# Teacher guide to the Sorted in Schools Financial Capability modules for NCEA Level 1

The Sorted in Schools Financial Capability modules are designed to support students who are working towards a range of NCEA Level 1 and 2 [Financial Capability unit standards.](https://www.nzqa.govt.nz/framework/explore/domain.do?frameworkId=2884591858) Each of these unit standards provides opportunities for students to be awarded Achievement, Merit and Excellence grades.

### Overview of the Financial Capability modules

Each module provides students with:

* the content, knowledge and skills they need to complete each standard, including at Merit or Excellence level
* links to additional sources of information, including guides on the Sorted.org website and online articles that relate to contemporary issues
* a video highlighting at least one aspect of financial capability
* activities that they can use to build and apply their knowledge and understanding
* tips on what to expect in the assessment and how to achieve success
* an assessment task that they can complete to demonstrate their understanding.

Where appropriate, suggestions about ways that students can make connections with Level 1 and 2 Achievement Standards across a range of curriculum areas including economics, business studies, mathematics and English have been included.

The table below provides an overview of the unit standards supported by the modules. The table has been organised to indicate relationships between Level 1 and Level 2 unit standards and includes references to the Commission for Financial Capability (CFFC) themes that underpin each module. Additional information on each module has been provided below.

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| **Level 1** | **Level 2** |
| **Module title:** Ages and Stages**US 28087 Demonstrate understanding of the effect of life stages on personal income** **Version:** 3**Credits:** 3**CFFC themes:** retirement, investing, savings, KiwiSaver | **Module title:** Riding Life’s Waves**US 28092 Analyse the effect of significant life events at different stage on personal financial income****Version:** 3**Credits:** 3**CFFC themes:** retirement, savings, KiwiSaver, goals, managing money, insurance |
| **Module title:** Credit and Debt**US 28088 Demonstrate understanding of credit and debt on personal finances****Version:** 2**Credits:** 3**CFFC themes:** debt | **Module title:** Funding Study**US 28093 Describe the financial responsibilities and consequences of tertiary study funding options****Version:** 3**Credits:** 3**CFFC themes:** debt, investing, goals |
| **Module title:** Goal Getters**US 28089 Demonstrate understanding of personal financial goal setting****Version:** 3**Credits:** 3**CFFC themes:** goals, savings, managing money |   |
| **Module title:** Future Focus**US 28090 Demonstrate knowledge of personal financial saving and investment options for given scenario(s)****Version:** 3**Credits:** 4**CFFC themes:** savings, investment, KiwiSaver | **Module title:** Investment Options**US 28095 Analyse personal financial investment options****Version:** 3**Credits:** 3**CFFC themes:** savings, investing, KiwiSaver |
|   | **Module title:** Keeping Ourselves Covered**US 28096 Demonstrate understanding of insurance products for personal financial capability****Version:** 3**Credits:** 3**CFFC themes:** Insurance |

In addition, the [Financial Capability domain of the NZQA website](https://www.nzqa.govt.nz/framework/explore/domain.do?frameworkId=2884591858) provides links to all Level 1, 2, and 3 Financial Capability assessment standards.

### Assessing the unit standards

Each module includes an assessment task that can be used to consistently assess students’ progress in relation to the standard. These tasks are open book and, with teacher oversight, students may be able to complete parts of the assessment as they work through the module. The assessment tasks and schedules are based on the [assessor support materials](https://www.nzqa.govt.nz/qualifications-standards/standards/assessment-support-material/financial-capabilty-assessment-support-material/) on the NZQA website.

Most assessment tasks use a scenario-based approach. In some instances, students are encouraged to use their own goals as the context of the assessment so that they can make connections with their own life and aspirations. If students choose to take this approach, the scenarios they develop need to be of sufficient depth for the student to demonstrate understanding at an Excellence level; however, the student should not be assessed on the quality of scenario itself, as this is not what is being assessed. Student confidentiality should be protected at all times and, in all cases, there is no requirement for students to use their own goals as the context; alternative assessment options are always provided.

