

The Voices of People, Families and Whānau Experiencing Hardship

Hearing what matters



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA



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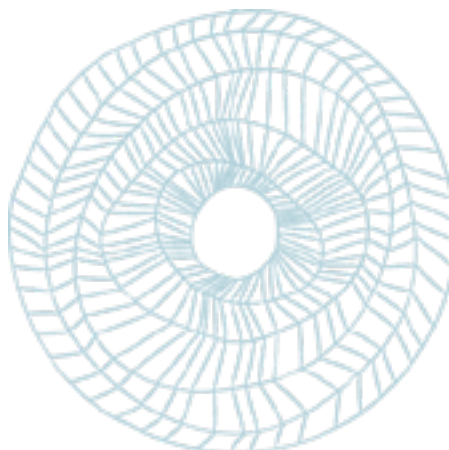
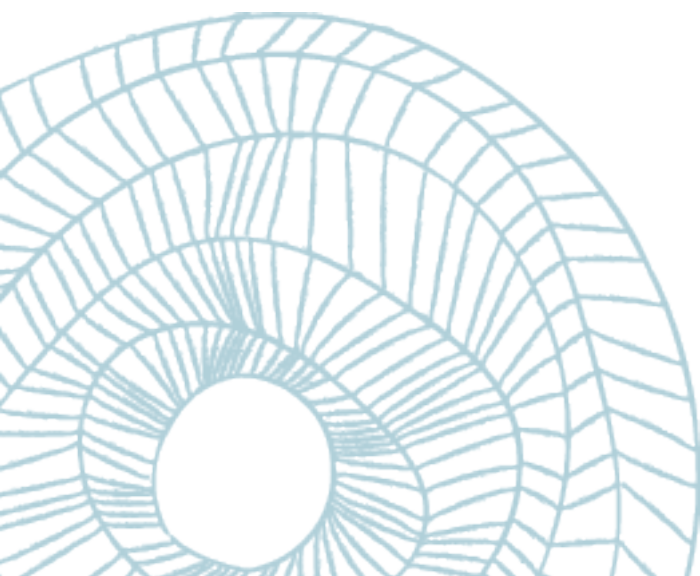
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From budgeting services to Building Financial Capability

The Ministry of Social Development (MSD) wanted to explore how budgeting services could be better delivered to people, families and whānau experiencing financial hardship in New Zealand. We want services that better support people through financial crises towards becoming financially capable and resilient.

We received a clear message from budgeting services clients and providers that:

- clients needs have increased in complexity and diversity and require a more comprehensive approach
- effective financial capability is more than just having a budget.



Our co-design process

In 2015 and 2016, we led a co-design process with over 450 people, including budgeting services clients, service providers, Work and Income case managers, sector partners and government agencies. The process involved group discussions and workshops, intensive interviews, concentrated, intensive design sessions, and ongoing comments and feedback.

The process started with intensive interviews with 18 clients of budgeting services. These interviews created the basis for understanding the experiences of people, their families and whānau in hardship, and gave insight into how we might better serve their needs. Their stories informed the subsequent co-design work.

This co-design has led to a new approach to building the financial capability of New Zealanders experiencing hardship.

The stories of the people, families and whānau experiencing hardship are derived from real client stories, with identifying details changed.



Engage

Explore

Develop

Test & refine

**Implement
& imbed**

People experiencing financial hardship tell us...

About living in financial hardship

"When we run out of money we fight... it changes your character, you feel pressure, feel unhappy - all that stress."

"Being so broke, going to the Ezyloans for my daughter's birthday, knowing I can't afford to pay them back."

"I really need a fridge-freezer. I can't go out and buy a week's shopping like I used to because I don't have a freezer to put it in."

"Samoans in Samoa we have our own land, own house, we don't have to pay water, rent, stuff like that. That's what I tell Mum when they call... It's not the same as you guys eating for free."

"I've never saved because there is nothing there to save."

"I did part-time cleaning... and our wages were to go towards all our bills... we were really tired but we just had to do it, it was the only way."

About what works for them when using budgeting services

"I won't go out there looking for something that makes me excited by spending the money; it's more like what makes me excited is minimising. Because I am getting to the point where I have extra cash in the bank."

"It gives you back your mana, your dignity. I like to be independent."

"I could relate to her because she was Māori. She didn't speak like she was perfect in life. I like to learn off people who have done the mistakes that we are doing."

"At first I had to do it because of my Work and Income incentives but then I realised it was useful."

"The most rewarding part was just knowing we had a future, there was a light at the end of the tunnel, and the light wasn't too far away."

"They have supported me with my children, with my housing situation, transport, budgeting, and they are just always there."

Key insights from people experiencing financial hardship

Key insights we learned about people

- People have complex lives with a range of family, cultural, health, and financial needs and issues. It can feel like a vicious cycle that they can't escape.
- People often feel powerless, depressed, and out of control. They can lack the understanding and capability to make good decisions for themselves or their families.
- Poor financial literacy can be intergenerational.
- People often have entrenched behaviours, cultural obligations, and patterns of living that can mean spending more than they have and getting into debt becomes normal.
- High-interest loans and high levels of debt are often the easiest available option to get what they want or need – especially when they don't understand the implications, or are too tired or stressed to care.



People often feel powerless, depressed, and out of control

High-interest loans and high levels of debt are often the easiest available option to get what they want or need



- People feel that having a budget won't solve all of their money problems. Even a great budget can't make up for not having enough money to survive day to day and meet basic living costs.
- People want to be able to provide for their family and be financially secure, rather than life being a constant struggle. They often take two steps forward then ten steps back.



People want to be able to provide for their family and be financially secure

Key insights we learned about support

- Accessing the right support, knowledge and tools at the right time can help people in hardship to get on the right path and sustain their progress.
- People feel impacted by inconsistent approaches and system disconnection. They feel that Work and Income, budgeting providers and other agencies are not working together for them.
- People can be empowered and learn to manage their finances, set goals, and see positive results in making long-term, sustainable change.

Accessing the right support, knowledge and tools at the right time can help people in hardship to get on the right path



A financial capability continuum

For people, families and whānau experiencing hardship, dealing with support services can be time-consuming, humiliating, and confusing. Accessing services can be frustrating, and opportunities to intervene and improve people's lives can be missed through a lack of service integration.

In 2015, the New Zealand Productivity Commission released a report outlining how the Government could ensure more effective social services. The report separated client characteristics into four broad groups – depending on the level of complexity and the level of client capability. Each group faces a different situation in dealing with the system, and needs a different response.

