

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

De-jargoning Money

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



Why de-jargoning money matters

De-jargoning Money is an ongoing effort to make financial information easier for New Zealanders to understand and access. This glossary is for organisations and institutions working across the finance and insurance sectors to use when explaining personal finance on their websites, in documents, on the front line, and in the media. It aims to make language consistent and accessible across the industry.

Te Ara Ahunga Ora Retirement Commission collaborated with partners across the financial services industry to create this glossary, as part of the National Strategy for Financial Capability.

De-jargoning money is de-mystifying money

This glossary aims to align language across the finance sector to help de-mystify money for New Zealanders.

The financial services industry has its own language that changes quickly. Complex ideas are conveyed quickly in technical terms and an alphabet soup of acronyms. Each year, increasingly complex products and services bring waves of new terms and concepts to the financial services industry.

De-mystifying money benefits both businesses and customers

Jargon creates barriers between businesses and customers that make life harder for both sides. Customers need to understand, discuss, and decide on financial products and services. And we need to communicate what we're offering using everyday terms they can understand.

How can we translate – especially in our writing?

What's needed more than ever is clear, simple language that is accessible to all customers – no matter how financially capable they are.



How to use *De-jargoning Money*

For many terms in this glossary, we recommend a plain language alternative to financial jargon. In others, we recommend explaining the term or clearly differentiating it from other concepts. Occasionally, we recommend ways to use a term so that customers consistently understand it.

Apply plain language principles and use your discretion

Plain language aims for wording to be clear enough for readers to easily find what they need, understand it and use that information. *De-jargoning Money* supports this aim.

We encourage you to use your discretion and write for your readers according to their situation and level of understanding. Technical jargon has its place, but often the same ideas can be presented clearly using more familiar language.

So keep this glossary close – within reach on your desktop. It should come in handy.





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Use the shortcut 'ctrl + F' to find the term you're looking for, or go to the relevant section.

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Industry consultation and customer testing informed *De-jargoning Money*

De-jargoning Money is only possible through our collective effort to clarify the language we use with customers and clients. We're grateful to the many skilled partners who collaborated with us across eight working group meetings to explore consistent plain language terminology.

We're also very grateful to the organisations who provided their thoughts through a virtual workshop and on the draft glossary.

We have worked with the regulators

Regulators have been involved throughout the process with special consideration given to terms in legislation.

We tested many terms with customers

The work has benefited immensely from customer testing by ASB and Banqer in particular. For testing results refer to the feedback and testing report.

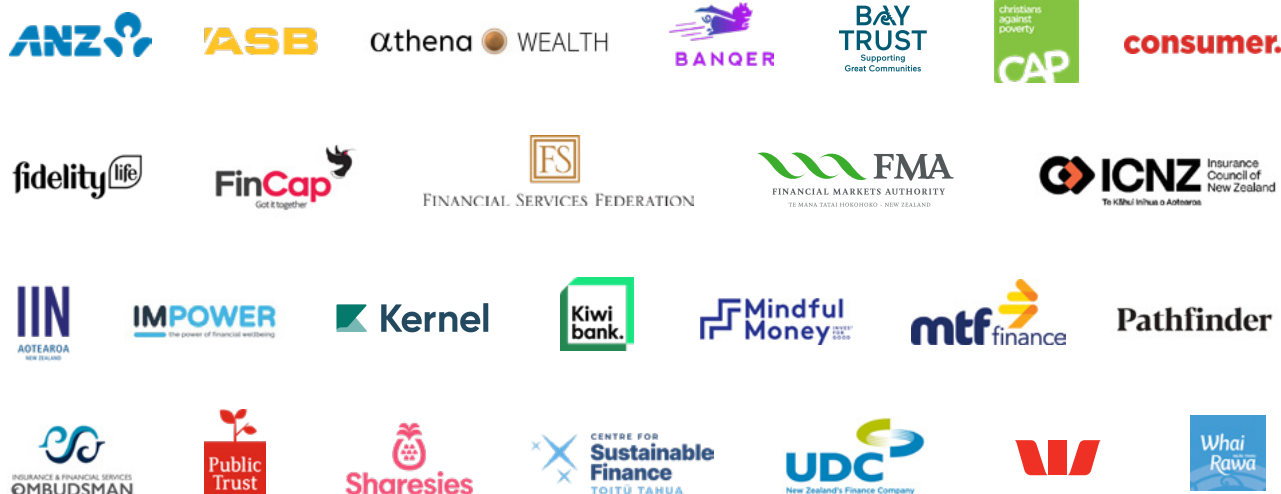
De-jargoning Money is WriteMark Certified

The WriteMark is a quality mark awarded to documents or websites that achieve a high standard of plain language.



