential financial consequences, and implications for future choices and responsibilities.
- Justify the suitability and the potential financial consequences and implications for future choices and responsibilities.

| Evidence/Judgements for Achievement   | Evidence/Judgements for Achievement with Merit   | Evidence/Judgements for Achievement with Excellence  |
|---|--|--|
| <p>You need to:</p> <ul style="list-style-type: none"> <li>• describe funding options for tertiary study in terms of their key factors. Range of key factors include - criteria for eligibility, components of tertiary study costs, advantages</li> <li>• describe potential financial consequences of the funding options in terms of an individual's responsibilities and future choices. Range includes - one short and one long term consequence for two responsibilities and two future choices.</li> </ul> | <p>As well as meeting the requirements for Achievement, in your comparison of the two study funding options, you must:</p> <ul style="list-style-type: none"> <li>• compare tertiary study funding options and the potential financial consequences and implications for future choices and responsibilities.</li> </ul> | <p>As well as meeting the requirements for Merit, in your comparison of the two study funding options, you must:</p> <ul style="list-style-type: none"> <li>• include justification of their suitability and the potential financial consequences and implications for future choices and responsibilities.</li> </ul> |

### Potential link to NCEA Level 2 Achievement Standards

You may be able to use your knowledge, content, and modified work in this module and assessment task as evidence towards the following Achievement Standards:

- **AS 91227** Analyse how government policies and contemporary economic issues interact.
- **AS 91102** Construct and deliver a crafted and controlled oral text.

Discuss this possibility with your teacher.

This module is about ways to cover the costs of studying after you have finished school and responsibilities and consequences related to different study funding options.

In this module you will explore:

- **Topic One: Tertiary education options** – introduction to study funding options; Fees Free and student allowances; your own future study path; components of tertiary study costs.
- **Topic Two: Student loans** – the criteria for getting a student loan; costs of student loans; repayment requirements; advantages and disadvantages of student loans.

- **Topic Three: Working while you study** – balancing paid work and study; costs of working while you study; how earning money can affect your student allowance; advantages and disadvantages of working while you study.
- **Topic Four: Apprenticeships** – types of apprenticeships; the minimum training wage; criteria for doing an apprenticeship; advantages and disadvantages of apprenticeships.
- **Topic Five: Personal Loans – criteria, advantages and disadvantages of personal loans** – short- and long-term consequences of study funding options; credit ratings; implications of study funding options on future choices.
- **Topic Six: Family/whānau/iwi** – criteria, advantages and disadvantages of family/whānau/iwi funding.
- **Topic Seven: Financial responsibilities and consequences of study funding options** – short- and long-term consequences of study funding options; credit ratings; implications of study funding options on future choices.



## Resources

There are lots of useful resources for exploring study options.

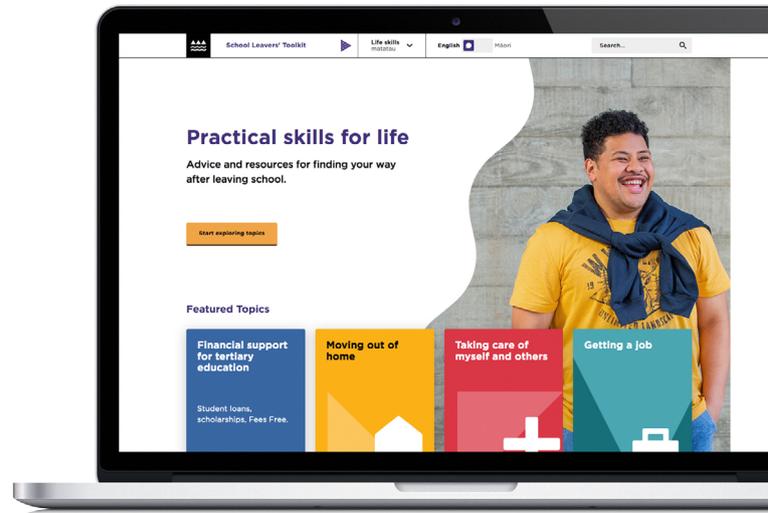
Four websites that have particular relevance to this module are:

- [Sorted.org.nz guide to studying and student loans](#)
- [The School Leavers' Toolkit](#)
- [Study Link](#)
- [Careers NZ.](#)



Be sure to watch the fun, informative video that accompanies this module

[Funding Study video](#)



Tertiary training providers including polytechnics, wānanga, universities, and industry training organisations also provide a range of information on the costs of study and different funding options.

Let's begin to explore ways to fund your studies once you leave school!



# Topic One:

# Tertiary education options

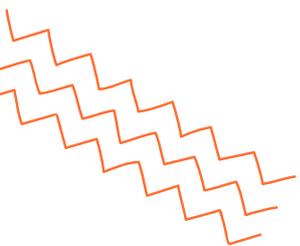
## Learning Outcomes for Topic One

- ✓ Identify a range of study funding options
- ✓ Know where to find information on study or training options
- ✓ Know where to find information on study-related costs.

## Success criteria

In this introductory topic, the focus of the activities is on exploring tertiary education options that you might be interested in pursuing, including some of the costs involved.

If you already have a clear idea of what you want to do when you leave school and how much money you will need to get by, you can continue on to Topic Two after reading the material in Topic One.



## Once you leave school, a whole new world can open up to you with new choices and challenges to meet.

Perhaps you are thinking about working for a while or maybe you want to do some training or further study.

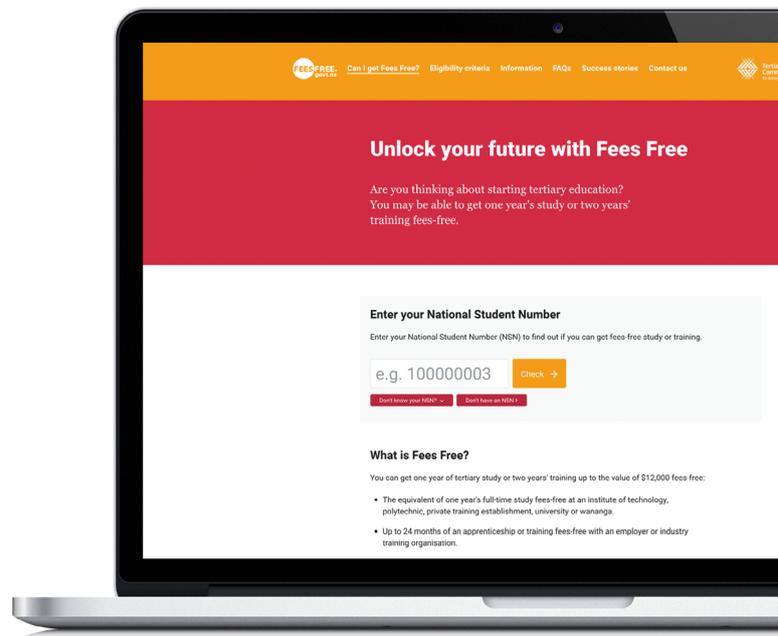
There are lots of different study and training options beyond school, from going to a university or polytechnic, apprenticeships to industry training. All of these options come under the umbrella of tertiary education.

Tertiary education can be an important investment in your future. The skills, experience and qualifications you gain create a range of new opportunities. But being a student can also be expensive. As well as paying for courses, you may need to pay for equipment such as a laptop or a set of tools.

For many young people, studying or training coincides with leaving home, which means paying rent as well as covering bills such as food, electricity and the internet. Fortunately, there are a range of ways to fund your studies.