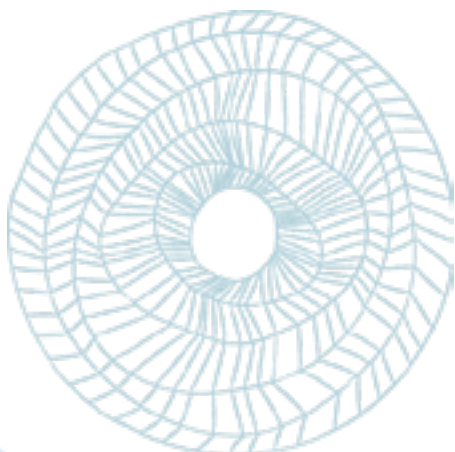
It is also useful to think about people, their families and whānau experiencing financial hardship as fitting somewhere along these two axes:

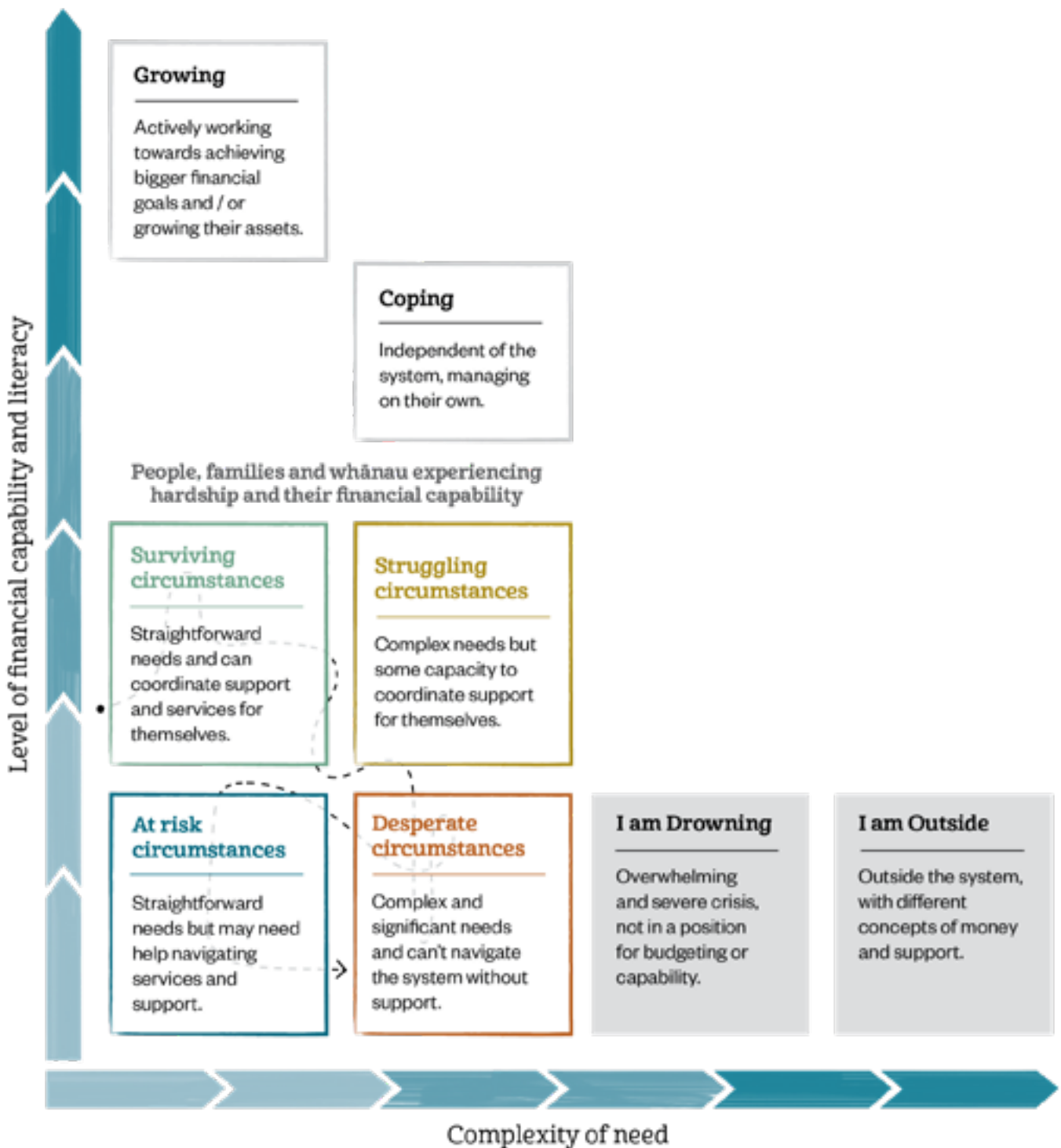
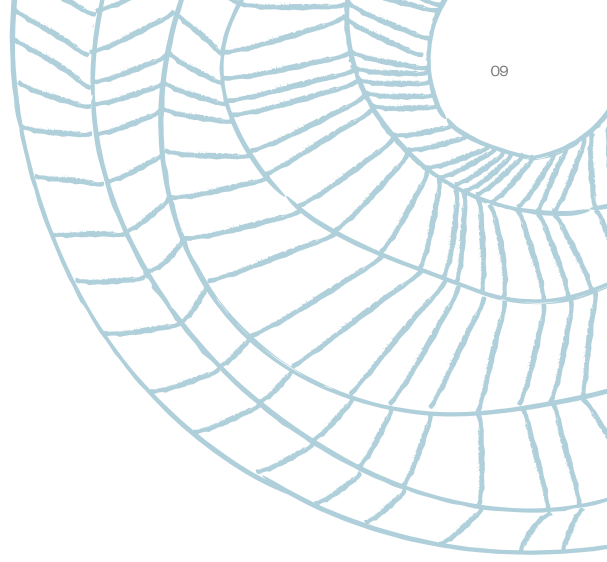
- the complexity of need when they interact with budgeting services
- their level of financial capability and literacy.

Identifying people experiencing hardship against both axes can help us understand what the client's needs may be and what an ecosystem of support would look like. This helps us to plan and deliver a seamless and empowering experience for clients that is consistent and collaborative across the board.

Moving along the financial capability continuum

Helping people experiencing hardship along the financial capability continuum involves alleviating their crises before starting to increase their financial capability. People in hardship can slip down the continuum, typically because of a significant negative event such as a relationship breakdown, death, health issue, loss of employment, or compounded debts. As people develop their capability and resilience, movement down the continuum may stop.





People outside the continuum

There may be individuals or groups of people that are occasional or disengaged users of budgeting services. We did not speak to these people directly, but became aware of them through ongoing workshops with budgeting advisors and service providers.

Typically these people:

- can feel they've been forced into becoming clients of budgeting services, so can arrive in a state of anger (potentially a danger to workers at budgeting services, who generally do not have high levels of security in their workplaces)
- are unable to access and navigate systems for various reasons including poor literacy
- can be out of the system – homeless people and people without identification or permission to be in New Zealand.

We are looking at opportunities to support people in these circumstances.

I am Drowning

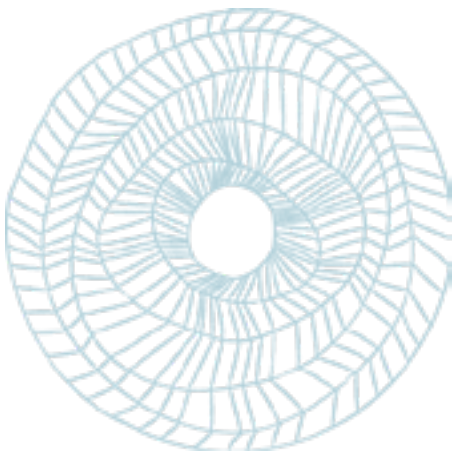
Overwhelming and severe crisis, not in a position for budgeting or capability.

People in these circumstances are in immediate need of holistic support to address crises across multiple facets of their lives. They should not be clients of budgeting services before their other needs are addressed, but in the current state they often end up there.

I am Outside

Outside the system, with different concepts of money and support.

