



Australian Government

Department of Education, Employment and Workplace Relations

FNSFLT202A Develop and use a savings plan

Revision Number: 1

FNSFLT202A Develop and use a savings plan

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	This unit describes the performance outcomes, skills and knowledge required to develop and implement a savings plan to achieve identified goals, including identifying savings goals, understanding the role of the savings plan, the risk/return relationship and how to determine appropriate savings vehicles to maximise savings. No licensing, legislative, regulatory or certification requirements apply to this unit at the time of endorsement.
------------------------	--

Application of the Unit

Application of the unit	This unit has wide application and may be used in workplaces, schools, adult and community learning organisations or registered training organisations in order to build the financial literacy of learners. The unit may also be used as part of pre-vocational or new apprenticeship programs or as part of services provided by counselling or advisory organisations.
--------------------------------	--

Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units		

Prerequisite units		

Employability Skills Information

Employability skills	This unit contains employability skills.
-----------------------------	--

Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.	Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.
---	--

Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Discuss the place of saving and investing today	1.1. The impact of increasingly high cost of living in western society is discussed using examples from the domestic environment 1.2. Increasing levels of consumer debt in Australia are discussed with reference to relevant current issues 1.3. The importance of setting financial goals and developing a saving and investment plan at different stages of an individual's life is analysed and discussed 1.4. Different attitudes to savings and investment are analysed and discussed and the individual's own spending habits are explored
2. Understand risk as it relates to saving and investing	2.1. The concept of risk and risk versus return is explained and demonstrated 2.2. An individual's risk profile is determined based on current and future requirements and the individual's level of risk aversion 2.3. The impact of inflation on the earnings power of money is identified, assessed and discussed
3. Develop your own savings plan	3.1. Personal savings goals are identified and quantified into dollar amounts and arranged in order of priority 3.2. A personal budget is developed to reveal funds available to contribute towards savings goals 3.3. The range of financial product options available to maximise earnings on savings are investigated and the most appropriate is selected according to own requirements
4. Implement your own savings plan	4.1. The requirements to open an account and provide evidence of personal identity are researched and steps taken to gather the necessary documentation 4.2. Relevant savings accounts or other investigated financial products are opened and the savings plan implemented and monitored for a short period of time 4.3. Adjustments to the savings goal are made where it is realised that the goal is unattainable

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

This section describes the skills and knowledge required for this unit.

Required skills

- communication skills to:
 - clearly explain personal budgeting and savings plans
 - use questioning to develop clear understanding
 - liaise with others, share information, listen and understand
 - use language and concepts appropriate to cultural differences
- numeracy and IT skills to:
 - calculate interest and surplus or deficit funds
 - use a calculator
 - use internet information
- literacy skills for interpreting relevant information
- learning skills to maintain knowledge of budgeting and saving techniques

Required knowledge

- principles of budgeting
- role of budgeting and savings in establishing personal wealth
- understanding of the financial institutions and their savings products

Evidence Guide

EVIDENCE GUIDE	
The Evidence Guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.	
Overview of assessment	
Critical aspects for assessment and evidence required to demonstrate competency in this unit	Evidence of the ability to: • understand risk and return in relation to savings and investment • set realistic, measurable, specific and timely financial goals • calculate amount needed to achieve identified financial goals • develop a basic savings plan based on surplus income • explain the differences between basic financial products used to maximise savings.
Context of and specific resources for assessment	Assessment must ensure: • competency is demonstrated in the context of the the range statement • access to and the use of a range of common office equipment, technology, software and consumables • access to information about the process of budgeting, current interest rates, savings products, software and other relevant resources.
Method of assessment	A range of assessment methods should be used to assess practical skills and knowledge. The following examples, in combination, are appropriate for this unit: • evaluating an integrated activity which combines the elements of competency for the unit or a cluster of related units of competency • verbal or written questioning on underpinning knowledge and skills • setting and reviewing simulations or scenarios • group discussion to determine and confirm understanding.
Guidance information for assessment	

Range Statement

RANGE STATEMENT

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.

<i>Consumer debt</i> may refer to:	• credit card debt • mobile telephone debt • mortgages on residential and investment properties • personal loans to purchase: • motor vehicles • travel • domestic whitegoods • store credit • student loans including the Higher Education Contribution Scheme (HECS).
<i>Financial goals</i> may include:	• accumulating a set amount of money by a specified date in the future for the purposes of: • purchasing assets • financing holidays, educational expenses, home renovations and other known future expenses • establishing a deposit for an investment such as a home or investment property • aiming to repay existing debts and be debt free • establishing a regular savings plan • handling income and expenditure responsibly and avoiding financial difficulties.
<i>Attitudes to savings and investment</i> differ and may encompass those who:	• believe it is essential in order to manage their money and achieve future financial goals • lack interest in or the discipline to save and therefore live from one pay packet to the next • occasionally think about saving but who do not take active steps to save.
<i>Risk</i> refers to:	• the level of uncertainty associated with a particular savings or investment product.
<i>The concept of risk versus return</i> refers to the general truth that:	• the higher the risk of the investment, the higher the expected return • the lower the risk of the investment, the lower the expected return.

RANGE STATEMENT	
Risk profile refers to:	the level of risk an individual is comfortable with when investing their money.
Inflation refers to:	- the cost of living, indicated by the inflation rate - the percentage change in the Consumer Price Index (CPI) which is a quarterly survey of the retail price of a basket of goods and services consumed by the general population.
Goals need to be:	- achievable - measurable - realistic - specific - timely.
Product options may include:	- basic savings account - cash management trusts - fixed term deposits - investments in debentures and secured and unsecured stock - online bank accounts offering higher rates of return.
Requirements to consider when selecting a financial product for savings or investment may include:	- account keeping fees, ongoing fees and charges and other non-government fees and charges - additional services offered - ease of access to funds - level of risk involved - locality of the institution - minimum opening balance required - potential tax implications - rate of interest earned - reputation of the financial institution - term to maturity.
The requirements to open an account include providing personal identification from a range of sources that equate to 100 points which may comprise::	70 points: - birth certificate - passport - citizenship certificate 40 points: - driver's licence - Shooter's licence - Public Service Employee ID card - Commonwealth or State government financial

RANGE STATEMENT

	entitlement cards (e.g. pension card) • 35 points: • land rates • 25 points: • any card on which your name appears including Medicare card or credit card • documents on which your name and address appears including: • car registration • utility bill • rental slip.
--	---

Unit Sector(s)

Unit sector	Financial literacy
--------------------	--------------------

Competency field

Competency field	
-------------------------	--

Co-requisite units

Co-requisite units		