*Fees Free* is for people starting tertiary education or training for the first time. If you're an Aotearoa New Zealand citizen and you have been enrolled in a school in or after 2017, then you may be able to get Fees Free. You can find out more information on the [\*\*Fees Free website.\*\*](#)

You may also be eligible for a student allowance. A student allowance is a weekly payment from the government that you may be able to get when you are studying full time. The student allowance can help pay some of the costs of accommodation, food, clothes and other day-to-day expenses.





You may also be able to get support from your family or whānau.

In this module, we're going to explore these three options:

- student loans
- apprenticeships
- working while studying.

However, if you already have a clear idea of what you want to do, there might be study funding options that are specific to your course of study or scholarships that you can apply for. If you think this might be the case, talk to your teacher or careers advisor about how you can get the most out of this module by focusing on these funding options instead.

### Assessment tip:

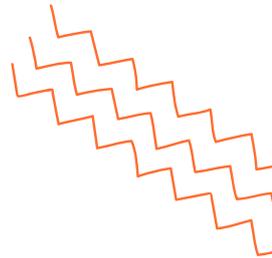
In your assessment, you will need to compare **two** study funding options. One of these study funding options must be a student loan.

For each option, you will need to describe:

- the criteria for eligibility (who can get this funding and who can't)
- how the study funding option can help with components of tertiary study costs such as course costs, course-related costs, and living costs
- advantages and disadvantages of the funding option
- short and long term potential financial consequences.

You'll then use these factors as the basis of your comparison of the two study funding options.





## Activities

Having some ideas about what you want to do when you leave school will help you to make the most of this module. This first set of activities provides an opportunity for you to explore some tertiary study or training options, including how much they cost and how long they are. If you're not planning to study, or prefer to keep your plans private, you can invent a character instead and create a study pathway for them.

**1)** Use the **School Leavers' Toolkit** to explore the different types of tertiary and training providers that are available in Aotearoa New Zealand.

**a.** What do the following tertiary education providers focus on:

- universities

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- polytechnics

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- wānanga

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- industry training.

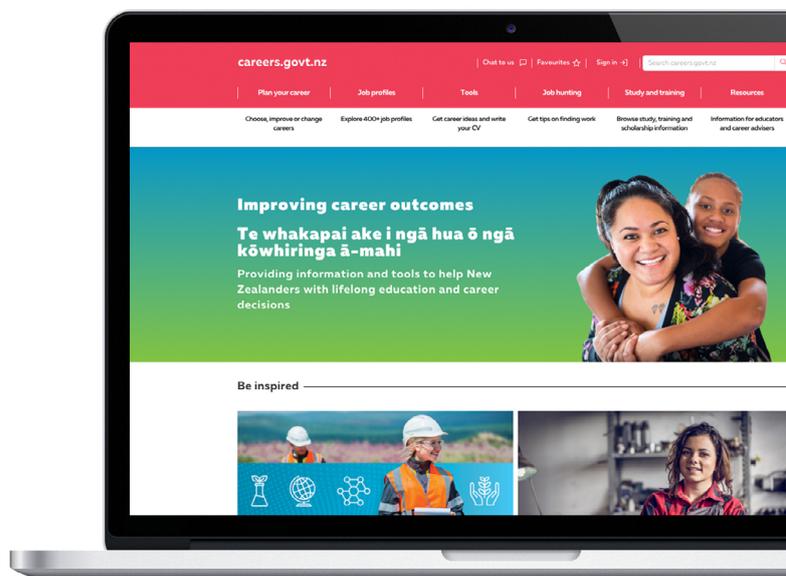
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### The focus is on exploring:

- study or training options that you have a personal interest in
- an institution or organisation that offers this type of study or training
- examples of course fees and course-related costs.

**b.** What are two things that universities and polytechnics have in common?

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**2)** Explore the **Careers NZ website** and identify a job that you would be interested in. Read about the job to find out what qualifications or experience you might need to get it.

**3)** Use the **Study and Training page of the Careers NZ website** to explore a training course you might be interested in, either in the area you live in or somewhere else in Aotearoa New Zealand. Find out about the course costs involved, for example:

- any fees you need to pay
- any equipment or materials you might need.

Some institutions provide courses that have no fees, for example, on the **Te Wānanga o Aotearoa Ngā Akoranga website** you can search for courses that are fees-free.

**4)** Visit the website of an institution that provides a course you are interested in and explore the range of information it provides for students on living costs and funding options associated with study.

**5)** Watch the **Funding Study video**. For each flatmate identify:

- how they are funding their study

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- short- and long-term consequences of this study funding option.

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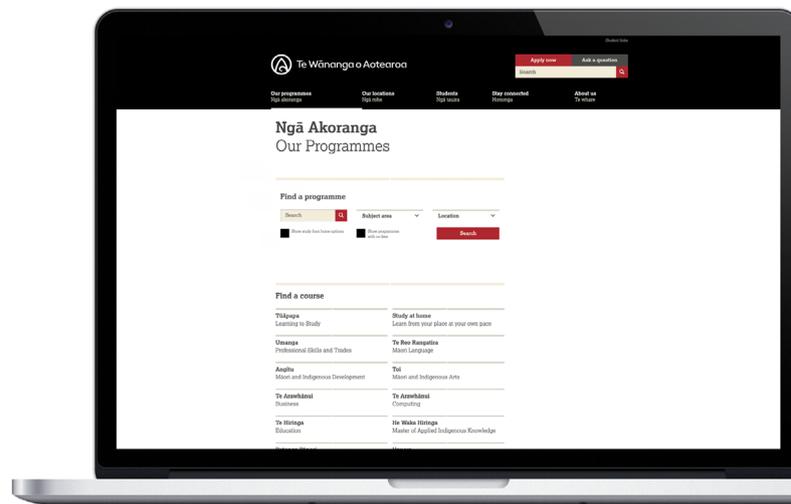
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**Before moving on to Topic Two, check that you understand:**

- ✓ what tertiary education is
- ✓ where to find information on tertiary and training options in Aotearoa New Zealand
- ✓ some of the costs involved in study, for example, course costs and living costs.

# Topic Two:

# Student loans

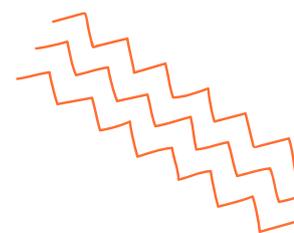
## Learning Outcomes for Topic Two

- ✓ Understand the eligibility criteria for getting a student loan
- ✓ Understand the costs involved in getting a student loan
- ✓ Understand the requirements for repaying a student loan, including how repayments are made
- ✓ Identify advantages and disadvantages of student loans.

## Success criteria

You should complete all activities in this topic. They will help you to meet the assessment requirement of describing student loans in terms of their ability to fund course-related and living costs.

The activities will also help you to understand the advantages and disadvantages of funding study by working while you earn.



**A student loan is a government assisted loan scheme designed to help students pay for things such as course costs, living costs, and study materials such as tools or a laptop.**

You don't need to be studying full time to be eligible for a student loan but you do need to be doing a minimum number of hours each week.