These are people and populations who have a completely different cultural or social background. They may not understand finances or social support systems in a way that allows them to manage well in New Zealand, and need specific assistance to help them bridge the gap between where they are and where they need to be in order to build capability and thrive.



Financial Capability continuum case studies



Tipene is surviving
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Sina and Pat are at risk
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Donna and Rāwiri are struggling
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Tina is desperate
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People who are surviving

I need reassurance so that I can coordinate support and services for myself.

People who are surviving often live in the moment financially. They are open to extending their financial skills but may lack confidence and knowledge in going about it. They seek reassurance that they are correctly accessing all entitlements, and may already have good habits in place. They can typically talk about their long-term financial goals, but are only slowly moving towards them. They may not have a safety net and are aware of what this means. They may have used budgeting services in the past and want to use it to improve their situation.

“I don't think there's ever been a time when I was happy about my finances.”

Pain points and challenges

- Living in the moment financially because there are not enough funds to think longer term
- Lacking confidence and knowledge to take full independent control of their finances
- May be discouraged by others in their efforts to build new habits, or have poor habits enabled and perpetuated by family and community
- Tend to be the people who others (family and community) go to for help – they find it difficult to say ‘no’ and their financial stress or debt is often a result of trying to alleviate someone else’s financial problems
- May have reached a point of individual sustainability and slow growth, but don’t know how to accelerate that further
- Might have spent savings before qualifying for government assistance.

Opportunities

- Build capability to empower and engage
- A financial health check could help them create a safety net
- Often positive about budgeting services
- Community financial capability champions
- MoneyMates peer-led support as an alternative to one-to-one interactions
- Tend to be clearer about their goals and positive decision-making
- Access to low or no-interest loans or microfinance.

Tipene is surviving right now

“I don't have any habits. I don't drink, and I don't smoke anything. That's how you have to be if you want to make it in today's world.”



40

40 years old



Lives in Invercargill



Tipene's wife passes away



Receiving benefit



Solo parent, four children

Crisis level

Financial capability



Tipene's backstory

Tipene has had a very tough year. Maia, his wife of 20 years, passed away recently after a two-year battle with cancer. His four children are struggling to come to terms with losing their mother. The children are aged 14, 13, 10 and 3 and live in Invercargill. Until his wife got sick, Tipene worked at the local freezing works and earned pretty well. He'd never focused on saving because his wife always managed their finances.

Last year was a bumper year at the freezing works and Tipene worked a lot of overtime. Tipene wasn't aware though that his temporary increase in income would affect his Working for Families payments and that he was building up a tax debt.

With one thing and another, Tipene accumulated other debts without really realising it.

Tipene is proud of owning his own home. He was able to manage the mortgage payments quite easily when he was earning. However, it's proving to be a real struggle now he's on a benefit, to look after his children.

Tipene is worried that the house needs quite a bit of work done to it. Getting the house insulated is a priority as his youngest child suffers from asthma.

Tipene's goal is to return to work when his three-year old starts at kōhanga, but the time has to be right for the family.

Tipene's budgeting services experience



Tipene is trying to get back on his feet after the death of his wife who he cared for over the past two years. Tipene had to give up work to care for his family and he's on Work and Income Sole Parent Support. Things are tough. Tipene has also just received a bill for \$15,000 for his wife's funeral expenses.

Tipene talks to Work and Income who provides a funeral grant of a few thousand dollars and refers Tipene to budgeting services.

"Since my wife passed away, my whole life has changed because my wife did all the financial stuff for me. It never concerned me really."



Tipene attends his first session at a budgeting service. He's relieved to work with the budgeter to come up with a budget and he also finds it useful when they give him some additional information about financial literacy. It's all the extra costs that come up with the tamariki that Tipene finds hard to budget for.



Tipene feels that he has a good budgeting plan and, while things will be tight, he thinks he can manage.

Tipene feels in an ok space until he receives a letter from Inland Revenue saying that he owes money for a Working for Families overpayment from the last financial year when he did some extra hours at the freezing works. He now owes \$3,000, which he hadn't factored into his budget.





Tipene heads back to his budgeter who helps develop a plan so Tipene can keep paying the mortgage, and negotiates a repayment plan with IRD on his behalf. Tipene is very conscious that it's going to be a real struggle to keep to the budget, and that's with no extras.



Tipene's budget advisor tells him about a financial education course that his iwi runs. Tipene signs up as he is keen to do whatever he can to get his whānau into a better financial position. Tipene is still just meeting his whānau's day-to-day living costs. He's not able to save, which stresses him.



Tipene really appreciates the help he has got from his iwi. A real bonus from the course he's completed is learning more about gardening and kete kai which is helping Tipene feed his whānau.

Tipene has found the course invaluable and he often talks to other people he knows who are in difficult financial situations about the value of the course and working with a budgeter.



Tipene has built a strong rapport with his budgeter who he keeps in regular contact with. For Tipene, this relationship is a lifeline, helping him and his whānau keep on track.

"It's not easy being a parent on your own. You're expected to have school uniforms, pay school fees... they need a uniform and if they rip it you still have to get another one. There is no room for my tamariki to be tamariki. There is no room for error."



Tipene's Building Financial Capability experience



Tipene and his wife have attended a financial literacy course which was offered to employers and their partners through the freezing works. At the course, they decide to opt into the whānau-savings programme offered by their iwi.



Area of opportunity

Through the financial literacy programme offered by Tipene's work he and his wife learn important information about tax, KiwiSaver, Working for Families, smart and bad debts and different forms of insurance.

They didn't realise there was so much to learn, however they feel they're in a much better position financially now.



Crisis strikes the family when Tipene's wife is diagnosed with cancer. As the cancer progresses, Tipene and his wife come under increasing emotional and financial strain. Tipene has dropped back to part-time work.



Area of opportunity

While things are very tough Tipene is grateful they joined the whānau-savings programme offered by their iwi. When they are told Tipene's wife's cancer is terminal they receive assistance as part of their commitment and contribution to the programme.



A financial mentor from Tipene's iwi helps the couple to focus on some decisions they need to make to care for their whānau. Tipene also meets with his mentor without his wife to talk about more practical aspects like coping on his own, supporting his children and managing the finances.



Whānau gather at Tipene's wife's marae to prepare for her passing. While they tried to prepare themselves for her death, Tipene and his tamariki are devastated when she goes.



Area of opportunity

While the financial mentor has worked with Tipene to build a Financial Plan of Action, she can see he needs help dealing with his grief. The mentor talks to Tipene about accessing counseling services and puts him in touch with the Cancer Society who can provide Tipene with a range of support.





Tipene negotiates leave without pay with his employer – they are supportive of him and grant him a year’s leave to care for his children. He is on the Sole Parent Benefit. Life insurance takes care of the funeral costs.



Tipene’s mentor also reminds him that he needs to get in touch with Inland Revenue as he could have a Working for Families overpayment when they work through how much he earned the previous year.

They also talk about how being involved at the marae may help Tipene, both emotionally and financially.



Tipene takes advantage of the money he’s saved through his employer saving scheme to tackle some of the maintenance on his house.

Tipene takes his tamariki to open their own bank accounts. He also makes sure they are signed up for KiwiSaver.

“My mentor has helped me put a financial plan in place and encouraged me to talk to my work about taking a year’s leave without pay. Things are still tight but knowing I can pay my wife’s funeral costs and have my job to go back to is a huge relief.”