The assessment tasks can be downloaded as PDFs or Word documents for use as written assessments; however, teachers and students may prefer to collect digital evidence such as a recorded interview or portfolio.

The assessment schedules provide indicative responses at Achieved, Merit, and Excellence level, and teacher judgment is required for awarding of grades. For more information and support on how to assess Financial Capability unit standards, see [additional assessment support for Financial Capability standards](https://www.nzqa.govt.nz/qualifications-standards/standards/assessment-support-material/financial-capabilty-assessment-support-material/) on the NZQA website.

Teachers will need to evaluate the authenticity of these assessments because students may have access to the assessment schedule or to student exemplar material. If so, teachers should modify the tasks by creating new scenarios. In some instances, students have been told in the module that the examples provided cannot be used as part of their assessment response.

### Teacher notes for each module

The next section provides a brief overview of each module, along with teacher notes specific to its content or approach . These notes include:

* a brief summary of what the module is about
* information on the evidence requirements for Achievement, Merit, and Excellence
* potential links to other Unit or Achievement standards
* key conceptual understandings that the module supports students to develop
* clarification around key terms and approaches used in the module
* assessment information, including a link to the NZQA financial capability assessor guidelines.

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# Level One

## Ages and stages

[**US 28087 Demonstrate understanding of the effect of life stages on personal income**](https://www.nzqa.govt.nz/nqfdocs/units/pdf/28087.pdf)

**Level 1**

**Credits:** 3

**CFFC themes:** retirement, investment, savings, KiwiSaver

The Ages and Stages module supports students develop their understanding of the effect of three life stages on personal income, including the benefits that can come from planning for these changes in advance.

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| **Evidence/Judgements for Achievement** | **Evidence/Judgements for Achievement with Merit** | **Evidence/Judgements for Achievement with Excellence** |
| For each of the three life stages (tertiary education, mid-career, retirement), students need to:* identify one source of earned income and one source of unearned income
* describe how three life stage-related factors affect personal income.
 | As well as meeting the requirements for Achievement, for each of the three life stages, students need to:* give two reasons why personal income varies at that life stage.

  | As well as meeting the requirements for Merit, for each of the three life stages students need to:* describe two potential benefits of planning for changes in income at the life stage.
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**Potential links to NCEA Level 1 Achievement Standards**

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

* **AS 91026** Apply numeric reasoning in solving problems
* **AS 90857** Construct and deliver an oral text
* **AS 90855** Create a visual text
* **AS 90053** Produce formal writing.

### Key concepts and clarifications for this module

The three life-stages explored in the module are:

* tertiary education
* mid-career
* retirement.

It’s important for students to understand that these terms are used flexibly. For example, a person in the mid-career stage might be studying or starting a new business endeavour or career path. Generally, the tertiary education stage represents people in their late teens/early twenties, the mid-career stage represents people in their thirties and forties, and the retirement stage is anyone over 65.

This module forms a useful foundation for the Level 2 module “Riding Life’s Waves”, which supports [US 28092 Analyse the effect of significant life events at different life stages on personal financial income](https://www.nzqa.govt.nz/nqfdocs/units/pdf/28092.pdf). Here is a brief summary of points of overlap and difference:

Both unit standards explore the same three life-stages.

At Level 1, the focus is ongeneral factors specific to different stages that impact on personal financial income, such as lower rates of pay when you’re at school, changing living arrangements when you’re in the mid-career stage and stopping work when you retire.

At Level 2, the emphasis is on specific events that impact on personal financial income, for example going flatting, studying, starting work, travel, employment interruption or change, relationship change, getting a fine, separation, redundancy, having a child, raising a family, buying your first home, changing roles within the family, serious accidents, serious illness, losing your partner, living in retirement, moving to a retirement village and financial windfalls.

### Assessment information

In the assessment task, students are presented with three scenarios. For each scenario, they need to describe:

* at least one source of earned and unearned income that the character in the scenario may have access to
* two reasons why personal income can vary at this life stage
* the way three life-stage related factors can affect personal income
* two potential benefits of planning for income changes at the life stage.