The graph below provides information on the number of New Zealanders who have student loans and the



**Range of student loan balances for New Zealand Borrowers**

By current location of borrower, as at June 2020, number of people

Provider: Ministry of Education

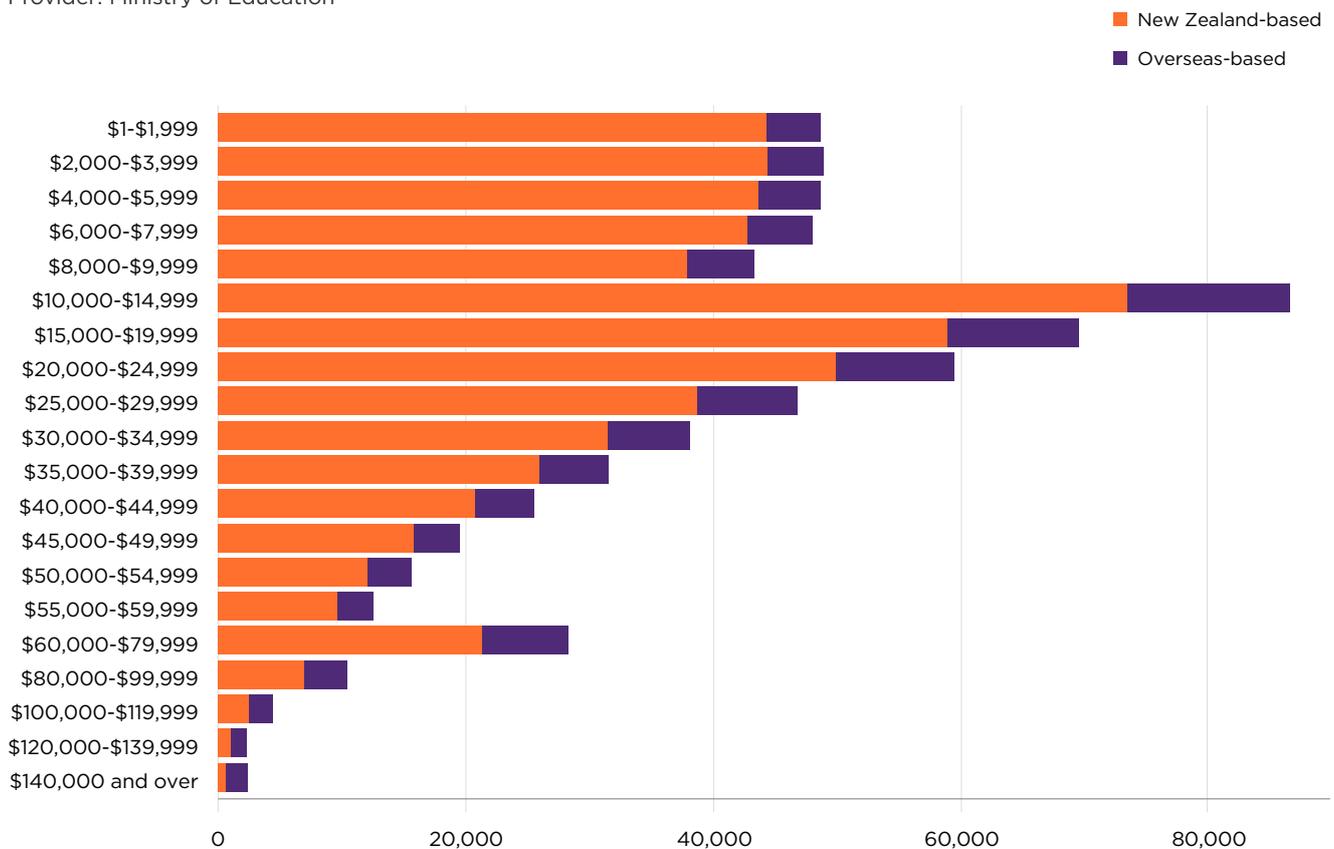


Figure NZ <https://figure.nz/chart/n9NZc0xbdwrHjLHp>

range of amounts owed.

Based on figures from 2019:

- 60 percent of students eligible for a student loan choose to get one
- 22 percent of borrowers used their loan to only pay for their fees, not for any other course-related costs or living expenses
- 64 percent borrowed money to pay for course-related costs
- 58 percent borrowed money for living costs.<sup>1</sup>

There are limits to how much you can borrow using a student loan, so although you can use a student loan to cover living costs such as rent, the amount you can borrow may not cover the full costs. If this is the case, you will need other forms of income, for example savings, a part-time job or support from your whānau/iwi.

There are also some restrictions on what you can use a student loan for. For example, if you are going to live in a hostel while you are studying, you can't use your student loan to pay a lump sum towards your hostel fees at the beginning of the year.



## Costs of student loans

Student loans do come at a cost, although it's small compared to the costs of being a student. You need to pay a fee each time you set up a new student loan. You'll also be charged an administration fee each year if your loan balance is \$20 or more.

If you are New Zealand-based, any interest charged on your student loan is written off each year (in other words, you don't need to pay it). However, if you move overseas, you will be charged interest on your loan, which is cost.

### Assessment tip:

In your assessment, you need to provide examples of “components of tertiary study costs”.

There are a range of options, and you don't have to cover all of them. Some key costs you can refer to are:

- compulsory costs
- course-related costs
- living costs.

You can also include examples of costs related to the loan itself, for example, a fee you need to pay to set up the loan or an annual fee you have to pay.

As you work your way through the module, look out for examples you can use in your assessment.

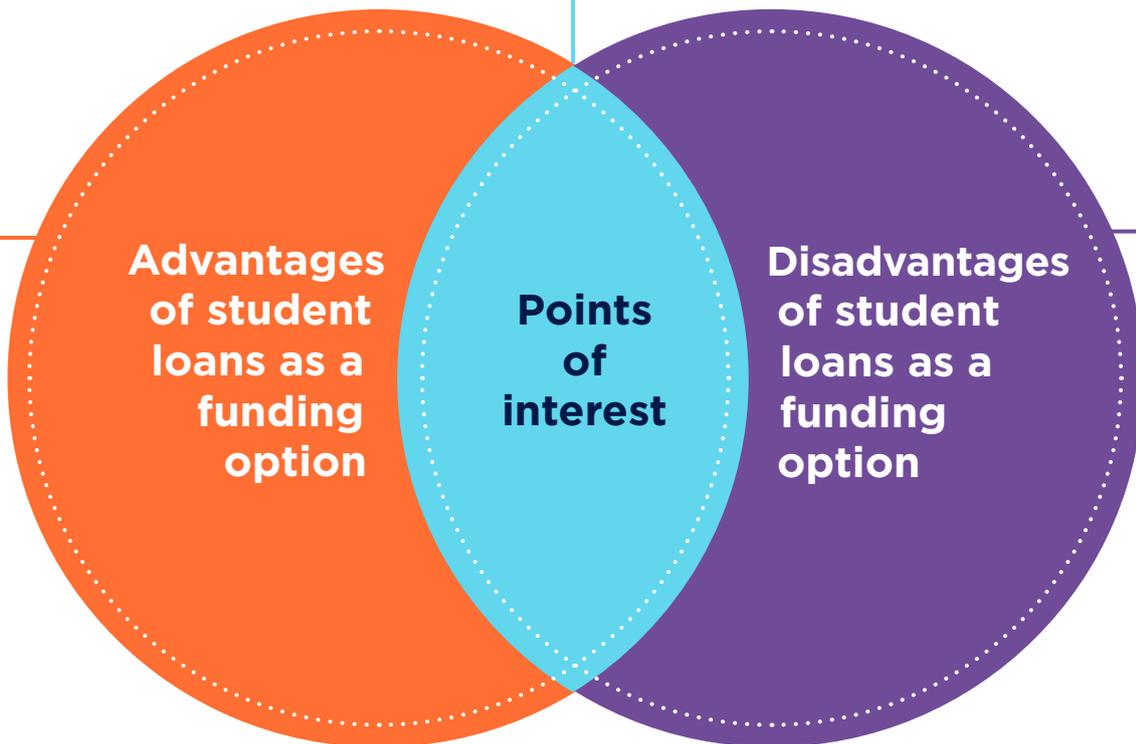
<sup>1</sup> [Student Loan Scheme Annual Report 2019](#)

A major advantage of getting a student loan is that if you're a New Zealand-based borrower (i.e. you're not living overseas) your loan is interest-free. Many New Zealanders spend at least 10 to 15 years repaying their loan but there are no extra costs if it takes longer than this.