Area of opportunity

Tipene has the confidence to talk to Inland Revenue and sort out a realistic repayment plan. He also begins working in the marae gardens and starts to dive for kaimoana. This helps him with his grief and the kuia look after the tamariki to give him some time on his own. Tipene and his tamariki also become involved in the Kete Kai programme.



Area of opportunity

Tipene’s mentor says he might be eligible for the Healthy Homes insulation scheme so Tipene gets straight on the phone to make enquiries. Part of his Financial Plan of Action is also focused on teaching his tamariki about money and savings. This is something Tipene is very committed to.

“I’ve learnt so much from my mentor. I wanted to give something back to them and the marae for all their help and support. I am now training to become a financial mentor myself. It’s also important that I’m a strong role model for my tamariki. We’ve been through so much but we’re moving forward together.”

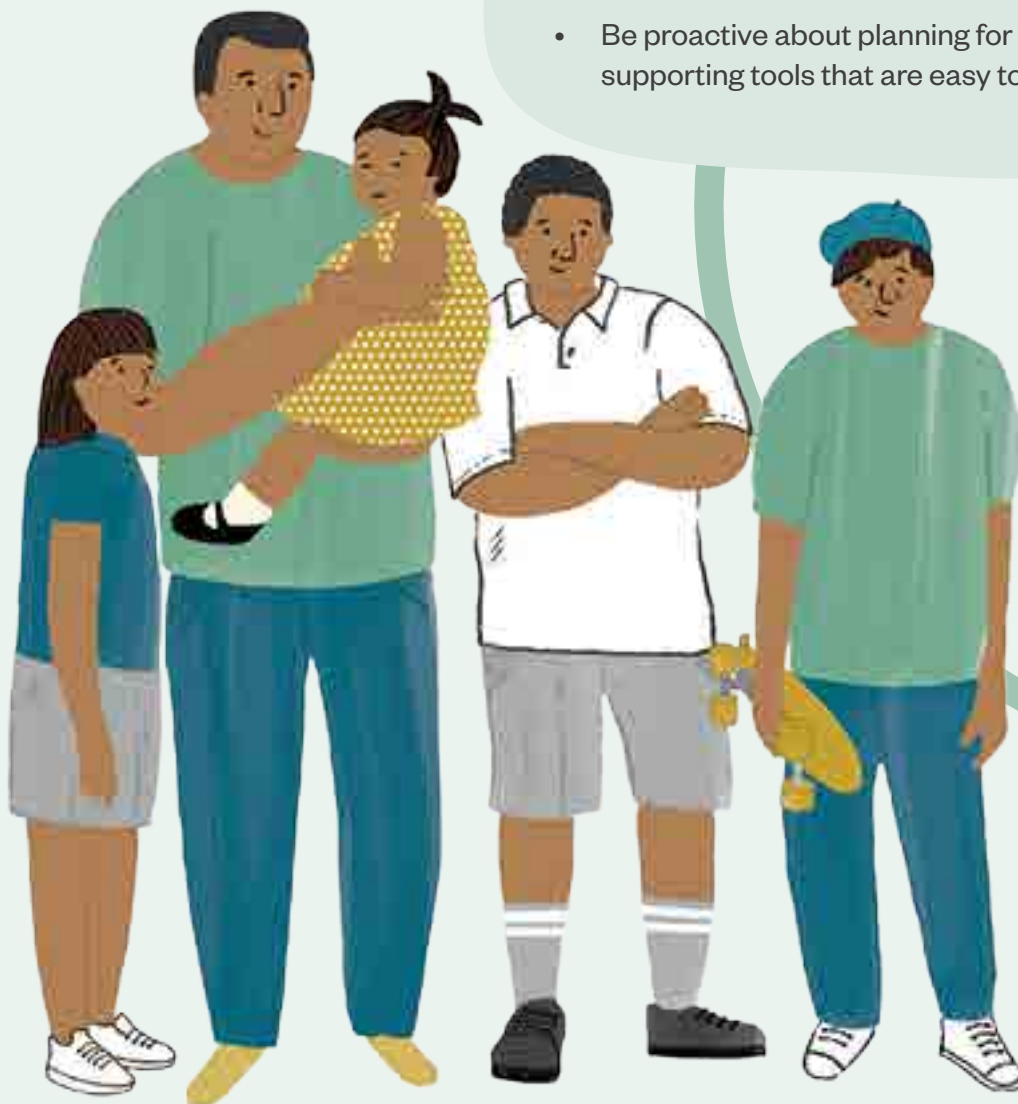


Ways to better support people like Tipene ...

1

Proactive planning and support

- Recognise the importance of having a financial safety net in place
- Be financially literate
- Take advantage of savings and insurance schemes offered by iwi, employers, or community-based organisations
- Be proactive about planning for the future. supporting tools that are easy to use.



2**Healthy money attitudes**

- Begin a mindset shift with savings as a priority
- Understand the value of good debt and being proactive about personal finances
- Have the ability to plan or cope with a sudden change in circumstances.

...who are surviving

3**Value of involving others**

- Take a whole-whānau approach to understanding money and finances
- Leverage wider support networks
- Understand the value of sharing knowledge and learning from others – becoming financial champions and giving back to the community.

People who are at risk

I need to be better informed and I may need help accessing the services to support me.

At risk clients lack understanding of money matters and financial tools, and have a strong likelihood of moving to crisis as a result of minor negative events. They may have variable support and security in their daily home, work and other environments. Unaware of the pitfalls and opportunities around financial attitudes and decision-making, they may have long-term goals but when they take two steps forward, they often take two steps back.

“It feels like we take two steps forward then 10 steps back.”

Pain points and challenges

- Uninformed money habits are not seen as problematic
- Susceptible to parents, whānau, communities and friends who share or accept poor financial habits as the norm
- Unaware of financial pitfalls, and unable to identify and take advantage of financial opportunities and better options
- No financial buffer or safety net means that a single negative event can have a significant impact and push them into a cycle of crisis (into desperate)
- Financial system is alien – it’s not talking their language and can be a barrier to engagement.

Opportunities

- When not experiencing crisis, there is room for preventative intervention at high points
- Money matters made relevant to the client through language and context
- In a better place to talk about their goals, gain confidence, and plan
- More likely to be able to see the benefits of good habit-building over time due to less stress and complexity
- Make information welcoming and accessible to the client
- Education woven into existing networks and touchpoints such as school, marae, through initial Work and Income contact, immigration, church, and other community links.

Sina and Pat are at risk

“It started really well. The budget was fresh in our minds, then it got harder. We started to pick up debt again. We lost track.”



Sina & Pat’s backstory

Sina and Pat are a young Pacific couple. Sina was born in New Zealand, and Pat has recently moved from the Islands to be with Sina.

Sina has recently taken on a new role at work that she’s excited about. Pat has picked up seasonal work. Their incomes are pretty low, and both would love to further their careers.

Pat has found things pretty hard in New Zealand. Coming from the Islands, where you could live off the land, money was never as issue. He hasn’t had to budget much before.

They have taken out high-interest loans to buy a flash car. A challenge for the couple has been meeting the financial expectations of their ‘aiga – they don’t want to let the family down, so they have needed to borrow money to help them.

