De-jargoning Money

A financial glossary of plain English for the finance sector and beyond

He Rautaki-ā-motu mō te Āheitanga Ahumoni
The National Strategy for Financial Capability

Feedback closes 30 September 2022

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What is *De-jargoning Money*?

It's no secret that the language of money can be inaccessible, inconsistent and confusing for New Zealanders. This was a regular feature of feedback received from across the financial capability sector during the development of the National Strategy for Financial Capability. So we decided to develop a plain-English financial glossary as one of the first-year initiatives.

De-jargoning Money is the result of the collective effort of some bright and passionate people from across the finance community, and beyond, to work together on demystifying money. An immense thank you to everyone who took part in tackling this challenge, both through a virtual workshop held in late 2021 and through a series of in-depth working group meetings held since.

The working group looked at standardising industry language where there were opportunities for consistency. The focus was also on removing jargon, banishing outdated terms, and trying to avoid the many acronyms.

We know that many terms are not readily understood by New Zealanders: this is a chance to reshape and demystify our customer and consumer-facing language.

Have your say

We can't de-jargon money without the support and feedback from people working in this space. Tell us what you think by filling out this 10-minute survey by **30 September 2022.**

We want to know:

1. Do you think this glossary captures the right consistent language?
2. What would you suggest changing?
3. Are there additional words you would like to see suggested as plain English?
4. Are there additional words you would like to see suggested as 'words we want to phase out'?
5. Do you have any further feedback for consideration?

HAVE YOUR SAY

Thank you to the following contributors

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What happens next?

We'll carefully consider all feedback, adapt as necessary, and launch the final version of *De-jargoning Money* in early 2023.

We are also working closely with partners such as Banqer, Fidelity Life and ASB to test the *De-jargoning Money* glossary with customers. We welcome further customer testing from additional partners also. For this or for any questions, contact Rachel Beckett on rachel@retirement.govt.nz or Tom Hartmann on tom@retirement.govt.nz.

Where will this be used?

The language used to discuss money varies widely: many words confuse people and put them off engaging effectively with their money matters. By using consistent language we can make it easier for New Zealanders to understand money and empower their financial capability.

This is not intended as a glossary to distribute to consumers. It is a glossary for the industry as a whole to consider embedding consistent language in communications – on websites, in documents, on the front line when talking to customers, or in media when we are explaining personal finance. It won't be easy, but we think it's worth trying and it will need strong support from the top. There are always reasons why things can't be done – let's champion reasons to make things better.

De-jargoning Money is a tool that provides recommendations for plain English, helping to demystify money for New Zealanders and improving their financial capability. What's not to like?

Special thanks to:

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General money

	Phase in	Phase out	Context
1	amount owed	balance outstanding balance	Note that 'balance' is jargon, so any opportunities to explain this as the amount owed (particularly with debt) should be taken advantage of.
2	amount your investments are worth portfolio value	balance	'Balance' in the investment context tends to emphasise something you have, instead of more accurately what your investments are worth. If there is an opportunity to stress what is actually owned – i.e., the number of units – we could make some headway to de-emphasise paper losses.
3	spending plan financial plan	budget	The connection between a budget and spending plan can be strengthened. The former can come across as constraining; the second more proactive.
4	compounding compound interest		There is room to use the verb compounding more and explain this as interest on interest.
5	how much you can borrow refund	credit	Credit is used too widely to refer to too many things: it can be a borrowing limit, a refund or an accounting term. The more precise we are, the more we can support customers to understand.
6	debt loan	credit	Used in a multitude of ways, 'credit' becomes confusing to the consumer as to which meaning is intended.
7	disposable income needs and wants	discretionary income	It is important to note here that the 'needs and wants' discussion can come across as condescending towards adults, who may feel as if they are treated as children. But it remains a useful distinction.
8	emergency fund rainy day fund	savings net safety buffer	Those savings for when an immediate need arises
9	financial advice		Recommend explaining what the customer can expect with financial advice. Those providing financial advice are required to be licensed by the FMA. This includes personal financial or investment planners, insurance or mortgage advisers, as well as staff ('nominated representatives') at insurers or banks who are Financial Advice Providers. This means in practice they are trained to offer advice, will put clients' interests first, and explain how they are paid.
10	financial capability financial wellbeing	financial literacy financial inclusion	Financial wellbeing is an outcome of being financially capable. 'Literacy' and 'inclusion' are considered more suitable for internal use, rather than public facing.
11	financial planning		We recommend explaining what a customer can expect. Financial planning is offered by a financial adviser or certified financial planner who has a comprehensive view on a client's finances and isn't limited to a single specialist area such as insurance, investment planning or mortgages. Financial planners can help you plan for your future after taking into account your current position, goals and risk preferences.
12	free independent complaints process	Dispute Resolution Scheme	Something customers can access through the Ombudsman or other dispute resolution schemes. There is an opportunity to explain further what a dispute resolution scheme is when explaining this to customers.
13	how much of your home you own	equity	Equity should be explained in the first instance, as it can be a challenging term if unfamiliar.
14	inflation	CPI	Remove acronyms where possible and simplify.

