

De-jargoning Money

Feedback and customer testing report

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



**TE ARA
AHUNGA ORA**
Retirement Commission

MAY 2023

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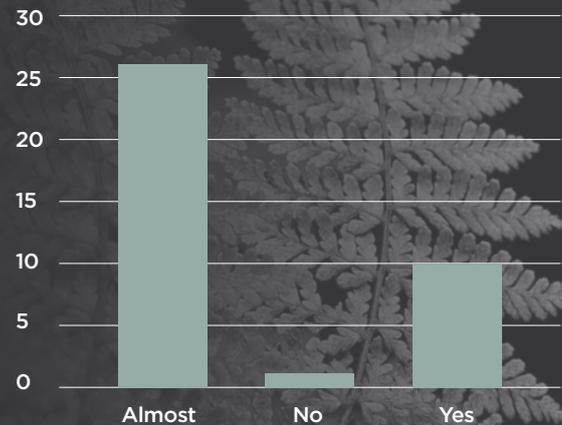
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Consultation feedback

We received 48 submissions during the consultation period held for the full month of September 2022.

Of those that specified, 97% of respondents thought the draft glossary either almost or does capture the right consistent language.

Do you think *De-jargonizing Money* captures the right consistent language?

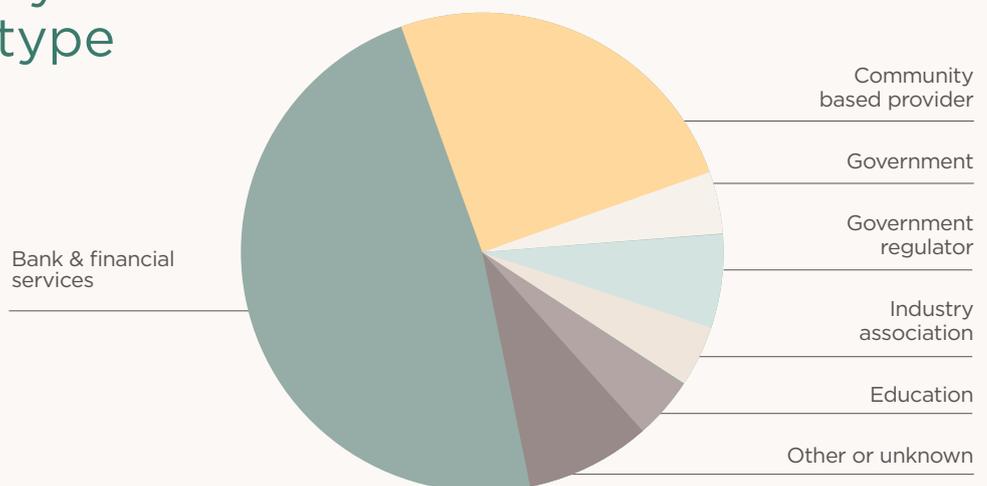


Consultation process

To develop *De-jargonizing Money* we facilitated the following:

- A virtual workshop to define language for this glossary was held with 66 National Strategy partners
- 8 working group sessions with 30 contributors from across the industry to refine
- A stand-alone working group session with representatives working in ethical investment
- Engagement with industry associations, banks, and regulators
- 2 emails with a survey inviting feedback sent to over 500 individuals working across government, industry, community and iwi
- Social media promotion via Te Ara Ahunga Ora channels
- Further engagement with industry regulators, associations, and banks where submissions not received. This included extending the consultation period to ensure enough time to get feedback.
- Customer testing with ASB and Banquer
- Engagement with Write Limited for feedback and plain language certification

Submissions by organisation type





What is *De-jargoning Money*?

It's no secret that the language of money can be inaccessible, inconsistent and confusing for New Zealanders. *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.

The focus was also on standardising industry language, 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.





Terms in the updated 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'.
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.