Things were going okay when Sina and Pat found out Sina was pregnant. While this wasn’t planned, they are both very excited about having a baby. However, then Sina was made redundant from her new job. This came as a huge shock as Sina isn’t yet eligible for paid parental leave.

Surviving on one low income is going to be pretty tough...

20’s

Mid 20s



Live in Auckland



Pat on work permit



Sina made redundant



Couple, pregnant

Crisis level

Financial capability



Sina and Pat's budgeting services experience



Sina and Pat are struggling. A friend suggests that the local budgeting service might be able to help.



They weren't aware help was available.



Sina and Pat have a great experience with their budget advisor. The budget advisor works through what they earn and for the first time they're clear on how much debt they've accumulated. The budgeter also negotiates repayment arrangements with their various creditors.



Exciting news! Sina and Pat find out that Sina is pregnant. Sina and Pat start to pay off their debts. They also try to stick to their budget and what their budgeter has taught them.

"We felt really happy. We didn't know there was help out there. We tried to rely on our own strengths, but knowing it's okay, don't be ashamed to ask for help."



"The budget advisor showed us a lot of demonstration, they gave us a lot of good examples about their own life, from their own experience. I think it's easier for us to open up to someone who has an open mind... who specialises in these kinds of things."





“It started really well. It [the budget] was fresh in our minds, then it got harder. We started to pick up debt again. We lost track.”



They've stopped making the repayments on the car their budgeter negotiated and it's been repossessed. They're now reliant on public transport to get to work, medical appointments etc. Sina and Pat have also gone back to using loan top-ups from a third-tier lender to make things a bit easier.

Sina and Pat have tried to stick to their budget but things have been tight and they have slipped back into debt.



Sina is made redundant. This is a double blow given she's only been in her role for a few months so she isn't entitled to paid parental leave.

Adding to the tension is Sina and Pat have been asked to help out their 'aiga with some money. They know this is going to really impact on their financial situation however there is a lot of expectation to help out, as from the 'outside' Sina and Pat seem to be pretty well off. This results in another loan top up.



Sina and Pat decide to go back to the budgeter to try again. They realise they need more support to stick to their budget and their debt repayment plan. They find it hard, with advertising and media bombarding them all the time on what they 'need' in their lives.



Sina and Pat head back to their budgeter. They are disheartened as they felt they had made progress then things started to build up again. They feel like they take two steps forward then 10 steps back.

“I think it was just temptation, of what's happening in society... our money was going to waste instead of using it on the things we need.”



Sina and Pat's Building Financial Capability experience



Pat arrives in New Zealand from the Islands to join up with his partner Sina.

A few weeks later Pat is successful in getting a job. He's rapt that he will be earning some money.



Area of opportunity

On arriving in New Zealand, Pat receives a welcome pack from Immigration that includes basic financial literacy information. The pack is written in Pat's preferred language.



Area of opportunity

When Pat starts his new job, his employer spends some time talking to Pat about KiwiSaver and also gives Pat some basic financial literacy information.



Church is very important to Pat and Sina and they both start attending church services on Sunday.



Area of opportunity

The church invites Sina and Pat to a group session they run which focuses on 'how things work in NZ'. The session covers topics such as tips for managing your money, pitfalls to look out for, in particular high interest loans, and the importance of saving.



Area of opportunity

After Sina and Pat attend this initial group session, the church offers to include them in a MoneyMates peer-led support group they run. They love attending the group sessions and meeting people who are in similar situations as them. They learn that the best thing they can do is to start thinking about how Pat can become a permanent resident.



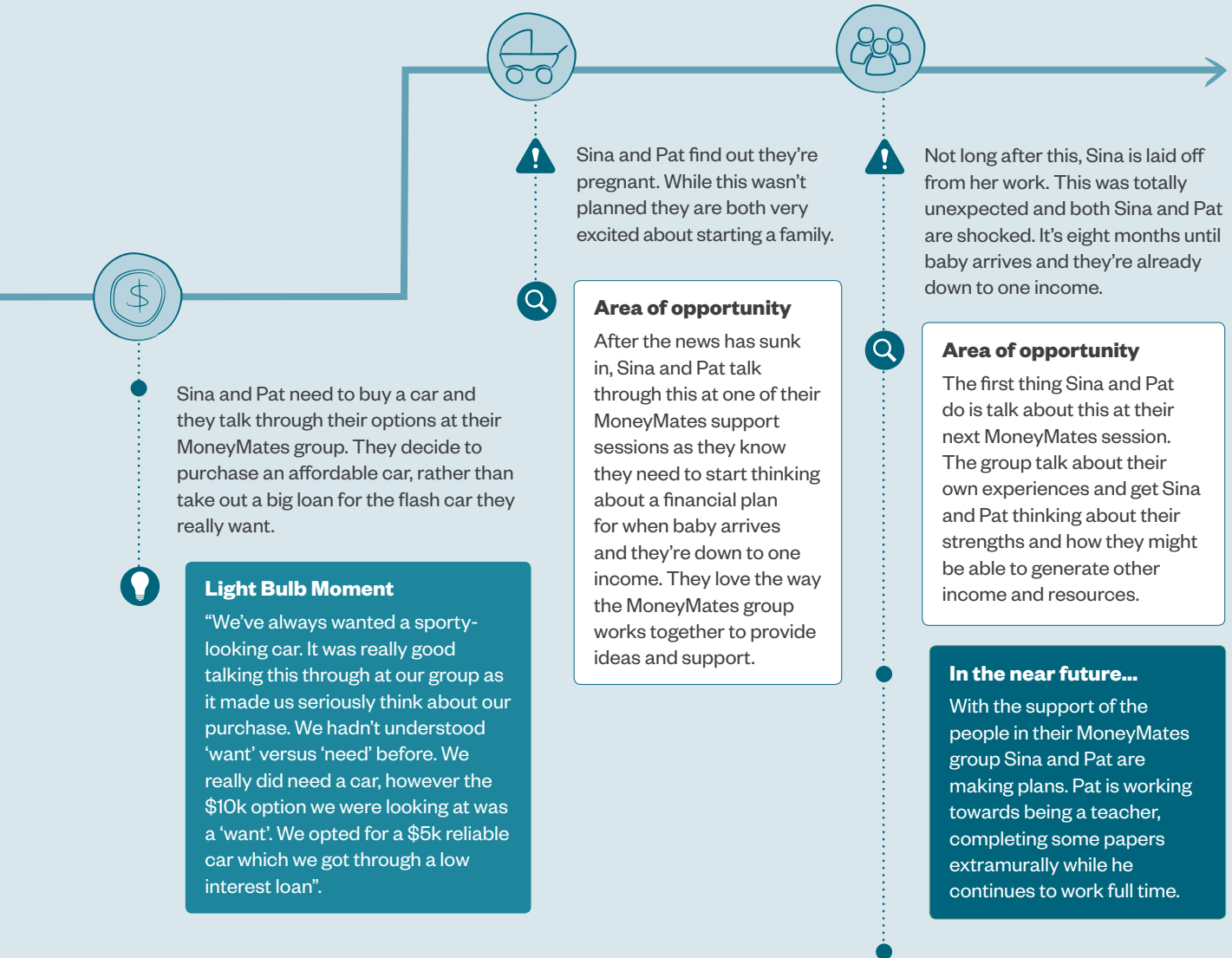
Sina and Pat find it useful talking to other people in their group about the challenges of finding money to support their 'aiga. They will always find a way to help however they thought the only option was to take out a loan as they had no savings. They hadn't heard of cultural accounts.