Another advantage is that you don't need to start paying it off until you're earning over a certain amount.

Having a student loan won't affect your credit rating, even if it's a large debt (you'll find out more about what a credit rating is and why it is important to have a good one in Topic Five).

Although at the moment student loans are interest-free, if you're living in Aotearoa New Zealand, interest rates and repayment terms on student loans can change at any time.



One disadvantage of getting a student loan is that you have to pay it back! Of course, that's true of any loan. Once you start earning over a certain amount, it's compulsory to start paying off your student loan. If you earn a wage or a salary the payments come straight out of your pay once you have selected the correct tax code (if you are working and studying at the same time you might be able to get an exemption from this).

In the 2022 tax year, the amount you can earn without making a loan repayment was changed to \$20,280 before tax, which is \$390 per week. 12 percent of any amount over this amount goes towards your student loan repayment. So, if a person with a student loan earns \$600 a week, their student loan repayments each week will be:  $(\$600 - \$390) \times 0.12 = \$25.20$

Even without interest, it can still take many years to pay off a student loan, and having a percentage of your pay go towards your student loan can make things quite tight when you first start earning.

Another disadvantage of a student loan is that if you go overseas for more than 6 months, you'll need to pay interest on your loan. You can use this [IRD student loan repayment calculator](#) to work out how much interest you would pay if you are living overseas and have a student loan, for example, a \$20,000 loan.

## Activities

1) Use the Studylink website to research:

- who is eligible for a student loan

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- what a student loan can cover

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- what a student loan won't cover.

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2) Use the Sorted guide to student loans to research:

- when you need to start paying off your loan

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.....

- how you do this

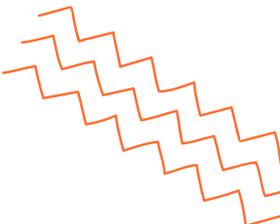
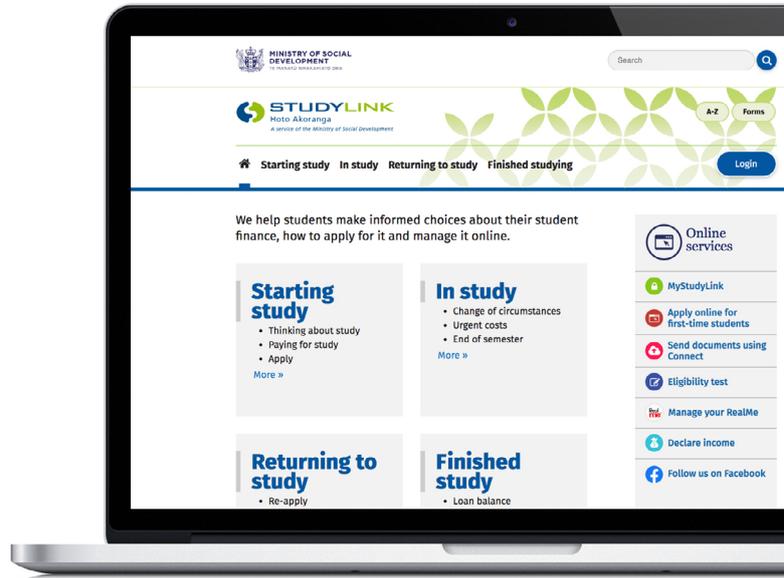
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- what happens if you go overseas.

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**3)** Use this [Studylink Took a study break](#) webpage to identify three factors that can affect your eligibility for a student loan if you need another student loan.

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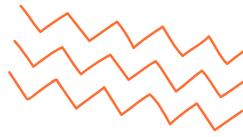
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**4)** In 2018, 72 percent of eligible full-time students took out a student loan compared to 49 percent of eligible part-time students. Discuss with a classmate possible reasons for the difference.

**5)** Use this [Money Hub guide to student loans](#) to create a quiz for one of your classmates. Ask them to do the same for you.



**Before moving on to Topic Three, check that you understand:**

- what a student loan is and where to find information about student loans online
- who is and is not eligible for a student loan
- the costs a student loan can and cannot cover
- the requirements for repaying a student loan
- how student loan repayments are made
- the advantages and disadvantages of using a student loan to fund study.

# Topic Three:

## Working while you study

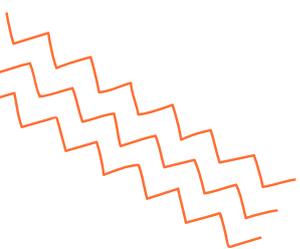
### Learning Outcomes for Topic Three

- ✓ Understand how to balance work and study
- ✓ Understand the costs involved in working while you study
- ✓ Understand how working while you study can affect a student allowance
- ✓ Understand advantages and disadvantages of working while you study.

### Success criteria

You should complete all activities in this topic. They will help you to meet the assessment requirement of describing tertiary study funding options in terms of criteria for eligibility and the components of tertiary study costs.

The activities will also help you to understand the advantages and disadvantages of funding your study by working while you study.



## Working while you study can be a great way to support yourself.

As well as helping to pay for your living costs, working can help you to develop useful work-related and social skills. You may even be able to find work that can contribute to your qualifications.





Watch this [CareersNZ video](#) to hear how a group of students manage their money while studying.

Living costs can be expensive, so you may not be able to cover all of your course-related and living costs with money you have earned from work. You may also have some big initial costs such as having to pay your course or hostel fees at the start of the year.

One option is to combine working with getting a student loan to take some of the pressure off.

## Costs of working while you study

If you are working while you study, you may have to cover transport costs to and from work. You also need to pay tax on your earnings.

If you get a student allowance from the government, you are only allowed to earn a certain amount before it affects your allowance. Some students limit the number of hours they work so that they can get the full student allowance.

You can read more about [how income affects the student allowance](#) on the Study Link website.

## Advantages and disadvantages of funding study by working while you study

| Advantages   | Disadvantages  |
|--|--|
| <p>Working while you study means that you might be able to avoid getting a student loan or, if you do need to get one, it won't be as large.</p> <p>Working can provide you with skills and experience that can help you once you start working.</p> | <p>Working while you study can place extra demands on your time and energy. This might affect your ability to study.</p> <p>Earning too much can affect your student allowance.</p> <p>If your work commitments only allow you to study part-time, it can take a long time to complete your studies.</p> |

## Activities

1) Use the **Study Link website** to find out how much money you can earn before it affects the student allowance.

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2) Go to the **Student Job Search website**, choose a category, and see what types of jobs there are. Choose two jobs and work out how much you might earn a week.