Many organisations across the sector contributed to *De-jargoning Money*

To create this glossary, we gathered feedback across a range of organisations in the sector. We would especially like to thank the following organisations and individuals for their active participation during working group discussions.



Special thanks to the following working group and customer testing contributors: Mary Potter, Crystal Kaiwai, Ami Durlabh, Stephen Kofoed, Sumita Paul, Kendall Flutey, Matilda Dalal, Rebecca Styles, Hamish Anderson, Amie Hickland, Saara Bloom, Hannah McKee, Tammy Peyper, Christian Judge, Christine Jensen, Julia Jackson, Sharon Grimsey, Rachel Kitteridge, Ahmar Imam, Jacqui Beilby, Thomas Sutherland, Anna McInness, Tracey Fleming, Josie Crimmins, Tony Walker, Sarah Knox, Alastair Rhodes, Simon O'Connor, Barry Coates, Nicola Shepheard and John Berry.



What *De-jargoning Money* doesn't do

This glossary is intended for finance sector organisations, not for clients or customers.

The glossary was released just after the Plain Language Act 2022 came into effect – while the Act governs public sector communications, its sensible principles can also be adopted by the wider sector. Widespread common usage of glossary terms will help consumer understanding and confidence.

***De-jargoning Money* is not legally binding**

There is nothing legally binding about *De-jargoning Money*. We encourage the sector to adopt this glossary for the benefit of customers. The more organisations that adopt it, the better off consumers will be.

This document does not supersede or counter any legal requirements, disclosure regulations, or terms and conditions that you use in your work.

***De-jargoning Money* doesn't mention te reo Māori or how to use te reo terms**

This glossary doesn't give guidance on how to use te reo Māori. However, the Reserve Bank has a wonderful resource developed by Drarena Kelly and Brook Taurua Grant, *He Reo Whairawa*, to promote te reo Māori in financial services and across our education programmes.

You can [download He Reo Whairawa here](#).

We'll review *De-jargoning Money* regularly

Every two years we'll seek feedback from the industry and review the glossary. It will need updates to reflect changes in products, language, and regulations.



Glossary

General money

This section covers terms many customers will already know as they go about their banking, but may not understand in other contexts. We recommend being specific and, if needed, explaining in context.

Everyday money management

Instead of	Plain language recommendation	Reasons for recommendation
balance	account balance	The word 'balance' has different meanings depending on context. If you need to use 'balance', you could tie it to the product for clarity.
balance (for debt)	amount owing amount you owe	The word 'balance' can refer to money saved, invested, or owed. When talking about amounts owing (particularly with debt), we recommend clarifying this as the amount owed.
balance (in investment) portfolio	investment value portfolio value investment value as at [date] portfolio value as at [date]	The word 'balance' in the investment context tends to emphasise something the customer has, instead of, more accurately, what the customer's investments are worth. We recommend highlighting what is actually owned, such as the number of units. This would help de emphasise paper losses. You could also add 'as at [date]', seeing as the value of investments changes.
credit liability	debt loan what you owe	Used in many ways, both 'credit' and 'liability' can confuse the customer as to which meaning is intended.
credit	amount you can borrow credit limit	'Credit' is used widely to refer to too many things – it can be a borrowing limit, a refund, or an accounting term. We recommend being as precise as you can and, if possible, not using 'credit'.