Area of opportunity

In their group there is a discussion around supporting 'aiga financially. Some of the MoneyMates group talk about how they've set up a cultural account which all their 'aiga contribute to on a regular basis. Sina and Pat feel they would benefit from such an account so they ask how to go about doing this. One of the MoneyMates group offers to help them set one up.





“Talking to other people who were in a similar situation really helped. At one of the sessions I took along some Samoan food I had made – they said it was amazing and had I ever thought of selling it at the local community market? With their support I set up a stall and it’s going really well. Even though I’ve lost my job I’ve got some money coming in...”



Ways to better support people like Sina and Pat...

1

Awareness & messaging

- Give clients consistent messages from the beginning about the importance of building good money habits
- Create widespread community awareness about the need to build financial capability
- Build awareness of the supporting tools that are easy to use.



2**Understanding their reality**

- Work with people in a similar situation to build strong networks and support
- Build understanding of wants versus needs, learning tools and tips from their peers
- Whole whānau/’aiga approach to savings, cultural and church obligations
- Find out if they are receiving all income they are entitled to.

...who are at risk**3****Financial education**

- Build understanding of debt traps and how to look for other lower-cost financial options
- Reframe debt as unacceptable and undesirable
- Focus on the importance of saving.

4**Setting people up for growth**

- Identify strengths and opportunities
- Be supported by others to look for new income and resource-generation opportunities
- Look to the future and set goals.

People who are struggling

My needs are urgent but I have some capability to coordinate support for myself.

Struggling clients have typically believed they have been capable of managing their finances, but have suffered an event (or chain of events) that pushed them to crisis. They are under high stress and need urgent support, and have little previous experience in navigating the system.

They are more likely to be working but on low incomes, and have self-referred to budgeting services. They don't understand the full effect of their cumulative debt, so they are unprepared when a crisis hits. They might engage with budgeting services frequently initially and then less so on an ongoing basis.

"I didn't like to talk about my finances to anyone. It was my own business."

Pain points and challenges

- Inability to cope with the crisis at hand, so may find rapid adjustments difficult
- May not realise their own vulnerability and be in denial about high levels of debt
- Have little experience in using the government and support systems
- Entrenched money management behaviours have worked so far, but will not help with this new crisis or in the future
- Can be embarrassed about saying the degree to which they are in trouble
- Can be tempted towards consumption, if used to a certain quality of life and habits.

Opportunities

- Low or no-interest loans, microfinance products, and access to KiwiSaver
- Insurance products or savings if none already
- Linking financial capability support and prevention to employment, banking, and social services
- Prepare clients better for surviving a crisis
- Inspire, educate and build on existing good behaviours
- Have capability and resources to draw on for the future
- Incorporate children and whānau into their plan and supporting others in their community.

Donna and Rāwiri are struggling

“When we run out of money we fight. It changes your character – you feel pressure, feel unhappy – all that stress.”



Donna & Rāwiri’s backstory

Rāwiri’s passion is doing up cars, and he has done one up every year since Donna first met him. This passion has come at a cost though, as over the years he’s taken out a range of loans for his purchases. He currently owes over \$50,000.

Donna and Rāwiri have just received devastating news. The trucking firm Rāwiri works for has gone into receivership and Rāwiri has been laid off. There was no warning that this was on the horizon.

This has placed a lot of strain on their relationship. Donna feels that Rāwiri is in denial about what’s going on, and the impact on their financial situation.

Rāwiri is spending all his time in their garage working on his cars and doesn’t seem to have the energy to start looking for another job.

They are still paying off their mortgage and are now behind on all the car repayments. They’ve also had to stop their KiwiSaver contributions.

Donna is feeling very stressed and the couple seems to be fighting all the time.

50’s

Late 50s



Have always lived in Whanganui



Rāwiri is the main income earner. He works for a local trucking firm



Donna works part-time as an office manager



Children have left home and moved away from the area

Crisis level

Financial capability



Donna and Rāwiri’s budgeting services experience



Rāwiri, whose passion is doing up old cars, is in denial about their financial situation so heads down to the local car auction to buy another car to do up – Rāwiri’s rationale is he has time on his hands so he might as well be doing something.

Donna doesn’t know what to do, she’s stressed out dealing with all the financial issues by herself and is frustrated that Rāwiri is burying his head in the sand.

Donna confides in a friend who tells Donna about budgeting services and says they might be able to help her.

“I was a little bit embarrassed when I came in. I didn’t want to come in and let them know I was having a few problems. especially at my age. I was a little bit embarrassed about saying I was in trouble.”



The first budgeter Donna speaks to feels they’re not best placed to help, but they refer her to another budgeter who specialises in mortgage issues.

On the phone the budgeter encourages Donna to bring Rāwiri with her to their first session.



A notice from the bank arrives advising the couple they’ve defaulted on their mortgage. After recent events in their lives, including Rāwiri being made redundant unexpectedly, it’s the last straw.



“When we first came in I had all my bills all screwed up as I wasn't able to pay the bills. I didn't know how to sort things out and when we came in the budgeter sat us down. my wife was in tears. they sat us down and made us a cup of tea and said it would be alright.”



At the first visit Donna breaks down in tears as she talks about what's going on for her and Rāwiri. The budget advisor takes the time to explain the process in detail to Donna and Rāwiri. This session was pretty hard for Rāwiri as well, especially seeing his wife so upset.



A few days later Rāwiri and Donna return to their budget advisor for their next session. Their advisor has sorted out their immediate crisis by calling the bank and the debt collectors on their behalf (with their permission). Both Donna and Rāwiri feel they have some breathing space.



Rāwiri and Donna feel like they've been given a life line. After a few months they've even been able to start a savings plan – they feel there's light at the end of the tunnel.

“We have a lot of debt and I think if we hadn't come here we would have been in trouble in a big way.”

“The most rewarding part was just knowing we had a future. there was a light at the end of the tunnel and the light wasn't too far away.”



Donna and Rāwiri's Building Financial Capability experience



Rāwiri has received notice of his redundancy. He is provided with information to help him through this challenging time, including counselling sessions and financial support services. He shows the material to Donna, but he's not in the right headspace to take advantage of what's on offer at the moment.



Area of opportunity

Rāwiri's workplace offers him a counselling and financial capability services package as part of his redundancy. They also keep in touch with him over the few first months, reminding him of the help available.



Area of opportunity

Rāwiri is struggling to face up to what's happening, and finds solace in his cars. Donna, with the support of Rāwiri's former workplace, encourages him to take up the counselling.

"Opening up to someone about losing my job was really hard, but I also felt relief finally talking to someone about how gutted I felt. They encouraged me to start talking to Donna as well."



When the bank calls about their mortgage underpayments Donna is extremely worried. The bank informs Donna that free financial capability services exist in her community and they give her the 0800 number. The bank requires their payment in two weeks, or they will take action, and Donna doesn't know where the money will come from.

Donna and Rāwiri realise they are in crisis and stand to lose their family home which they've both worked so hard for. That afternoon they call the number. Donna answers a few questions and is told a financial mentor will contact them the next day. They are asked to pull together some basic information about their financial situation.