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15	investments contributions		People do get confused between savings (money set aside for the future) and investments (assets that can produce returns). The recommendation is to distinguish investment contributions clearly from savings, particularly in the KiwiSaver space where people can be concerned when the value drops, as they can mistake their investment account for a savings account.
16	liability, liabilities		There is room to explain what is classed as a liability, including different types of debt. At its simplest, liabilities and assets are opposites – one takes money from you, the other potentially returns more money to you.
17	refund	credit	As previously mentioned, 'credit' is overly used in a multitude of ways, making it confusing to the consumer as to which meaning is intended.
18	regular expenses	compulsory expenses fixed expenses	'Regular' expenses is more readily understood than words like 'compulsory' or 'fixed'.
19	reinvesting	compound return	There is room to explain further this as an action, a financial choice, despite it happening frequently behind the scenes.
20	return returns real return	total return simple return income return capital return compound return	What you 'get back' from an investment, this term describes past gains. "Past returns are not an indicator of future returns" typically accompanies return figures. It's important to clarify that returns can be negative. 'Real return' refers to investment earnings after taxes and inflation are factored in and taken into account.
21	risk		'Risk' and 'volatility' are often treated as synonyms, but it's important to communicate that volatility risk is only one form of risk. There are many others, such as industry risk, interest rate risk, or sequencing risk. In its simplest form, risk is the chance an investor might not reach their goals through their investing. It should be clarified in the first instance.
22	savings		Saving needs to be distinguished from investment for the consumer. Simply put, saving is setting aside money for the future, while investment is buying assets that have the potential to grow in value, either because of the income they generate or an increase in their price. Savings can be invested (or not).
23	shortfall	deficit	Originally an accounting term, 'deficit' can be challenging to understand and comes from a 'lack' mindset.
24	extra money you have surplus surplus income	discretionary funds	There is room to phase out 'discretionary', which can be challenging to understand.

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Banking and lending

	Phase in	Phase out	Context
25	amount borrowed	principal	Principal isn't readily understood. There is room to either simplify it or explain what it means in the first instance.
26	automatic payment		'Automatic payment' is an intentional regular payment set up and controlled by the consumer, in contrast with 'automatic withdrawal' below.
27	automatic withdrawal	direct debit	An automatic withdrawal is where you approve a company to take money out of your account.
28	behind on your payments/ repayments	debt arrears	The recommendation is to spell it out more simply where possible.
29	borrower joint borrower	co-borrower co-signer	Key here is to not imply any less risk to a borrower simply because they are not the only one.
30	borrowing more additional borrowing	top up top-up	It's important to emphasise to the consumer those instances where they are in fact extending their borrowing.
31	break fee	penalty	There may be instances where standardisation of this term could help.
32	buy now pay later	BNPL Buy Now, Pay Later pay-later options	'Buy now pay later' has become an industry term at first, and many consumers do not necessarily identify this category. Identifying the top brands can help in order to clarify. It can be lowercased much like credit cards are as a category.
33	checking you can afford the loan checking you are comfortable repaying affordability	affordability assessment	There are terms that have come across from CCCFA legislation, and as such they will remain in circulation. Yet to the consumer, using plain English is preferable for clarity.
34	credit score credit history	creditworthiness	The shift recommended here is to move away from anything personal.
35	key information disclosure information disclosure statements disclosure documents	PDS	To be used when referring to those documents that are part of disclosure requirements.
36	early repayment fees	prepayment penalty	To be used when someone chooses to pay more towards their home loan and there is a cost to do so.
37	fit for purpose making sure the loan is right for you	suitability assessment	Whether a product is right for the customer. "Is this loan fit for purpose?" Note that here, although 'affordability' is included above, recommendation is to not use 'suitability' at all with consumers, despite these terms remaining in circulation due to CCCFA requirements.
38	loan agreement	credit contract	This is in line with more generally moving away from the word 'credit' for clarity given its different uses. See 'loan'.
39	loan-to-value ratio	LVR, equity	A calculation used for when you can borrow up to a certain percentage of your home's value. Given equity and LVRs can be confusing, there is room to spell out the acronym in the first instance.