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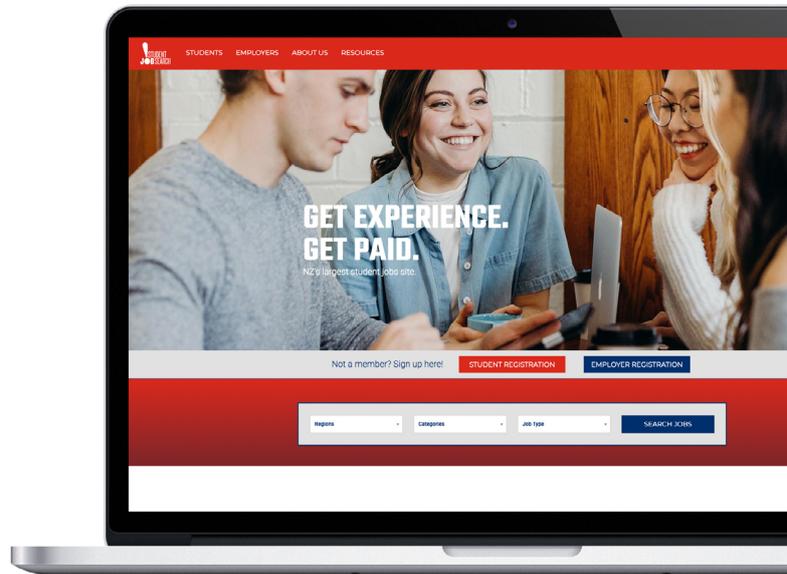
3) a. Use this **Study Link guide to how much it costs to live** in different cities in Aotearoa to find out how much money you might need to live in a city of your choice. These costs will depend on whether you are living with whānau, in a hostel, or in a flat.

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b. Using the payrate of one of the jobs you chose in question 2), work out how many hours you might need to work each week to cover this cost.

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### Before moving on to Topic Four, check that you understand:

- ✓ ways to balance the demands of work and study
- ✓ what a student allowance is and how it can be affected by working while you study
- ✓ the advantages and disadvantages of working while you study.

# Topic Four:

# Apprenticeships

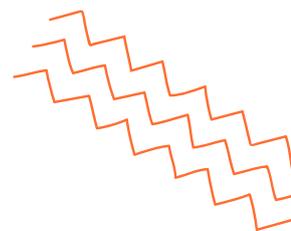
## Learning Outcomes for Topic Four

- ✓ Understand what an apprenticeship is
- ✓ Understand the criteria for doing an apprenticeship
- ✓ Understand the costs involved in doing an apprenticeship
- ✓ Know how much the training minimum wage is
- ✓ Understand the advantages and disadvantages of doing an apprenticeship in terms of funding.

## Success criteria

You should complete all activities in this topic. They will help you to meet the assessment requirement of describing apprenticeships in terms of criteria for eligibility and their ability to fund course-related and living costs.

The activities will also help you to understand the advantages and disadvantages of funding your study by doing an apprenticeship.



## One way to fund your study is to do an apprenticeship.

When you do an apprenticeship, you work for and learn from an employer. Your training includes practical work, as well as short courses and assignments.

Apprenticeships are generally trade based. You can learn trades such as:

- building
- engineering
- hairdressing, barbering or beauty
- agriculture or horticulture
- tourism
- sports or fitness.



Watch this [CareersNZ video about a Ngāi Tahu carpentry apprenticeship.](#)



## Who can do an apprenticeship?

To do an apprenticeship you need to:

- be 16 or older
- have a driver licence
- find an employer willing to train you.



Watch this BCITO video about [how to get an apprenticeship.](#)



## The minimum training wage

The minimum wage is the minimum amount you can be paid once you turn 16. There are several categories of minimum wage, and one of them is the minimum training wage. It is slightly lower than the adult minimum wage.

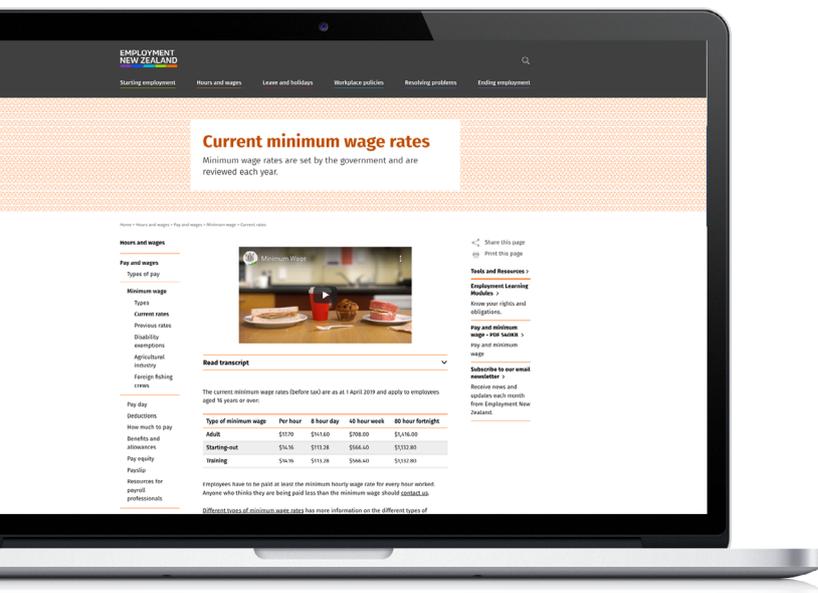
You can find out what the training minimum wage is on the [Employment.govt website](https://www.employment.govt.nz)

## Costs of funding study by doing an apprenticeship

When you do an apprenticeship, you need to pay a fee to get your trade qualifications, often around \$1,000 per year. This covers things such as having a mentor, doing assessments, having an assessor visit you at your workplace, and learning resources. You may need to pay this fee at the start of each year or you might be able to make regular payments throughout the year. You might be able to use Free Fee for the first two years of your apprenticeship.

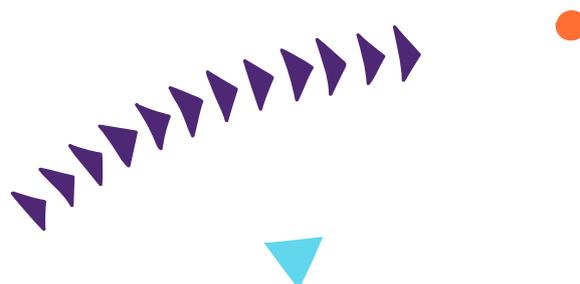
As well as the training you do on the job, you may need to do some off-site courses such as a First Aid course. These courses can have an additional charge.

You may need to purchase tools and safety equipment that relates to your area of training.