NZQA provides [additional assessment support for Financial Capability standards](https://www.nzqa.govt.nz/qualifications-standards/standards/assessment-support-material/financial-capabilty-assessment-support-material/) in the form of assessor and student guidelines, including an alternative assessment task and schedule for each unit standard.

## Credit and debt

[**US 28088 Demonstrate understanding of credit and debt on personal finances**](https://www.nzqa.govt.nz/nqfdocs/units/pdf/28088.pdf)

**Level 1**

**Credits:** 3

**CFFC themes:** debt

This module supports students to develop their understanding of how debt can impact on personal finances, along with factors that contribute to debt being manageable or unmanageable.

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| **Evidence/Judgements for Achievement** | **Evidence/Judgements for Achievement with Merit** | **Evidence/Judgements for Achievement with Excellence** |
| For each of four scenarios, students need to identify:* the use of credit
* the type of credit
* the credit provider
* potential costs of the credit.

For two scenarios:* explain whether debt is manageable or unmanageable debt.

Explain how each of the following factors can impact on a person’s finances:* changes in circumstances
* interest rates
* penalties
* credit rating.
 | As well as meeting the requirements for Achievement, students need to:* provide at least two examples of ways that credit and debt can impact on personal finances.
 | As well as meeting the requirements for Merit, students need to:* explain the impact(s) of both manageable and unmanageable debt on personal finances.
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**Potential links to NCEA Level 1 Achievement Standards**

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

* **AS 91026** Apply numeric reasoning in solving problems
* **AS 90981** Make a financial decision for an individual or group
* **AS 90983** Demonstrate understanding of consumer choices, using scarcity and/or demand
* **AS 90988** Demonstrate understanding of the interdependence of sectors of the New Zealand economy
* **AS 90857** Construct and deliver an oral text
* **AS 90855** Create a visual text
* **AS 90053** Produce formal writing.

### Key concepts and clarifications for this module

The module draws on the language used in the standard, separating out the two concepts of credit and debt. In the assessment standard, NZQA defines credit as “the creation of any form of deferred payment” and types of credit as “personal loan, mortgage, credit card, and hire purchase”.

Strictly speaking, credit is the amount of money that you can borrow from a lender, such as a “credit limit”. The term “credit” can have positive associations and is typically used to sell debt to consumers. However, a key conceptual understanding for students to develop is that using credit is the same thing as taking on debt. If you use credit, you are in debt.

It’s important that students understand the benefits of paying off debt early, for example, by paying more than just minimum repayments. Doing so can save them a considerable amount of money, freeing these funds up for achieving other financial goals.

Another key conceptual understanding is that debt always brings a level of risk to both the borrower and to the lender. The lender bases their fees and interest on the perceived level of risk in order to protect themselves. The borrower needs to mitigate the risks involved in taking on debt in order to pay off their loan.

Topic 2 of the module contains a lot of information about different sources of credit. The assessment standard requires that students refer to five sources of credit (banks, credit unions, private lenders, finance companies, and store cards). One way to approach the content in Topic 2 is to have groups of students use a jigsaw approach, with each group member reading about and reporting back on a different source of credit. Another option is to have students design quizzes for each other using the material in the module, making sure to ask at least one question related to each source of credit.

### Assessment information

The assessment task for US 28088 requires careful planning and checking throughout to make sure that students have met the requirements of the standard. Checklists and tables have been provided to facilitate this process.

In the assessment task, students are presented with five characters, each of whom has taken on, or is contemplating taking on, some form of debt.

Students have to analyse the financial situation of each character in terms of the financial impact of their credit and debt. Students are asked to:

* Describe the type of credit each character is use either using or considering using, for example, personal loan, mortgage, credit card, or hire purchase.
* Identify sources of the types of credit. Students need to refer to **five different sources**. A checklist has been provided to help students meet this requirement. Note that “hire purchase” is sufficient for the “store card” credit source.
* Describe likely costs involved in borrowing this money, for example, interest, fees, and admin costs.