Everyday money management

Instead of	Plain language recommendation	Reasons for recommendation
credit	refund store credit	If you mean 'credit' to talk about a 'credit note', we recommend adding the word 'store' to be specific. If you mean that you'll give the customer's money back to them, we recommend using 'refund' instead.
compound return	compounding returns	Using the verb, 'compounding', shows this is an action that continues to happen.
dispute resolution scheme	independent complaint resolution service dispute resolution service	This recommendation is for something customers can access through an Ombudsman service or other dispute resolution schemes. 'Service' is clearer and more precise than 'scheme'. You could also find opportunities to explain further what a dispute resolution service is when communicating with customers.
financial literacy financial inclusion financial capability	financial wellbeing	'Financial capability', 'financial inclusion', and 'financial literacy' all mean different things, but can confuse customers who may think they mean more or less the same thing. You could continue using these terms for industry-facing communications. We recommend saying 'financial wellbeing' wherever possible, and explaining clearly what this means. Customers need to be clear about what wellbeing means in a financial context, seeing as wellbeing has many other contexts. As an industry, 'financial wellbeing' is the outcome we're looking for.
interest bearing	with interest including interest	When talking about interest being earned or charged, make it clear what you mean within context.
maturity maturity date	end date	The word 'maturity' can be replaced with the more precise and familiar word 'end'. You could also explain it even more clearly, such as 'your term deposit end date is...'

Everyday money management

Instead of	Plain language recommendation	Reasons for recommendation
phishing	<p>phishing scam</p> <p>investment scam</p> <p>computer-hacking scam</p>	When talking about specific types of fraud or scams, we recommend including 'scam' in the name so all customers easily understand.

For these terms	Consider this
automatic payment	This term is already quite clear, but it can be better explained to show it's different to a direct debit. Customers need to understand that this is a payment that they can control, edit, and change themselves.
compounding interest	We recommend using the verb, 'compounding', where possible to show that this continues to happen, especially in investment discussions.
compound interest	Compound interest could be explained as interest earned on interest.
direct debit	While 'direct debit' is used often, customer testing shows that people sometimes confuse this term with 'automatic payment'. We recommend explaining clearly so customers understand that they have less control over this ongoing payment and need to contact the company if they want to change or edit the payment.
equity (in terms of home ownership)	'Equity' can be a challenging term for customers if they're unfamiliar with it. When talking about 'equity' in the context of homeownership, we recommend explaining this term the first time it's mentioned. You could explain equity as the value of the home minus what the customer owes.
inflation	Different types of inflation exist, but it's useful to remove acronyms (such as CPI) where possible and explain.
open finance	We recommend you use a single overarching term for the efforts to share more transactional data. You'll also need to give customers clear and relevant information about what this means for them.
open banking	
savings	<p>'Savings' is sometimes used in investment contexts (like 'savings suspensions' for KiwiSaver or 'retirement savings') and customers need to understand that 'savings' are not the same as investments. Avoid using these terms interchangeably.</p> <p>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). Savings are more stable as they don't react to market volatility like investments do.</p>

Income and spending

Instead of	Plain language recommendation	Reasons for recommendation
compulsory expenses	essential expenses	'Essential' is more accurate and familiar than 'compulsory', and 'essential expenses' are easier to identify. Seeing as these terms often come up in discussions about budget, customers often benefit from more neutral language.
deficit (when talking about budget)	shortfall	In the context of talking with a customer about their budget, 'deficit' can be challenging to understand. We recommend using more familiar and neutral language where possible.
discretionary income	surplus income	'Discretionary income' can be challenging to understand. 'Surplus income' is the customer's income minus their essential and non-essential living expenses.
discretionary spending	non-essential spending non-essential expenses	The word 'discretionary' is often unfamiliar to customers and can be challenging to understand in a financial context. This is the money the customer spends after their essential expenses.
regular expenses	ongoing expenses	'Regular' can be vague and mean slightly different things to different customers. These are the expenses that are ongoing, and they could be essential or non-essential.
safety buffer savings net	emergency savings emergency fund	Using 'emergency' communicates the kind of situation where a customer may need those funds more accurately. These are savings for when an immediate need arises.
unaffordable debt problem debt	unmanageable debt	For customer-facing communications, we recommend focusing on the debt and not inadvertently referring to the borrower as having 'bad' or 'problem' debt.

