**Decide what to save for – How, when and how much?**

These activities, events, and items reflect Billy’s financial goals. He is starting to make financial plans to work towards achieving these goals. Billy is a 16-year-old student who recently started a part-time job. He can work 15 hours a week and is working out how to use his earnings to achieve his goals.

Billy has decided he is going to allocate his earnings into the proportions of 3:2:1 to reach his short-, medium, and long-term goals.

Billy’s goals:

* iphone - medium term
* Concert tickets - short term
* Ball tickets - short term
* Car - long term
* Trip to Wellington to visit Sister - medium term
* Trip overseas - long term

Billy needs to determine the amount of his earnings he will be able to save towards his short-, medium-, and long-term goals each week.

Help Billy calculate his earnings and split his savings into the proportions of 3:2:1 so he can save towards his goals. You will need to show all your calculations and clearly communicate how Billy’s earnings will be divided into set amounts to be allocated to his goals.

Steps to help with your task:

1. Find the minimum wage in New Zealand.
2. Calculate Billy’s weekly earnings.
3. Calculate the proportion of money each week that Billy can save for each goal (short-, medium-, and long-term).
4. Estimate the time it will take Billy to save for his short-term goal.

Note: Billy’s income tax rate is 10.5%.

Explore setting goals and managing your money

# Step 1: Identifying your goals

Research and identify six activities, events, and/or items that you would like to save for in a financial plan. Categorise your choices as short, medium, or long-term goals (choose a selection of each). This will help you start your financial planning.

List or download images of your goals.

Describe briefly why you selected those goals.

# Step 2: Calculating how much you need to save

Complete the table below by researching the costs of your goals. Use at least two different internet sources to determine your costs.

➔ In the “cost” column, include the price of your item and any calculations. Remember to include any additional costs, such as shipping, currency exchange fees, lessons to hone a skill, or travel.

➔ In the “source” columns, include links to the sources of your costs.

➔ In the difference column, calculate the difference between the estimated costs from both sources.

➔ Highlight the source you will chose for each item.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Activity/Item | Cost (1) | Source (1) | Cost (2) | Source (2) | Difference |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

1. How much do you need to save to reach all your goals?
2. Explain why you chose the specific source for each goal. How do these specific sources help you to achieve your financial goals?

# Step 3: Planning your financial future

Describe your financial plans for achieving your goals. Do you earn money so you can start saving? Do you have a method of breaking down your earnings and allocating them to your goals? What are your timeframes for your short-, medium-, and long-term goals?

Linking your mathematical calculations based on your earnings and your savings will help to communicate your financial plan.

# Extension activity

For your short-term goals:

Do you plan to save for all your short-term goals at once and purchase them all at once? Or do you plan to save for and purchase them one after another?

Is your motivation for deciding this because you want to satisfy a need or a want?

Justify your reasoning in a written paragraph and link this to the calculations from your financial plan.

Here are some sentence starters to help you.

* I think it is important to save for because
* I believe satisfying a need is better because
* I could see how saving for a goal could be affected by
* I wonder if

**Reflection**

Using the [financial capabilities rubric](http://nzcurriculum.tki.org.nz/content/download/2660/34430/file/FC%20progressions%20of%20learning%202014-1.docx) and the [mathematics rubric](https://sortedinschools.org.nz/sorted-resources/learning-areas-yrs-9-10/maths/assessment/) answer the questions below:

I think my work now is at level for financial capability.

I think my work now is at level for mathematics.

This is because….

The peer I have chosen to critique my work is

They critiqued my work and have judged it to be at level

The reasons they gave me for their decision are

Therefore, my next steps to refine my work and make it better are...