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40	maturity date	maturity	Part of efforts to remove jargon in favour of clarity and plain English
41	missed repayments	arrears	
42	stopping repayments	default	
43	open finance	open banking, CDRs (customer data right)	A single overarching term for efforts to open up transactional data would be useful across the industry.
44	phishing scam	phishing	When talking about all specific forms of fraud, include ‘scam’ after it for ease of understanding.
45	problem debt unmet debt unaffordable debt	bad debt	Key here is that we focus on the debt and do not inadvertently refer to the borrower as ‘bad’ for instance.
46	repayment	payment	These can be found being used interchangeably, but a consistent approach would be welcome.
47	verify authenticate	validation	In many cases the verb format is preferable to the noun and more natural to everyday language.
48	with interest including interest	interest bearing	There is room for ‘interest bearing’ to be made clearer.

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Insurance and estate planning

	Phase in	Phase out	Context
49	advance payment partial payment	accelerated benefit	Part of efforts to remove jargon in favour of clarity and plain English
50	a risk assessor a risk assessment	underwriter underwritten cover underwriting	A risk assessment may take place at time of claim (with income protection for example), as well as at time of application.
51	age-rated age-rated premium	YRT stepped premium	To indicate when insurance premiums increase with age
52	compensation value compensation cover compensation restoration	indemnity value indemnity cover	These are clearer when indicating that things will be put back as they were.
53	enduring power of attorney (EPA)	EPOA	This can be still found in two acronym formats, so the recommendation is to phase out EPOA for clarity.
54	estimate contract estimate	illustration	‘Illustration’ isn’t as clear as estimate.
55	fixed fixed premium	level premium level term	To be used when insurance premiums don’t rise annually
56	gift gifts	legacy bequests devisors	A specific form of gift someone leaves when they pass. This can be in the form of property, cash, or other.
57	goodwill payment	ex-gratia payment	A discretionary payment that insurers aren’t legally obligated to pay but do out of moral goodwill.

58	honest disclosure	good faith disclosure	Part of efforts to remove jargon in favour of clarity and plain English.
59	insurance	assurance	
60	living will	advance directive	
61	multi-policy discount	linked policy discount package discount	
62	no claims period	stand-down period	
63	period of insurance	term period period of cover	
64	policy policy wording	policy document	
65	policy owner	policy holder	
66	probate		Note that 'probate' is currently being used both a decree and a status for a time period (eg, "How long is probate?"). This needs to be contextualised for the consumer to make this clear.
67	separate benefit independent benefit	standalone benefit	
68	start date	date of commencement commencement date inception date	Part of efforts to remove jargon in favour of clarity and plain English.
69	summary of your policy policy summary policy terms	policy schedule certificate of currency certificate of insurance	
70	trans-Tasman	Australasian	Australasian has conflicting definitions which has caught clients by surprise. We recommend more precise region descriptors such as Trans-Tasman for travel insurance or investment purposes.