## Advantages and disadvantages of funding study by doing an apprenticeship

| Advantages   | Disadvantages  |
|--|--|
| <p>When you do an apprenticeship, you get paid while you learn so you may not have to get a student loan.</p> <p>The Level 4 certificate you get through doing an apprenticeship may mean that you can earn more money in your chosen area and have better work opportunities.</p> <p>Your employer may give you a job once you finish the apprenticeship, making the transition from study to work easier.</p> <p>The apprenticeship automatically provides a job and this is helpful because not all students can find work while they are studying.</p> <p>Working and study commitments are designed to go together so if you need to do a one-day course as part of your apprenticeship, there are no issues with taking the time off work to go.</p> | <p>One disadvantage of funding study by doing an apprenticeship is that it may be challenging to find a person or organisation available to train you in your chosen field.</p> <p>When you start your apprenticeship, you may only be paid the <b>training minimum wage</b>, which is lower than the adult minimum wage. However, employers will often pay more as you become more skilled.</p> <p>Another disadvantage of funding your study through an apprenticeship is that practical jobs don't suit everyone.</p> |



## Activities

- 1) Use the [Employment.govt website](https://www.employment.govt.nz/) to find out:
- what the training minimum wage is

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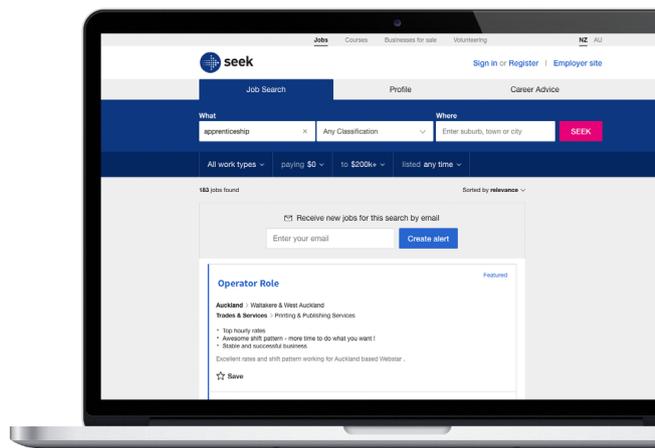
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- how much you might earn in a 40-hour week if you are doing an apprenticeship.

- 2) Using this Directory of New Zealand industry training organisations (ITOs) as a starting point, identify three different types of apprenticeship you could do.



- 3) Do a search for [Apprenticeships on the Seek job website](#). Choose an apprenticeship and find out what it involves.

- 4) Watch this [Earn, learn, qualify](#) video. What are two advantages of doing an apprenticeship?

- 5) Read the case studies in [Thriving in the trades: three taurira on the rise](#). For each person, identify one thing that they love about having a trades career.

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### Before moving on to Topic Five, check that you understand:

- what an apprenticeship involves and the types of apprenticeships available
- what the requirements are for doing an apprenticeship
- what the minimum training wage is and how much you might earn from a 40-hour week
- some of the costs involved in funding study by doing an apprenticeship
- the advantages and disadvantages of funding study by doing an apprenticeship.

# Topic Five:

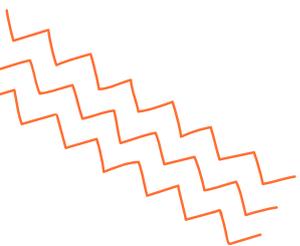
# Personal Loans

## Learning Outcomes for Topic Five

- ✓ Understand personal loans
- ✓ Understand the criteria for getting a personal loan
- ✓ Understand the costs involved in getting a personal loan
- ✓ Understand the advantages and disadvantages of getting a personal loan in terms of funding.

## Success criteria

You should complete all activities in this topic. They will help you to meet the assessment requirement of describing personal loans in terms of criteria for eligibility and their ability to fund course-related and living costs. The activities will also help you to understand the advantages and disadvantages of funding your study by getting a personal loan.



## Personal Loans

A personal loan can let you borrow money to help you pay for the things you need or want, which is almost anything.

With a personal loan you'll be charged interest on the amount you borrow over the term of your loan and a one-off establishment fee may apply.

If you want to pay your personal loan off sooner, you can. There are no early payment fees, so you can make repayments above the minimum required, to help you pay your loan off faster and save money on interest

## Criteria for getting a Personal Loan

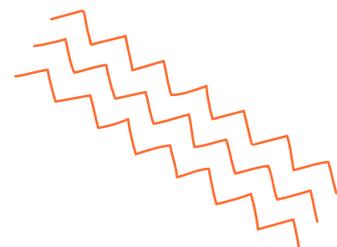
To get a personal loan, you need to be 18 years or older, currently living in New Zealand, and either a New Zealand citizen, permanent resident, or holder of a valid work visa. You'll also need to meet the lending criteria

## Costs involved in getting a Personal Loan

There are establishment or set up fees, plus interest which is normally at a floating rate.

## Advantages and Disadvantages of a Personal Loan

| Advantages of a Personal Loan  | Disadvantages of a Personal Loan  |
|--|---|
| <ul style="list-style-type: none"><li>• Minimal criteria</li><li>• No early repayment fee</li><li>• No security needed</li></ul> | <ul style="list-style-type: none"><li>• Floating interest rate</li><li>• Easy to get into debt</li><li>• Set up/establishment fee</li></ul> |



## Activities

1) Complete the following table comparing two banks personal loans criteria:

| Bank Name               | Interest Rate | Criteria                         | Establishment Fee | Other Interesting Fact(s)        |
|-------------------------|---------------|----------------------------------|-------------------|----------------------------------|
| .....<br>.....<br>..... | .....         | .....<br>.....<br>.....<br>..... | .....             | .....<br>.....<br>.....<br>..... |
| .....<br>.....<br>..... | .....         | .....<br>.....<br>.....<br>..... | .....             | .....<br>.....<br>.....<br>..... |

2) From the above table, explain which bank you would get a personal loan from to fund your tertiary study.

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**Before moving on to Topic Six, check that you understand:**

- personal loans
- the criteria for getting a personal loan
- the costs involved in getting a personal loan
- the advantages and disadvantages of getting a personal loan in terms of funding.

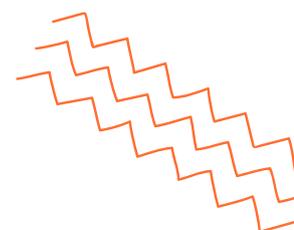
# Topic Six: Family/whanau/iwi

## Learning Outcomes for Topic Six

- ✓ Understand the advantages and disadvantages of funding tertiary study from family/whanau/iwi.
- ✓ Understand the criteria for iwi based funding study options

## Success criteria

You should complete all activities in this topic. They will help you to meet the assessment requirement of describing funding from family/whanau/iwi the criteria for eligibility and their ability to fund course-related and living costs. The activities will also help you to understand the advantages and disadvantages of funding your study through family/whanau/iwi.





# Advantages and disadvantages for funding tertiary study from family/whanau/iwi

| Advantages  | Disadvantages  |
|---|--|
| <ul style="list-style-type: none"> <li>• Low or no interest</li> <li>• Negotiable repayment terms</li> <li>• Possibly no default fees</li> <li>• Possible debt write off</li> <li>• Flexible</li> </ul> | <ul style="list-style-type: none"> <li>• Can cause pressure on family/whanau relationships</li> <li>• Uncomfortable situations</li> <li>• Limited legal protection for both parties</li> </ul> |

## Criteria for iwi based funding options

Every year, the value of scholarships in total is over \$1m to high school leavers and undergraduates.

Normally you need to be a registered beneficiary of the affiliated iwi and complete an application form.

Any full-time Māori undergraduate student currently studying at a recognised New Zealand tertiary institute.

Values for each scholarship range from \$500 to \$10,000

Preference for most scholarships will be for Māori students displaying academic achievement.

## Activities

- 1) Using the following website, research one scholarship available in an area of study you wish to pursue.  
<https://www.careers.govt.nz/courses/scholarships/scholarships-for-maori-learners/>
- 2) Compare your findings with your peer.

**Before moving on to Topic Seven, check that you understand:**

- Understand the advantages and disadvantages of funding tertiary study from family/whanau/iwi
- Understand the criteria for iwi based funding study options.