Income and spending

For these terms	Consider this
budget	‘Budget’ can come across as constraining, but ‘spending and saving plan’ is more descriptive and seems more proactive. When talking or writing to customers, consider which term is the most appropriate for them.
spending and saving plan	
money plan	

Financial planning and forecasting

For these terms	Consider this
financial advice	<p>We recommend clarifying for customers when they’re getting financial advice and what the customer can expect. If you’re giving a recommendation or a call to action, then these could be advice.</p> <p>Anyone providing financial advice needs to be licensed by the FMA. This includes anyone who is a personal financial or investment planner, insurance or mortgage adviser, as well as staff (‘nominated representatives’) at insurers or banks who are Financial Advice Providers. In practice, this means they are trained to offer advice, will put clients’ interests first, and explain how they are paid.</p>
financial planning	<p>The boundaries of financial planning haven’t been defined or set out in legislation. We recommend explaining what a customer can expect.</p> <p>Financial planning is offered by a financial adviser or certified financial planner who has a comprehensive view on a client’s finances. This term isn’t limited to a single specialist area, such as insurance, investment planning or mortgages. Financial planners can help customers plan for their future after considering their current position, goals and risk preferences.</p>
risk	<p>‘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 other risks, such as industry risk, interest rate risk, or sequencing risk.</p> <p>We recommend explaining what risk is when it’s first mentioned. In its simplest form, risk is the chance an investor might not reach their goals through their investing.</p>

Lending

This section covers terms used for loans that can confuse customers. We recommend using precise, familiar language and explaining the necessary terms in context.

Terms for loan applications

Instead of	Plain language recommendation	Reasons for recommendation
creditworthiness	credit score borrowing history credit history	While the recommended terms don't mean what 'creditworthiness' does, we recommend focusing on the factual aspects that determine whether a customer is creditworthy. 'Creditworthiness' is less familiar and sounds more personal or subjective.
co-signer	joint borrower co-borrower	In a lending context, the key is to avoid implying a borrower has any less risk simply because they are not the only borrower on the agreement. If you mean 'guarantor' as co-signer, then use 'guarantor'.
statement of position	loan application	The different components of a loan application could be more simply explained using the overarching term 'loan application'.
second-tier lender third-tier lender	lender non-bank lender	It is common to refer to different tiers of lenders within industry but less clear for customers coming across these terms for the first time. We recommend simplifying for clarity.
suitability assessment	assessing whether the loan is suitable for you making sure the loan is suitable for you	We recommend avoiding using 'suitability assessment' when talking to customers as much as possible. If you use this term, customers need to understand that this assessment is to check whether a product is right for them.
validation	verify authenticate	In most cases the verb (doing word) is clearer and easier to understand than the noun (the thing).

Terms for loan applications

For these terms	Consider this
affordability assessment checking you can afford the loan checking you are able to repay	To avoid confusion, provide a clear explanation of what an affordability assessment means and what it aims to check for.

Loans and the parts of a loan

Instead of	Plain language recommendation	Reasons for recommendation
arrears	missed repayments missed payments overdue payments	We recommend clarifying what you mean by ‘arrears’ so the customer knows whether it’s a fee, interest, or loan repayment that is overdue or missed.
BNPL Buy Now, Pay Later pay-later options	buy now pay later buy now pay later loan	‘Buy now pay later’ has become an industry term, and many customers do not necessarily understand this is a loan. Identifying well-known brands can help clarify what a ‘buy now pay later’ loan is. You could use the term in lowercase, like how ‘credit cards’ are used as a category.
debt arrears	overdue amount	We recommend stating ‘debt arrears’ more simply where possible.
LVR	loan-to-value ratio (LVR)	LVRs can be confusing. Spell out all acronyms when they’re first used, even the common ones.
credit contract	loan agreement	We recommend avoiding using ‘credit’ for ‘loan’, seeing as the word ‘credit’ has many different meanings. Note that ‘loan agreement’ is inappropriate for some product types, such as credit cards.
penalty	break fee	Lenders are prohibited from charging a ‘penalty’ under the CCCF Act (as lenders can’t profit from their fees).
prepayment penalty	early repayment fees early repayment costs	We recommend using the recommended terms when someone chooses to pay more towards their loan and there is a cost to do so.