Area of opportunity

The financial mentor makes contact with Donna and Rāwiri first thing and takes the time to listen to their story. The financial mentor reassures the couple that he can work with them and the sooner they meet to work through a Financial Plan of Action the sooner they can start making progress.



Light bulb moment

"It was such a relief to finally talk to someone about our situation. There was no judgement, they just listened and we felt we could share our story. We couldn't get to our appointment with our financial mentor quick enough."



Donna and Rāwiri work through developing their Financial Plan of Action with their mentor. Their initial focus is to sort things out with the bank as keeping their home is the priority. The mentor is encouraging of Rāwiri when he says he's attending counselling. They also talk through some immediate income generation options – like selling a couple of the cars Rāwiri has been working on.



Area of opportunity

The financial mentor works through all aspects of the Financial Plan of Action with Donna and Rāwiri. While ensuring the house is secure is a priority the mentor provides guidance and resources to enable the couple to have the conversations with their bank and their creditors themselves.



Area of opportunity

A key learning area for Rāwiri and Donna has been the discussions they've had with their mentor about needs versus wants. While doing up cars is a passion for Rāwiri, he comes to realise that given the couple's financial situation, keeping the cars is a luxury they can't afford at the moment. While it's not an easy decision, Rāwiri puts a couple of his cars up for sale on Trade-Me.





Guided by their financial mentor, Donna and Rāwiri make a realistic Financial Plan of Action based on their goals, strengths and their circumstances.

The plan includes a budget and a savings plan, as well as their ideas on how they could increase their incomes, possible new employment opportunities for Rāwiri and how they can develop new spending habits.

Area of opportunity

Through working through the elements of the financial plan, Rāwiri and Donna start to talk through ways they could increase their income, and what might be some new employment opportunities for them. Working through what their strengths were with their mentor was invaluable, particularly for Rāwiri as it helped him build up his confidence again.



Once Donna and Rāwiri's Financial Plan of Action is in place and working for them, their financial mentor is confident in transitioning the couple out of the service. The mentor links them to a local service that supports small business owners and they start to plan setting up their own car mechanic business. They leverage their good relationship with their bank who is also supportive of their new venture.



"I was so shattered by losing my job. I couldn't see any other options for us - it's all we had known. Working through our plan with our mentor we realised we had a lot of strengths we could draw on. Who would have thought at our stage of life we are embarking on a new path. It's daunting and exciting!"



Ways to better support people like Donna and Rāwiri...

1

Starting with empathy

- Builds trust by taking the time to understand the person's story and circumstances
- Recognise that for many of us, one major life change could see us in struggling circumstances ourselves
- Understand the person's starting level of financial literacy.



2**Immediate support**

- Create a Financial Plan of Action that reflects the client's situation and reality, with the immediate focus being to alleviate the crisis situation.
- Support and assistance is given so that the person can understand and navigate the financial system themselves.

**...who are
struggling****3****Prevention
and safety nets**

- Focus on getting a savings plan set up for times of crisis
- Set short-term and long-term savings goals
- Understand the full debt situation and work out a plan to manage the immediate debt situation.

4**Long-term goals
and growth**

- Focus on understanding clients' strengths and goals
- Identify ways to reduce debt in the long term
- Identify opportunities to increase income.

People who are desperate

I have complex needs and I need ongoing help to navigate the system.

Desperate clients are compelled to go to budgeting services to meet Work and Income obligations to complete a budgeting activity. They are typically living from crisis to crisis with a range of complex and cyclical issues that include ill health or mental health needs, housing, employment, debt, and family issues.

Cultural obligations, judging attitudes and other pressures mean they are not engaged in the system, which is exacerbated by very low levels of financial literacy. Desperate clients have run out of all resources and budgeting services is a last resort for help. They are ongoing users of various support services.

Pain points and challenges

- Ongoing and complex ill health and mental-health needs that are often undiagnosed
- Lack of options, necessitating short-term fix rather than long-term decision-making
- Poor relationship and frustration with government services compounds levels of stress, depression and disempowerment
- High levels of debt, little or no financial literacy, and no support network or encouragement to talk through money issues
- The obligatory budget sheet and process lacks meaning and offers little value, and paperwork requirements are a barrier
- No levers in the system to keep them engaged, and limited access to technology
- Can't afford quality items (shoes, whiteware), replace things, or access transport

Opportunities

- Forge trusting relationships through which financial capability can be delivered
- Better access to tailored support and services
- Support and guidance through lived experiences and community sharing including iwi and church relationships
- Strengthen existing resourcefulness and building non-financial skills
- More concentrated time through efficient assessment
- A contextually meaningful budgeting activity

Tina is desperate

"I only cater for my children. We all wish we could live spontaneously but you know..."



30's

Mid 30s



Lives in Auckland



Solo parent
(husband in prison)



Three children
aged 16, 8 and 4



Her middle child has a
learning disability

Crisis level

Financial capability



Tina's backstory

Tina and her family rely on benefits as she struggles with a mental health issue that means she hasn't been able to hold down a job for several years. Tina's partner is in prison. Her moods can fluctuate, especially when she is under a lot of stress. Tina is feeling very down about her situation.

Tina has been forced to move house numerous times and is on the waiting list for social housing. She doesn't have much family to call on for help, but a cousin is letting Tina and her children stay in their garage until a house comes through. Over the past few years, Tina has accumulated a range of debts.

This includes owing \$15,000 to Work and Income due to benefit overpayments and a debt with her GP. Anxiety about this accumulating debt puts Tina off seeing her GP as regularly as she should. However, she knows she needs to go to keep up with her medication.

Tina can't afford a car so she and the kids walk everywhere. With money being so tight, Tina doesn't have the internet at home and she has a basic cell phone that she only uses for emergencies. Tina is feeling pretty stressed as she has run out of food for her children and it's still three days until her next benefit payment.

Tina's budgeting services experience



Tina has spent her last few dollars on some medicine which she needed urgently.



She has no money left in her account and it's still three days until her benefit comes through.



Tina rushes down to her local Work and Income office late in the day for a hardship grant.

Her case manager says as she has had several hardship grants she needs to go to budgeting services and work on documenting a budget. The case manager is aware that Tina has no money left to buy food so suggests Tina goes to the local Salvation Army food bank to tide her family over.



Her family is in urgent need for food so she walks to the food bank. At the food bank they make Tina an appointment to see a budget advisor first thing the next morning.

"I must admit I'm very slow to do things for myself, when you've got someone else you can depend on to do it you tend to feel safer."



“I’ve never saved because there’s nothing to save.”



In the morning she goes to her budgeting appointment. She and the budgeter work through a plan. Tina takes the budget away to show her case manager.

She is frustrated when she gets there as her case manager barely looks at the budget sheet. She is relieved though to know her payment has gone into her account.



After a long, hard day Tina is happy to get home with the kids. She is gutted to find a letter waiting for her from a loan company demanding immediate payment as she’s fallen behind with repayments.



Tina was looking forward to her benefit being paid so she could see how much money she can put to paying off some of her debt. The amount in her account was less than she was expecting as she forgot she is paying off some Work and Income overpayments.



It’s Tina’s son’s birthday on the weekend. While things are very tough financially Tina doesn’t want her children missing out. She makes a call to the shopping truck that’s often in her neighbourhood to buy her son a few gifts.

With everything going on Tina is feeling stressed out, fed up and her health starts to suffer again.