Across their responses, students need to make sure that they include **each** of the following sources of credit:

* a bank
* a credit union
* a private lender
* a finance company
* a store card (for example, hire purchase).

In Question 2 of the task, students need to choose **two characters**, one with **manageable debt** and one with **unmanageable debt**. For each character, students need to:

* explain why they think the character’s debt is manageable or unmanageable
* explain how their debt might impact on their personal finances
* explain factors that might affect their credit or debt, for example, changes in circumstances, taxes, interest rates, penalties or credit ratings
* explain how these factors might impact on their personal finances.

Note that across the two characters, students need to explain **four different factors** that affect credit or debt. If necessary, they can discuss the financial situation of a third character from the scenario to meet this requirement.

A table has been provided to help students plan their responses to ensure that they have met the requirement of discussing four different factors.

NZQA provides [additional assessment support for Financial Capability standards](https://www.nzqa.govt.nz/qualifications-standards/standards/assessment-support-material/financial-capabilty-assessment-support-material/) in the form of assessor and student guidelines, including an alternative assessment task and schedule for each unit standard.

## Goal getters

[**US 28089 Demonstrate understanding of personal financial goal setting**](https://www.nzqa.govt.nz/nqfdocs/units/pdf/28089.pdf)

**Level 1**

**Credits:** 3

**CFFC themes:** goals, saving

This module supports students to develop their understanding of personal financial goal setting, including ways to monitor and maintain progress towards a goal. Students will get the most out of this module if they can make connections with their own financial goals, but doing so is not a requirement of the standard.

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| **Evidence/Judgements for Achievement** | **Evidence/Judgements for Achievement with Merit** | **Evidence/Judgements for Achievement with Excellence** |
| Students need to:* describe a financial goal as a SMART goal by identifying ways that it is specific, measurable, achievable, realistic and time-bound
* identify **three** aspects of spending behaviour that might be impacted by the financial goal
* describe a plan for monitoring and maintaining progress towards the financial goal. The plan needs to include **two** **strategies** for maintaining progress.
 | As well as meeting the requirements for Achievement, students need to:* identify the financial impacts of changing spending behaviours
* explain how these impacts can help the financial goal be achieved.
 | As well as meeting the requirements for Merit, students need to:* justify the processes and strategies used to monitor and maintain progress towards the financial goal.
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**Potential links to NCEA Level 1 Unit and Achievement Standards**

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

* **US 26623** Use number to solve problems
* **AS 90971** Take action to enhance an aspect of personal well-being
* **AS 90857** Construct and deliver an oral text
* **AS 90855** Create a visual text
* **AS 90053** Produce formal writing.

### Key concepts and clarifications for this module

The standard requires students to generate three realistic impacts that achieving the financial goal will have on spending behaviour across the lifespan of the goal. As well as the impacts on spending, the examples in the NZQA assessor guide focus on ways that the financial goal impacts on the person’s lifestyle, for example: *“Changes to the budget such as making his lunch to take to work instead buying it will impact on his time and the range and type of lunches he might eat.”* The module highlights that this broader interpretation of impacts on spending behaviour is acceptable.

Although creating a budget is not a requirement of the standard, teachers may want to explore how to construct one with their class. (The basic steps required are outlined in the module.) This WikiHow page shows the [steps you need to take to create a budget spreadsheet](https://www.wikihow.com/Create-a-Budget-Spreadsheet). You could ask staff members whether they would be willing to share an anonymised and possibly adapted version of a personal budget with the class, although bear in mind that income inequalities may make this inappropriate.

Constructing and using a budget is a useful opportunity for students to provide evidence for **US 26623 Use number to solve problems**.

### Assessment information

In the assessment task, students are presented with a case study that can be used as the basis of the assessment. However, students may find the assessment more meaningful if they choose a financial goal of their own and this is definitely an option.

If students are defining their own financial goal, they need to ensure that it:

* involves a savings plan or payment scheme that can be achieved within 12 months
* involves ongoing cost implications of ownership and maintenance
* has an impact on other financial commitments.

Examples may include (but are not limited to): buying a cell phone, going on holiday, buying concert tickets, and funding sports or cultural trips.