Loans and the parts of a loan

Instead of	Plain language recommendation	Reasons for recommendation
principal	amount owing	<p>In the lending context, 'principal' isn't easily understood. We recommend explaining 'principal' when it first appears and making it clear how it fits with the 'amount owing' or 'loan balance'.</p> <p>We recommend avoiding the term 'outstanding balance' as customers may interpret it to mean 'overdue payments'.</p>
outstanding balance	home loan balance loan balance	
top up	borrowing more	<p>'Top up' has two different uses: extending the amount and timeframe of a loan, or increasing repayments towards a loan to pay it off sooner. We recommend ensuring customers understand when they are in fact extending their borrowing.</p>
top-up	loan increase	

For this term	Consider this
default	We recommend clearly explaining what 'default' is and the significance of its consequences.

Insurance and estate planning

This section covers terms related to insurance and estate planning. Our recommendations reflect practices that are already used by some companies in the industry. We recommend using plain language alternatives wherever possible.

Types of benefits, premiums, and payments

Instead of	Plain language recommendation	Reasons for recommendation
accelerated benefit	early payment benefit	This recommendation is part of the effort to remove jargon in favour of clarity and plain language.
YRT stepped premium	age-based age-based premium	These terms are used when insurance premiums increase with age. We recommend using more familiar language and explaining that this premium can change each year.
level premium level term	fixed fixed premium	We recommend using 'fixed' when insurance premiums don't rise each year. You could also show the timeframe the premium is fixed for, such as '12-month fixed premium' or 'premium fixed for 12 months'.
legacy bequests devisors	gift(s) left in the will	These terms refer to a specific form of gift someone leaves when they pass away. This can be in the form of property, cash, or another form. If you need to use 'legacy', 'bequest', or 'devisor', we recommend explaining what these terms mean.
ex-gratia payment	goodwill payment	This recommended term is for the discretionary payment that insurers aren't legally obligated to pay but choose to pay out of goodwill. 'Goodwill' is more familiar than the Latin term.
advance directive	living will	While 'living will' seems clearer, we suggest using whichever term is the most specific to the context. Whichever term you choose will need to be clearly explained.
standalone benefit	separate benefit	The phrase 'standalone' isn't as widely used as it once was and can be unclear in this context. We recommend highlighting that this benefit is separate and doesn't impact other benefits or premiums.

Common insurance policy terms

Instead of	Plain language recommendation	Reasons for recommendation
Australasian	Australia and New Zealand trans-Tasman	'Australasian' has conflicting definitions, which has caught customers by surprise. We recommend using more precise region descriptors such as 'Australia and New Zealand'. This is especially relevant for travel insurance or investment purposes.
commencement date date of commencement inception date	start date	'Start' is clearer and more familiar than 'commencement'.
EPA	enduring power of attorney (EPOA)	This term is still used in two different acronyms: EPA and EPOA. We recommend using the acronym EPOA because this is more consistent with power of attorney (POA). We also recommend spelling out the acronym when it's first mentioned like any other acronym.
package discount linked policy discount	multi-policy discount	'Multi-policy' is clearer and more familiar.
period of cover term period	period of insurance	'Period of insurance' is more precise.
policy document	policy	A policy is usually made up of many documents between an insurance company and a customer. We recommend two things: <ul style="list-style-type: none"> • use 'policy' to refer to all the documents that make up the customer's policy, and • when referring to individual documents that are part of the policy, mention them by name.
policy holder	policy owner	'Policy owner' is more familiar to most readers.

Common insurance policy terms

Instead of	Plain language recommendation	Reasons for recommendation
policy schedule	summary of your policy	The same document has three different names within the industry. We recommend being more precise than 'schedule' and 'certificate'.
certificate of currency	policy summary	
certificate of insurance	confirmation of insurance	
stand-down period	no-claims period	'No-claims' is clearer than 'stand-down'.

For these terms	Consider this
probate	'Probate' is currently used to mean both a decree and a status for a time period (for example, 'How long is probate?'). This term needs to be explained clearly in context for the customer.

People

This section covers terms used in reference to customers and industry experts. We recommend using words that accurately describe a customer’s situation without alienating them, and making sure they know who they’re talking to and what advice that person is qualified to give.