# Topic Seven:

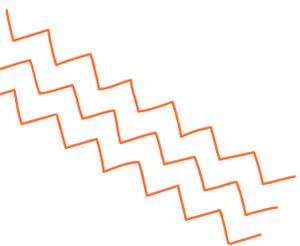
# Financial responsibilities and consequences of different funding options

## Learning Outcomes for Topic Seven

- ✓ Understand the financial responsibilities of study funding options
- ✓ Understand the consequences of financial responsibilities of study funding options
- ✓ Understand the potential consequences of a poor credit rating.

## Success criteria

You should complete all activities in this topic. They will help you to meet the assessment requirement of describing the responsibilities that come with different study funding options and the potential financial consequences of these.



## All study funding options come with responsibilities, and these responsibilities have financial consequences.

Even if your study is funded by your whānau, there will be expectations that you will make the most of this opportunity and make an effort with your studies.

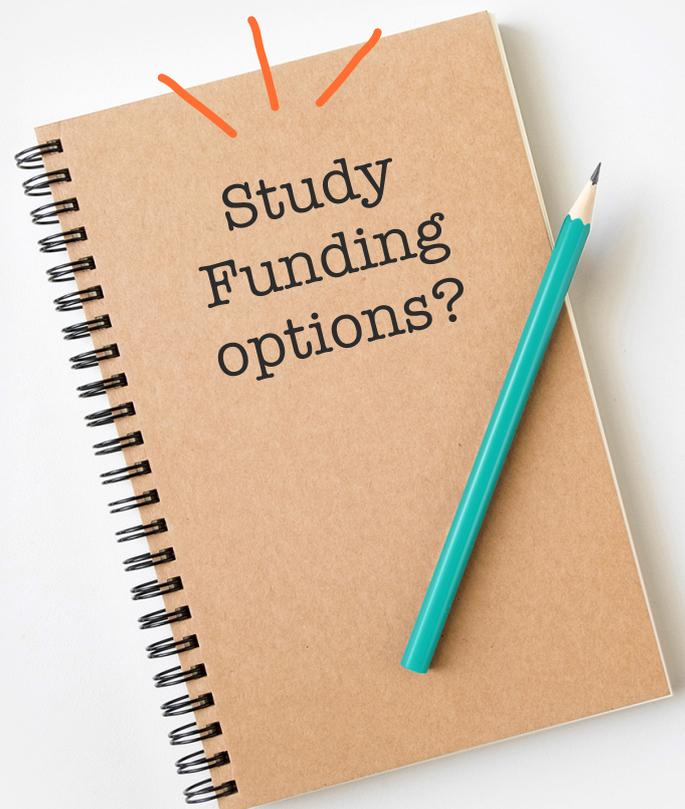
Key questions when exploring the responsibilities of study funding options are:

- Who will you have to pay or pay back? How? By when?
- What effect might this have on your finances?
- How might this responsibility and its consequences affect your choices, both in the short term and in the future?

### Assessment tip:

In your assessment, you will need to:

- describe two responsibilities for each study funding option. Remember that one of the study funding options must be a student loan.
- explain a short term and a long term financial consequence of each responsibility
- explain how each consequence can impact on your future choices.



## Responsibilities of study funding options

Responsibilities are things that you are required to do in relation to your study funding option(s).

Examples of responsibilities include:

- whether or not you have to pay interest on a loan and, if so, how much
- what process you need to follow to make repayments and what happens if you don't make them on time
- what information you need to give to Studylink about your circumstances, for example, how much money you have earned
- ways that you can pay for your apprenticeship training, for example, by making regular payments
- whether you need to pay tax on the funding you receive.

### Assessment tip:

If the way you've funded your study means you don't have a loan, you can mention the absence of responsibilities and the financial consequences of this as well!

In a similar way, if you **don't** have to pay interest on a loan (for example, on a student loan), you can mention this as a responsibility as well (even though it's more like a non-responsibility).

## Short and long-term consequences of study funding options

Funding tertiary study or training is often a major financial investment and the financial responsibilities of the study funding option(s) you choose can have both short-term and long-term consequences.

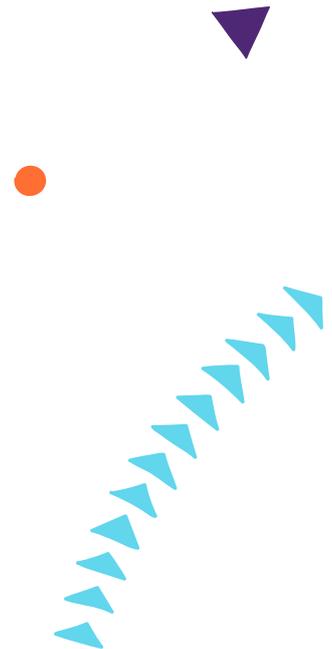
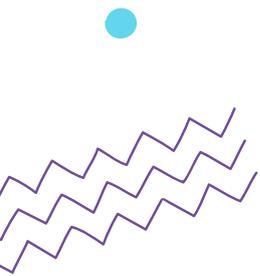
Examples of consequences include:

- losing some of your student allowance because you have earned over the threshold
- having to make loan repayments from your pay
- your training agreement being cancelled if you don't pay your fees.

One consequence of borrowing money that you might not be aware of is that having debt can affect your credit rating.

### Assessment tip:

In your assessment you need to mention both short and long-term consequences for each of the **two** responsibilities you describe.



## What is a credit rating?

A credit rating is an assessment or judgment of how likely you are to pay money back if you borrow it. A credit report contains information about your credit rating.



Once you start paying bills and/or borrowing, you'll start building up a credit file that can show how much you've borrowed and whether you make regular payments on time, for example, on your credit card, After pay, car finance or mortgage. Your internet and power payments can be recorded as well.



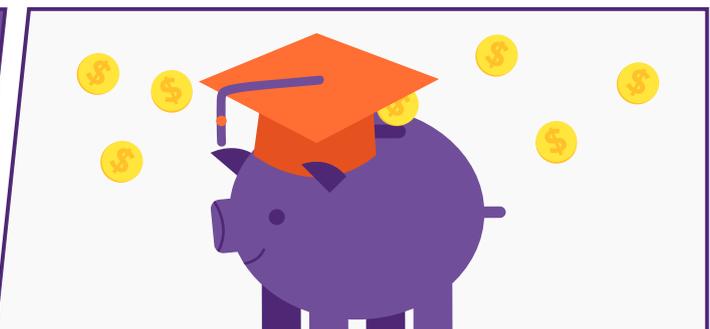
A credit report is a record of any bill or loan payment you haven't paid for more than 30 days and if the lender has had to take steps to get you to pay it. When you miss a bill or mortgage payment, you can get a negative score that can stay on your credit record for five years. This can affect your ability to borrow money or get credit.



Lenders usually check your credit history when you apply for credit, whether it's a personal loan, a car loan, a mortgage or a new credit card. Phone and power companies might also check your credit rating. Potential landlords can also check it.



This can have big consequences. For example, a bank might decide not to lend you money that you need, or they may charge you higher interest to cover the risk that you won't be a good borrower.



The good news is that having a big student loan doesn't affect your credit rating. But if you're not managing your financial responsibilities well as a student and end up taking on other debt that you can't manage, it can have a long term impact.

## Implications of responsibilities and financial consequences on your future choices

Deciding to study can open up lots of new opportunities for you and provide you with choices you might not otherwise have had.

### Assessment tip:

In your assessment, you need to identify ways that the responsibilities of study funding options, and their financial consequences, impact on your future choices.