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Investment and KiwiSaver

	Phase in	Phase out	Context
71	active investment active management actively managed fund		The recommendation here is to describe a fund as active even when it is only partially managed actively (ie, when the majority is passive even). This way 'passive' is truly reserved for those funds that are exclusively so.
72	borrowing to invest leverage	gearing	'Gearing' is a somewhat outdated metaphor that can be jargon to unfamiliar customers.
73	contribution pause savings suspension	contribution holiday	The recommendation is to not use holiday which has positive connotations. We also recommend treading carefully when using 'savings suspension' as clients have confused KiwiSaver for a bank account where their 'savings' wouldn't go down.
74	dollar-cost averaging drip-feeding your investments contributing regularly regular contributions	DCA	An investment strategy where you put in smaller amounts regularly (as opposed to larger lump sums), which averages out the cost over time as investments fluctuate in price.
75	downturn		There are many words used in an attempt to describe a downward trend in the sharemarket. 'Downturn' should be reserved for referring to the economy more generally, as opposed to a specific market.
76	drawdown	decumulation	'Drawdown' is the plain language alternative to 'decumulation'.
77	exchange-traded fund (ETF)		To be explained on first reference
78	fund managed fund	mutual fund	As the umbrella term for a pool of investors' money, recommendation here is simply to use 'fund' with subsets of funds below it: managed funds such as KiwiSaver and non-KiwiSaver, index funds, ETFs, etc.
79	government contribution	member tax credit MTC	In the KiwiSaver space, member tax credit and MTC have been phased out.
80	hardship withdrawal KiwiSaver hardship withdrawal	significant financial hardship withdrawal	Hardship withdrawals for KiwiSaver or other schemes aren't always only due to significant financial hardship – it can be related to relationship property, health, or other kinds of difficult circumstances.
81	higher-risk investment alternative investment speculative investment	investment growth asset	Where the value of an asset is not clearly measurable and speculative (more like guessing, gambling or gaming). Products in this group include crypto, NFTs for example, and returns depend on someone else being willing to pay more for it down the line.
82	index fund		Index funds should be explained as a portfolio of investments designed to mimic the composition (and performance) of a specific financial market index, following a 'passive' investment strategy.
83	investment mix mix of investments	asset allocation strategic asset allocation	'Mix' can be used as an explanation of asset allocation on first instance, utilising plain English.
84	timeframe investment timeframe	time horizon	Horizon is another metaphor that is somewhat unclear and perhaps outdated.

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85	liquidity how easily you can get your money back		There is room to emphasise this term as a measure of ease of getting your money back out, or back at all.
86	lock in losses	realised losses crystalise losses	This is the preferred wording in order to indicate to the consumer when paper losses that are theoretical become real as assets are sold.
87	lower-risk investment	income asset	To be used to refer to cash and bonds
88	market correction		A decline of 10% or more in the sharemarket from its most recent peak, which can last days/weeks/ months, but not typically multiple years. Markets can also correct upwards.
89	market crash		To be used when referring to a massive historical market drop, typically of double digits that lasts for some time. Market events such as 1929 and 1987 are classed in this category, and the term is to be used to describe something that occurred in the past (and not something happening presently).
90	market dip	market correction market crash	When speaking in the present tense about a short-term drop in the market. It can only be known if it is a market correction or market crash after it occurs, not during.
91	market volatility bumpy market choppy market market fluctuations	market crash	To be used when describing ups and downs in share prices. See the notes on crashes, dips, downturns and their usage.
92	passive investment passive management passively managed fund		To be used when describing funds that are exclusively managed passively, aligned to an index. Avoid describing funds that are a mix of active and passive management as a passive investment.
93	portfolio		Portfolio can be a collection of something whether it be specific to investor holdings or all assets held. We recommend specifying which portfolio is being referred to.
94	risk appetite risk tolerance risk preferences	risk profile	Profile isn't as easily understood,although note that 'investor profile' does seem to be palatable generally to the consumer..
95	sharemarket	stock exchange stock market	See 'shares' below.
96	shares	stocks equities securities	Four different words for this can be confusing; 'shares' is most readily understood.
97	spread your risk spread your money spread your investments diversify	diversification	Wherever possible, explain what diversification is in the first instance.

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People

	Phase in	Phase out	Context
98	adviser	advisor Broker	'Adviser' is the NZ spelling which is recommended for consistency. It is also in the legislated financial advice regime.
99	digitally excluded lack of access to government services	hard to reach communities deprived communities	It's important to be more specific than general terms such as 'hard to reach'.
100	experiencing financial hardship needs extra care/ support in difficulty	vulnerable at risk exposed	We don't want to label customers or suggest this is a permanent state. Financial hardship or difficulty can rather be described as something they are experiencing (hopefully temporarily), which is strength-based.
101	disabled people	disabled less-abled	The preferred language is 'disabled people,' who are disabled not by impairment but by the environment. This is the language of the Disability Strategy.
102	financial adviser	Registered Financial Adviser (RFA) Authorised Financial Adviser (AFA) QFE adviser Licensed Financial Adviser	This is aligned to FMCA regulations and the intent to keep things simple for the public.
103	Financial Advice Provider (FAP)		Recommend explaining what this means briefly to customers. "This means we are registered to provide a financial advice service."
104	financial mentor	Budget Adviser Budgeting Adviser	Financial mentors provide more than budgeting. They provide a one-on-one service focusing on empowering people to get control of their money. They work alongside a person, their family and whānau, building trust and taking into account the complexity of their needs.
105	receiving government assistance receiving government support people who receive a benefit	beneficiaries	The recommendation is to not personify someone as a beneficiary when receiving any form of government assistance.
106	single parent sole parent	solo parent	'Single' or 'sole' is preferable to 'solo' parents.