Industry expertise

Instead of	Plain language recommendation	Reasons for recommendation
advisor	adviser	‘Adviser’ is the New Zealand spelling which we recommend using for consistency. It is also in the legislated financial advice regime.
registered financial adviser (RFA)	financial adviser	This recommendation aligns with the Financial Markets Conduct Act 2013 with the intent to keep things clear for customers. Financial advisers might want to be more specific about what they offer, such as whether they’re a mortgage adviser, insurance adviser, investment adviser, or another adviser.
authorised financial adviser (AFA)	mortgage adviser	
QFE adviser	insurance adviser	
licensed financial adviser	investment adviser	
budget adviser	financial mentor	Financial mentors provide more than budgeting. They are a one-on-one service focused on helping people, families, and whānau with their finances.
budgeting adviser		It is important to clarify with customers that someone would need to be licensed when a recommendation or an opinion on a financial advice product is given.

For this term	Consider this
financial advice provider (FAP)	We recommend explaining what this means briefly to customers. You could say ‘This means we are licensed to provide a financial advice service’.

Customers and communities

Instead of	Plain language recommendation	Reasons for recommendation
<p>government beneficiaries</p>	<p>receiving a government benefit</p> <p>receiving government support</p>	<p>We recommend avoiding personifying someone as a beneficiary when receiving any kind of government support. ‘Beneficiary’ may still need to be used in legal documents where customers need to provide their occupation. Many who receive government support might have another occupation (or be retired), and ‘beneficiary’ won’t be as accurate in those cases.</p>
<p>hard to reach communities</p> <p>deprived communities</p>	<p>digitally excluded</p> <p>lack of access to government services</p>	<p>It’s important to be more specific than general terms such as ‘hard to reach’. These recommended terms are just some examples of what you could use instead. The term you use heavily depends on what you’re referring to.</p>
<p>vulnerable</p> <p>at risk</p> <p>exposed</p>	<p>experiencing financial hardship</p> <p>experiencing hardship</p> <p>experiencing financial stress</p> <p>in difficulty</p>	<p>While ‘vulnerable borrower’ has a particular meaning under the Responsible Lending Code and is used industry-facing, we recommend avoiding using these terms in customer-facing communications. This risks personifying customers or can suggest this is a permanent state.</p>

Investment and KiwiSaver

This section covers investment, which is one of the hardest areas for customers to understand. We recommend using more straightforward terms and explaining any necessary acronyms or technical terms when they first appear.

Common investment terms

Instead of	Plain language recommendation	Reasons for recommendation
asset allocation strategic asset allocation	mix of investments investment mix	While 'asset allocation' is often used across the industry, we recommend explaining it clearly when it's first used.
contribution holiday savings suspension	contribution pause	We recommend avoiding using 'holiday', which has positive connotations. We also recommend avoiding 'savings suspension', especially in an investment context. Customers have confused KiwiSaver for a bank account, where normally their 'savings' wouldn't go down.
DCA	regular contributions contributing regularly dollar-cost averaging	We recommend avoiding the acronym where possible and using these terms for an investment strategy where you put in small amounts regularly (as opposed to large lump sums), which averages out the cost over time as investments fluctuate in price. If you use 'dollar-cost averaging', you'll need to explain it when you first use it.
decumulation	drawdown phase drawing down	'Drawdown' is a plain language alternative to 'decumulation'.
diversification	spread your risk spread your investments diversify	Wherever possible, avoid using the noun 'diversification'. Explain what you mean when you first introduce this concept.
gearing leverage	borrowing to invest	'Gearing' is an outdated metaphor that is often unfamiliar to customers. Leverage can also be unclear, especially if it is not explained.