Here's an example using one financial responsibility of taking out a personal loan:

**Study funding option:** Using a personal loan to cover course-related costs

**Responsibility:** When you take out a personal loan, you need to make regular repayments.

**Short-term financial consequence:** Your monthly expenses will increase because of the loan repayments.

**Implication for future choices:** The extra expense of making repayments may mean that you have to cut back on other areas such as going out socialising.

**Long-term consequence:** If you default on payments, you might get a poor credit rating. If you have a poor credit rating, you might have trouble getting a loan later in life or, if you do get a loan, you might have to pay a higher rate of interest.

**Implication for future choices:** Not being able to get a bank loan might prevent you from getting something you really need later in life, for example, a loan for a house.

## Activities

**1)** With a partner, identify at least two responsibilities that come with a student loan and two that come with another study funding option.

These responsibilities can include:

- how much you have to pay to use the study funding option
- who you have to pay back and by when
- how often you need to make repayments and how they are paid
- information that you need to provide to Studylink or another organisation while you are studying or once you start working
- whether or not you have to pay tax on the money you receive.



**2)** Brainstorm the short- and long-term financial consequences of these responsibilities.

**3)** Explain what a credit rating is and how a poor credit rating can impact on a person's choices.

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### Before moving on to your assessment, check that you understand:

- the responsibilities that come with student loans and at least one other study funding option
- what the short- and long-term financial consequences of different study funding options can be
- what a credit rating is
- consequences of having a poor credit rating
- ways that different funding options can impact on your future choices.

# Ka pai!

You've completed the Funding Study module. Use the checklist below to make sure that you are ready for your assessment.

## Checklist for:

**US 28093** Describe tertiary study funding options and potential financial consequences for future choices and responsibilities

## I can:

- describe some of the costs involved in study or training, for example, compulsory costs, course-related costs, and living expenses
- describe the criteria for getting a student loan
- describe the criteria for funding study using another study funding option, for example, doing an apprenticeship or working while I study
- describe advantages and disadvantages of student loans compared to another study funding option
- describe advantages and disadvantages of another study funding option compared to student loans
- describe two responsibilities that come with student loans
- describe two responsibilities that come with another study funding option
- describe a short- and a long-term consequence of the responsibilities that come with two study funding option (student loans and one other)
- describe what a credit rating is and how a poor credit rating can impact on a person's future choices
- describe ways that the financial consequences of responsibilities related to study funding options can impact on a person's future choices
- justify which study funding option best meets my needs by making connections with how it could impact on my future choices.

## Reference list

|  |   |
|--|---|
| <b>Student activities</b>  | <a href="https://sortedinschools.org.nz/students/activities/">sortedinschools.org.nz/students/activities/</a>   |
| <b>Glossary</b>  | <a href="https://sortedinschools.org.nz/api/v1.0/download?filename=funding-study-student-booklet&amp;files=2465">sortedinschools.org.nz/api/v1.0/download?filename=funding-study-student-booklet&amp;files=2465</a> |
| <b>Sorted.org.nz guide to studying and student loans</b>           | <a href="https://sorted.org.nz/guides/planning-and-budgeting/studying/">sorted.org.nz/guides/planning-and-budgeting/studying/</a>   |
| <b>Funding Study module video</b>                                  | <a href="https://vimeo.com/425275875/3fc7d53a01">vimeo.com/425275875/3fc7d53a01</a>   |
| <b>School leavers Toolkit</b>                                      | <a href="https://school-leavers-toolkit.education.govt.nz/">school-leavers-toolkit.education.govt.nz/</a>   |
| <b>Studylink NZ</b>  | <a href="https://studylink.govt.nz/">studylink.govt.nz/</a>   |
| <b>Careers NZ</b>  | <a href="https://careers.govt.nz/plan-your-career/act-on-your-career-plans/what-study-costs-and-how-to-fund-it/">careers.govt.nz/plan-your-career/act-on-your-career-plans/what-study-costs-and-how-to-fund-it/</a> |
| <b>Fees Free</b>   | <a href="https://feesfree.govt.nz/">feesfree.govt.nz/</a>   |
| <b>Study and Training page Careers NZ</b>                          | <a href="https://careers.govt.nz/courses/">careers.govt.nz/courses/</a>   |
| <b>Te Wānanga o Aotearoa Ngā Akoranga</b>                          | <a href="https://twoa.ac.nz/Nga-Akoranga-Our-Programmes">twoa.ac.nz/Nga-Akoranga-Our-Programmes</a>   |
| <b>Student Loan - Studylink NZ</b>                                 | <a href="https://studylink.govt.nz/products/a-z-products/student-loan/index.html#null">studylink.govt.nz/products/a-z-products/student-loan/index.html#null</a>   |
| <b>Sorted Guide to Student loans</b>                               | <a href="https://sorted.org.nz/guides/tackling-debt/student-loans/">sorted.org.nz/guides/tackling-debt/student-loans/</a>   |
| <b>Studylink - Took a Study break</b>                              | <a href="https://studylink.govt.nz/return-to-study/took-a-study-break.html">studylink.govt.nz/return-to-study/took-a-study-break.html</a>   |
| <b>Money Hub - Student loans</b>                                   | <a href="https://moneyhub.co.nz/student-loans.html">moneyhub.co.nz/student-loans.html</a>   |
| <b>Careers NZ video - Managing Money</b>                           | <a href="https://youtu.be/GPJgVetOKsE">youtu.be/GPJgVetOKsE</a>   |
| <b>Studylink - How income affects student allowance</b>            | <a href="https://studylink.govt.nz/in-study/income/how-income-affects-student-allowance.html">studylink.govt.nz/in-study/income/how-income-affects-student-allowance.html</a>                                       |
| <b>Student Job Search</b>  | <a href="https://sjs.co.nz/">sjs.co.nz/</a>   |
| <b>Studylink - How to work out how much it could cost to live</b>  | <a href="https://studylink.govt.nz/starting-study/thinking-about-study/cost-of-living.html">studylink.govt.nz/starting-study/thinking-about-study/cost-of-living.html</a>   |
| <b>Careers NZ video about a Ngāi Tahu carpentry apprenticeship</b> | <a href="https://youtu.be/-N-9REjGWil">youtu.be/-N-9REjGWil</a>   |
| <b>BCITO video - How to get an apprenticeship</b>                  | <a href="https://youtu.be/V31aXljFWnw">youtu.be/V31aXljFWnw</a>   |
| <b>Employment Government website - minimum wage rates</b>          | <a href="https://employment.govt.nz/hours-and-wages/pay/minimum-wage/minimum-wage-rates/">employment.govt.nz/hours-and-wages/pay/minimum-wage/minimum-wage-rates/</a>   |
| <b>SEEK NZ website - apprenticeship jobs</b>                       | <a href="https://seek.co.nz/apprenticeship-jobs">seek.co.nz/apprenticeship-jobs</a>   |
| <b>Earn, learn, qualify video</b>                                  | <a href="https://youtu.be/Rw6EOSQHofY">youtu.be/Rw6EOSQHofY</a>   |
| <b>Thriving in the Trades: Three Taura on the rise</b>             | <a href="https://maoripasifikatrades.co.nz/thriving-trades-three-taura-rise/">maoripasifikatrades.co.nz/thriving-trades-three-taura-rise/</a>   |

Te whai hua - kia ora!



**NCEA Level:** 2 (version 4)

**QAAM Number:** #3180

**Unit Standard:** #28093

**Unit Standard Title:**

Describe tertiary funding study options and potential financial consequences for future choices and responsibilities

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**Notes:**