NZQA provides [additional assessment support for Financial Capability standards](https://www.nzqa.govt.nz/qualifications-standards/standards/assessment-support-material/financial-capabilty-assessment-support-material/) in the form of assessor and student guidelines, including an alternative assessment task and schedule for each unit standard**.**

## Future focus

[**US 28090 Demonstrate knowledge of personal financial saving and investment options for given scenario(s)**](https://www.nzqa.govt.nz/nqfdocs/units/pdf/28090.pdf)

**Level 1**

**Credits:** 4

**CFFC themes:** investment, KiwiSaver

This module supports students to develop their understanding of different saving and investment options, including which options are the best match for a given situation.

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| **Evidence/Judgements for Achievement** | **Evidence/Judgements for Achievement with Merit** | **Evidence/Judgements for Achievement with Excellence** |
| Students need to:* identify and explain KiwiSaver and three other savings and investment options that will improve the future financial outcomes for given scenarios
* describe each of the following savings and investment options in terms of their risk, reward and timeframe:
	+ KiwiSaver
	+ term deposits
	+ property
	+ shares
	+ business ownership
	+ bank account.
 | As well as meeting the requirements for Achievement, students need to:* explain their reason(s) for recommending a particular savings and investment option for given scenarios
* explain the suitability of each savings and/or investment options in terms of how it will improve the future financial situations for given scenarios.
 | As well as meeting the requirements for Merit, students need to:* justify their choice of four savings and investment options by explaining why they are a better option for a given scenario than another savings or investment option.
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**Potential links to NCEA Level 1 Unit and Achievement Standards**

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

* **US 26623** Use number to solve problems.
* **AS 91026** Apply numeric reasoning in solving problems
* **AS 90840** Apply the marketing mix to a new or existing product
* **AS 91038** Investigate a situation involving elements of chance
* **AS 90857** Construct and deliver an oral text
* **AS 90855** Create a visual text
* **AS 90053** Produce formal writing.

### Key concepts and clarifications for this module

The assessment standard requires students to describe saving and investment options in terms of their risk, reward, and length of time. The module makes the following distinction between returns and rewards:

* a return is the amount that your money grows (or not). A return can be positive or negative.
* a reward is any positive aspect of the investment option, for example, a reward of KiwiSaver is that you may be able to withdraw your KiwiSaver funds to help purchase your first home.

A key conceptual understanding for students to develop through the module is the relationship between risk and reward. (The higher the potential reward, the higher the risk and vice versa.) If an investment sounds too good to be true, it probably is.

The Future Focus module lays a useful foundation for the Level 2 Investment Options module, which supports US 28095 Analyse personal financial investment options.

Discussing KiwiSaver as an investment option is a compulsory part of both U2 28090 and US 28095, but greater depth of discussion and detail is required for success at Level 2. Here is a brief summary of points of overlap and difference.

At Level 1, students need to explain investment options by referring to risks, rewards and timeframes. The Future Focus module touches briefly on the costs of investments and the different KiwiSaver contribution options*.* However, to get Excellence at Level 1, simply identifying that there are different levels of risk is sufficient. At Level 2, as well as risk, rewards, and timeframe, students need to refer to the amount of money you need to invest and any additional fees or costs that come with investing.

At Level 1, the focus is on the risks, rewards and timeframes that best suit a given scenario. At Level 2, the emphasis shifts to tailoring investments to an individual investor profile, which is why the KiwiSaver investment types are introduced at Level 2 rather than Level 1.

### Assessment information

In the assessment task, students are presented with four characters (or couples), along with information about the character’s financial situation and goals. Students are asked to suggest savings and investment options for each character, and are required to cover six different savings and investment options across their responses. A planning table has been provided to help them meet this requirement.

NZQA provides [additional assessment support for Financial Capability standards](https://www.nzqa.govt.nz/qualifications-standards/standards/assessment-support-material/financial-capabilty-assessment-support-material/) in the form of assessor and student guidelines, including an alternative assessment task and schedule for each unit standard.