Common investment terms

Instead of	Plain language recommendation	Reasons for recommendation
lock-in losses crystalise losses	real losses	'Lock in' and 'crystalise' are unclear in this context. We recommend clarifying for customers when paper losses (which are theoretical) become real as assets are sold.
lower risk investment	cash and bonds income asset	We recommend being specific when referring to cash, bonds, and other fixed-interest investments. If you suggest any investments are lower risk, you will still need to explain the risks.
member tax credit MTC	government contribution	In the KiwiSaver space, 'member tax credit' and 'MTC' are no longer used.
PDS	important product information product disclosure statement	'PDS' is legislated so will remain in use, however it is recommended to clarify this when the term is first used. Product disclosure provides customers with the information they need to make an informed decision. It could also be explained simply as important information about (product name).
risk profile	risk preferences risk appetite risk tolerance	Customers often don't understand 'profile' as easily, although customers often understand 'investor profile'. We recommend explaining 'risk profile' as how much risk the customer is prepared to take.
savings (in investment context)	investment contributions	Customers get confused between savings (money set aside for the future) and investments (assets that can produce returns). We recommend distinguishing investment and contributions clearly from savings. This distinction is particularly important when talking about KiwiSaver, because customers often become concerned when the value drops, as they can mistake their investment account for a savings account. In the KiwiSaver context, the investment is the value of the fund, and contributions are money put into the fund or funds.
stock exchange stock market	sharemarket	We recommend using 'shares' consistently, and avoiding 'stock'.

Common investment terms

Instead of	Plain language recommendation	Reasons for recommendation
stocks	shares	These different words can be confusing, and 'shares' is most readily understood. Avoid using 'equities' and 'securities' as a substitute for 'shares'. When you mean 'equities' and 'securities', use them and make sure they're explained well in the context.
equities		
securities		
time horizon	timeframe investment timeframe	'Horizon' is another metaphor that is unclear and outdated.
total return	return	Because many different types of return exist, we recommend using 'return' with an explanation of what it does or doesn't include.
simple return	returns	
income return	real return	
capital return		
nominal return		

For these terms	Consider this
early withdrawal KiwiSaver hardship withdrawal significant financial hardship withdrawal	Early withdrawals for KiwiSaver or other schemes aren't always due to significant financial hardship – these withdrawals can be related to relationship, property, health, or other difficult circumstances. We recommend only using 'significant financial hardship withdrawal' for its legislated use.
liquidity how quickly you can get your money back	'Liquidity' is often misunderstood, and needs to be emphasised as a measure of how quickly you can get your money back out, or back at all.

Changes in markets

For these terms	Consider this
market volatility ups and downs	We recommend using these terms consistently when describing ups and downs in share prices. See the notes in the rest of this table.
market dip	We recommend using this term when speaking in the present about a short-term drop in the market. It can only be known if the dip is a market correction or market crash after it occurs, not during.
market correction	We recommend using this term for a decline of 10% or more in the sharemarket from its most recent peak, which can last days, weeks, or months, but not years. Markets can also correct upwards.
market crash	This term is best 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. We recommend using this term to describe something that occurred in the past.
downturn	Many words are used to describe a downward trend in the sharemarket. We recommend only using 'downturn' when referring to the economy more generally, as opposed to a specific market.

Types of funds and investments

Instead of	Plain language recommendation	Reasons for recommendation
alternative investment investment	speculative investment speculation	We recommend describing the investment as 'speculative' when the value of an asset is not clearly measurable and has a substantial risk of losing significant value. This recommendation applies to products like crypto and NFTs, where returns depend on someone else being willing to pay more for the product down the line.
mutual fund	fund investment fund managed fund	'Mutual fund' is the umbrella term for a pool of investors' money. We recommend using 'fund' instead, with a descriptor of what kind of fund is being referred to such as index funds, exchange-traded fund, and so on.

Types of funds and investments

For these terms	Consider this
<p>active management</p> <p>actively managed fund</p>	<p>We recommend being specific about how much of a fund is actively managed.</p>
<p>exchange-traded fund (ETF)</p>	<p>We recommend explaining this term when you first mention it.</p>
<p>passive investment</p> <p>passive management</p> <p>passively managed fund</p> <p>index fund</p>	<p>We recommend using these terms to describe funds that are exclusively managed passively, or aligned to an index. We recommend you avoid describing funds that are a mix of active and passive management as a 'passive' investment.</p>

Ethical and sustainable investing

This section covers terms related to ethical investing, an area that is quite new and follows international trends. We recommend focusing more on when to use certain terms so they're used consistently across the industry.