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Ethical/sustainable investing

	Phase in	Phase out	Context
107	conventional investment traditional investment	unethical investing sin stocks	Conventional or traditional investment aims at maximising profit without integrating any ethical, sustainable or responsible considerations, and without avoiding any forms of investible assets (provided they are legal).
108	ethical investment sustainable investment	impact investing impact investment	Ethical investment is aimed at enabling good outcomes above and beyond just avoiding harm (see 'responsible investment'). The selection of assets is values-based – essentially a moral choice of where to deploy money – and commonly will choose to exclude certain sectors from a portfolio such as gambling, tobacco, weapons, etc. The consumer can then explore whether those values align with their own. Sustainable investment aims at contributing to sustainable goals in particular – meeting present needs without compromising the ability of future generations to meet theirs – investing in sustainable companies that provide goods and services consistent with a low-carbon, prosperous, equitable, healthy and safe society.
109	responsible investment	ESG	Responsible investment is an approach aimed at managing risk – such as environmental, social or governance risks (ESG). Through a systematic assessment of ESG risks, a responsible investor will then use approaches such as not investing in certain sectors, undertaking corporate engagement, tilting away from certain sectors, etc. The consumer needs to understand what makes a fund responsible and what sectors are being avoided.
110	impact investing		Impact investments are made with the intention to generate positive, measurable social, cultural and environmental impact alongside a financial return. This term should not be used unless the positive impact can be demonstrated with evidence, that there is a clear intention to drive a positive impact, and that the positive impact would not have otherwise have occurred without the investment being made. Impact investing is not a synonym for ethical or sustainable investing.
111	sustainably themed investing	themed investing thematic investing	Since there are many themes outside the ethical investing space, being more specific for the consumer is recommended (on first reference). A thematic fund is a fund that follows a particular sector or industry (eg, electric vehicles, low carbon, renewable energy, affordable housing), but what sort of theme should be specified.
112	avoiding harm investments we exclude	exclusions negative screening sin stocks	Plain English is recommended as much as possible and the level or extent of an exclusion should be precisely defined (eg, not fossil fuels, but rather thermal coal, metallurgical coal, etc.).
113	greenwashing	misleading claims	Greenwashing refers to disinformation aimed at misrepresenting a product as ethical, sustainable, etc.

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114	UN Sustainable Development Goals		To help the consumer avoid greenwashing, third-party endorsements or general claims are not helpful. There is room to promote specific and measurable contributions.
115	Principles for Responsible Investment	PRI signatory	PRI is a UN-supported network of investors working to promote sustainable investment by incorporating ESG factors.
116	active ownership active owners kaitiakitanga	corporate engagement stewardship corporate responsibility	Active owners will use a range of approaches to influence a company including voting their shares, engaging directly with the company, filing shareholder resolutions, or advocating for policy changes in order to influence a company towards more ethical or sustainable outcomes. Note that active ownership can be confused with active management and should be clarified. (Active ownership can even be used by passive managers…)
117	activist investor		Activist investors (in contrast with active owners) take their issues to the public, are more vocal, and aim to sway larger shareholders to agree with them and influence the company.
118	sustainability reporting	integrated reporting non-financial reporting	Sustainability reports show the social, environmental and climate impacts of the enterprise's activity.
119	carbon reporting	climate disclosure	Carbon reporting shows the greenhouse gas emissions of the enterprise itself.
120	diversity and inclusion	D&I I&D D,E&I (equity)	Diversity is having a mix of people; inclusion is getting that mix to work well together and feel that they belong.

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