“They expect you to hold this budget sheet and all they do is glance at it. But every time I come in they say, have you got your budget sheet?”



Tina's Building Financial Capability experience



Tina goes into Work and Income for a hardship grant. She meets a case manager who looks at her file. Seeing that this is Tina's second hardship request, the case manager takes the opportunity to talk to Tina about how working with a financial capability provider may benefit her. She lets Tina know what providers are available, and talks through what might be a good fit. Tina feels working one-on-one with someone may help, so the case manager prints out provider contact details from the Family Service Directory, and together they ring the financial mentor and set up an appointment.



Area of opportunity

The Case Manager can see Tina's history in her file. She organises a hardship grant and says:

"Perhaps you would be interested in having a mentor work with you to understand your money situation. Here are the options available in our community – would one of these work for you?"



Area of opportunity

A local financial mentor contacts Tina and arranges to meet up. Using the Financial Plan of Action, the mentor quickly builds a picture of Tina's situation. They recognise that things are tough with Tina's housing situation, her 8-year-old's health, and a pregnant daughter. Being a single mum, she is juggling this all herself.



The financial mentor makes gentle but sincere approaches to contact Tina a few days later as Tina didn't turn up for their next session.

The mentor makes further calls to Tina and leaves a message about how she wants to help. Eventually Tina answers the phone and they talk again. Tina agrees to let the financial mentor talk to Work and Income.



Area of opportunity

The financial mentor establishes trust with Tina and uses their agency connections to issue an urgent recommendation to get Tina further support. A Whānau Ora kaimahi makes contact and they discuss options.

The mentor works with Tina and Work and Income to ensure that Tina is getting all her correct entitlements and recommends a debt alleviation period for a short time.



Light bulb moment

"At first I wasn't sure about this financial mentor person asking me questions, but she seemed to genuinely care about how I was feeling, and was actually listening. I told her I wasn't wasting my money, and she said she understood and wanted to work with me. I'm not sure if I believe her, but..."



Tina gets a phone call from her Whānau Ora kaimahi touching base. She lets Tina know that she's been liaising with her financial mentor about her situation. Through conversations, they establish Tina has a debt with her GP and she hasn't been taking her medication. They explain that they would like to work with her to make a plan to support her, which first means stabilising her health.



Area of opportunity

Connected support services working together and having a trusted kaimahi work with Tina. There are agreed priorities for Tina and her whānau around health and housing. Financial advice is passed on to Tina through the trusted kaimahi.



Area of opportunity

The Financial Plan of Action builds an integrated picture of a person's financial wellbeing. For Tina, this means taking positive steps to get on top of her health, finding a house, and seeking help through the school for her 8 year old.





The kaimahi works closely with Tina's financial mentor to support Tina's financial options. Tina chooses to sign up for Money Management and the financial mentor requests a hold on debt interest to stop her money crisis worsening. The mentor supports the kaimahi as she helps Tina make a case to Housing NZ for a house. This is all part of her financial plan.

"I thought I was on my own then I met people on my MoneyMates group who know what I'm going through. We talk about our challenges and they are helping me make plans."



Area of opportunity
A Money Management programme that includes a no-interest hold on her debt helps Tina to stop worrying about money and gives her some space to think about other priorities. As part of the programme, she attends a fortnightly MoneyMates group where she meets other people in her situation. Tina benefits from hearing how others have improved their money situation.



Once Tina's health gets back on track, she feels empowered to tackle some other issues. The kaimahi has helped her get a house; she meets with the school about a teacher aide for her 8 year old; and begins to make plans for her child's birthday. She remembers that her financial mentor said that a picnic at the local park can make a child feel special on their birthday without costing a lot.



Area of opportunity
Achieving non-financial goals is recognised by Work and Income as progress (eg getting back on medication, having a debt repayment plan, stopping smoking, kids going to school with lunches). Her financial mentor organises a morning tea for Tina and her whānau to celebrate her progress.

In the near future...
Tina talks to her financial mentor about wanting to volunteer somewhere, so they talk about that and Tina decides to call the school to see if they might need someone to help out in her daughter's class.



Ways to better support people like Tina...

1

Crisis alleviation

- Provide wrap-around support from other agencies to address immediate needs of the client and longer-term needs of the family (eg, teenage daughter gets pregnancy support)
- Make available financial capability options to children and whānau.



2

Wrap-around support

- Accessing money management relieves the immediate worry of day-to-day finances
- Having a trusted person or peer-led support group that provides support and guidance through this challenging time
- Working with a financial mentor and Work and Income ensures all possible entitlements are accessed.

...who are in desperate circumstances

3

Improved service approach and experience

- Support offered is whānau-oriented
- Experience less compliance activity across and between agencies
- Client is at the centre of all conversations and is empowered to make decisions and take action over time
- Experience a positive partnership between financial mentor and Work and Income.

4

Focus on longer-term capability

- Increase coping skills
- Set goals and develop a longer-term Financial Plan of Action with financial mentor
- Discuss broader resource-generation options with financial mentor
- Gets support and advice from others involved in financial capability group and peer-led support
- Has housing security
- Is financially literate.

Building Financial Capability outcomes

Level of financial capability and literacy



Tipene

Benefits from:

- Financial literacy course offered through his employer
- Whānau savings scheme offered through his iwi
- Financial mentoring support through his iwi and a financial action plan developed
- Other support services when needed – counselling, Cancer Society
- Sole parent benefit, life insurance, KiwiSaver, Healthy Homes insulation
- Working in the marae gardens and diving for kaimoana

Is able to:

- be resourceful and use these services to his advantage
- think, plan and save on a limited income
- have the tools, language and confidence to access better financial options
- share his knowledge and experiences to support and lead others.



Sina and Pat

Benefit from:

- Welcome to NZ pack including basic financial literacy information in appropriate language
- Employer giving info on KiwiSaver and basic financial literacy information
- Church-run MoneyMates peer-led support
- Cultural account where the 'aiga contribute on a regular basis
- Developing a financial action plan through their MoneyMates group

Are able to:

- apply their knowledge to help deal with any future crises
- apply awareness to better financial options, but may still be susceptible to pitfalls
- apply resourcefulness when possible
- use family and other support systems to normalise financial capability
- preserve low assets, income and savings.



Donna and Rāwiri

Benefit from:

- Workplace redundancy counselling and financial capability services support package on offer
- Community based financial mentor using a financial action plan to help them manage their crisis, look at income-generation options, and develop new spending habits
- Linkages to small business support services

Are able to:

- apply their knowledge to help deal with future crises
- discuss plan and make decisions together
- apply resourcefulness to supplement their income
- utilise their increased awareness to access better options and develop new behaviours
- reserve assets with a view to growing them again.



Tina

Benefits from:

- Work and Income referral to the right services for Tina at the right time, and a hardship grant
- Support through a financial mentor to manage debt and develop a financial action plan
- Further support through a Whānau Ora Kaimahi for Tina and her whānau on health and housing issues
- Money Management programme with a no-interest hold on debt
- Support to apply for a Housing NZ house
- MoneyMates programme to talk through challenges with peers and help make future plans

Is able to:

- apply basic knowledge, language and support to deal with the system
- use her financial plan to increase her line of sight with a view to stability
- make informed decisions with support
- lean on family or other support systems that are in place
- have small non-financial successes recognised through her plan.