Different forms of ethical and sustainable investment

Instead of	Plain language recommendation	Reasons for recommendation
<p>active owners</p> <p>activist shareholder</p> <p>corporate engagement</p> <p>stewardship</p> <p>corporate responsibility</p>	activist investor	<p>Activist investors in the context of ethical investing will use a range of approaches to influence a company. This could include voting with their shares, engaging directly with the company, filing shareholder resolutions, or advocating for policy changes to influence a company towards more ethical or sustainable outcomes.</p> <p>While 'activist investor' isn't always interchangeable with the original phrases, we recommend being clearer about what you mean when you say more generic terms, like 'corporate engagement'.</p>
ESG	responsible investment	<p>We recommend avoiding acronyms wherever possible and explaining this concept in clear, familiar language.</p> <p>As an approach, responsible investment is aimed at managing specific risk – particularly 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, and so on.</p>
<p>exclusions</p> <p>negative screening</p> <p>sin stocks</p>	investments we exclude	We recommend using plain language as much as possible and defining precisely the level or extent of an exclusion (for example, instead of fossil fuels, be specific and say 'thermal coal', 'metallurgical coal', and so on).
PRI signatory	principles for responsible investment	<p>We recommend avoiding acronyms wherever possible and explaining these concepts in clear, familiar language.</p> <p>The principles for responsible investment (PRI) is a network of investors supported by the United Nations. This network promotes sustainable investment by incorporating ESG factors.</p>

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themed investing	<p>sustainably-themed investing</p> <p>dividend-themed investing</p> <p>innovation-themed investing</p>	<p>While themed investing is distinct from sustainably themed investing, we recommend being specific about the theme to the customer (when it's first mentioned) since many other themes exist outside the ethical investing space.</p> <p>A thematic fund is a fund that follows a particular sector or industry (such as electric vehicles, low carbon, renewable energy, affordable housing), but the sort of theme needs to be specified.</p>

For these terms	Consider this
ethical investment	<p>We recommend explaining this concept in clear, familiar language.</p> <p>Ethical investment is aimed at enabling good outcomes. The selection of assets is values-based and commonly will choose to exclude certain sectors from a portfolio such as gambling, tobacco, weapons, and so on. The customer can then explore whether those values align with their own.</p>
impact investing	<p>Impact investments are made with the intention to generate positive, measurable social, cultural and environmental impact alongside a financial return.</p> <p>We recommend only using this term if:</p> <ul style="list-style-type: none"> • the positive impact can be demonstrated with evidence • the investment began with the clear intention of creating a positive impact, and • the positive impact would not have happened without that investment.
sustainable investment	<p>We recommend explaining this concept in clear, familiar language, and only using this when referring to the following kind of investment.</p> <p>Sustainable investment aims to contribute to sustainable goals. This includes meeting present needs without compromising the ability of future generations to meet their needs. This also includes investing in sustainable companies that provide goods and services that are consistent with a low-carbon, prosperous, equitable, healthy, and safe society.</p>

Making accurate claims and reporting

Instead of	Plain language recommendation	Reasons for recommendation
climate disclosure	climate-related reporting	'Reporting' is clearer than 'disclosure'. Climate reporting entities need to report on their assessment of the impact of climate change on their business, investment, lending and insurance underwriting decisions.
D&I I&D D,E&I	diversity and inclusion diversity, equity and inclusion	We recommend avoiding acronyms and explaining what these terms mean in context. Diversity is having a mix of people; inclusion is getting that mix to work well together and feel that they belong.
greenwashing	misleading claims	The term 'misleading claims' refers to disinformation aimed at misrepresenting a product as ethical, sustainable, and so on. Greenwashing is one kind of misleading claim - other kinds are out there.
integrated reporting non-financial reporting	sustainability reporting	We recommend being specific about what you're reporting on, similar to describing a themed investment. Sustainability reports show the social, environmental and climate impacts of the enterprise's activity.
For this term	Consider this	
UN Sustainable Development Goals	To help avoid misleading claims, we recommend if using this term to be very specific about your contributions to these goals.	

He Rautaki-ā-motu mō te Āheitanga Ahumoni
The National Strategy.
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