Everyday money management

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

Everyday money management

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

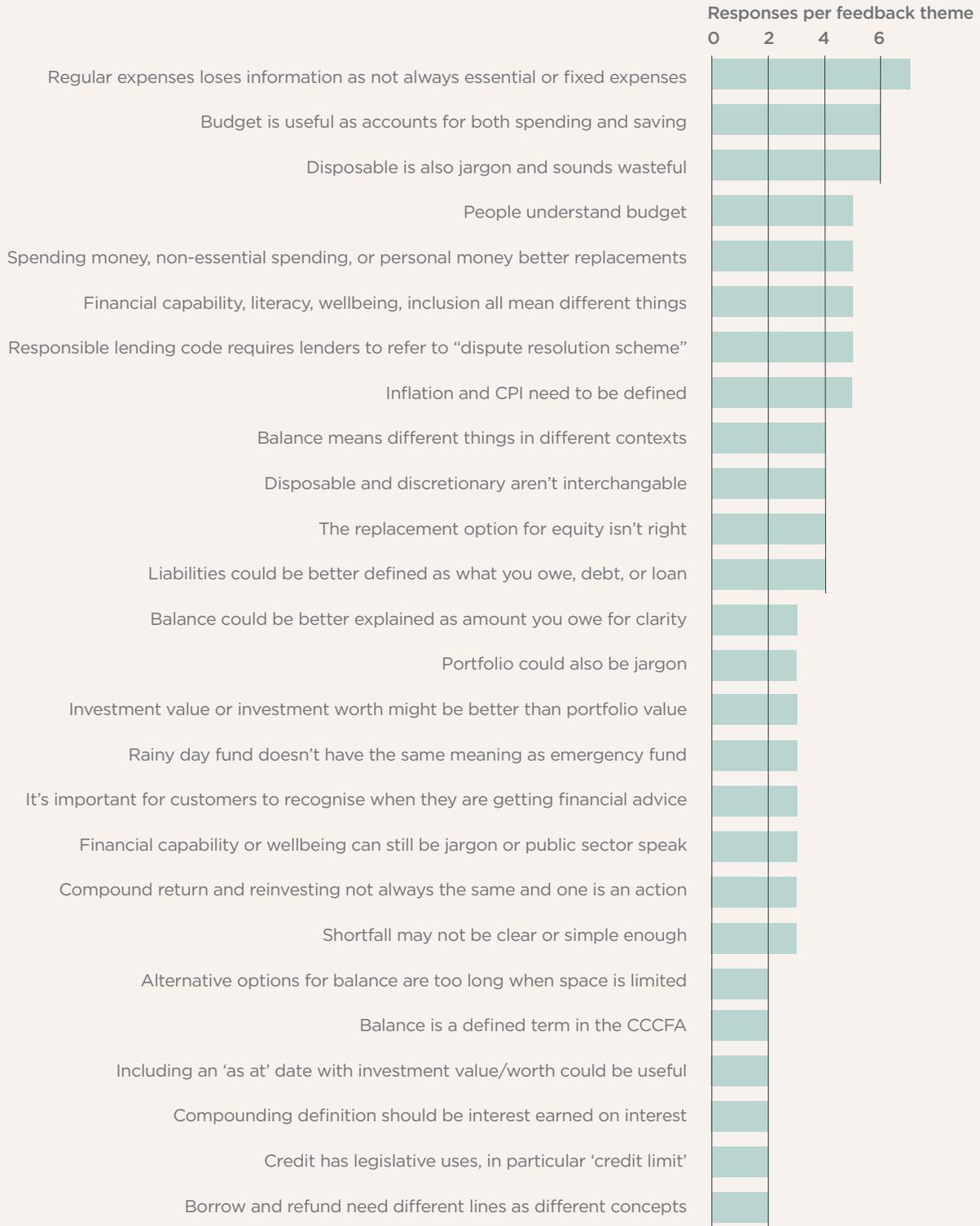
For these terms	Consider this
<p>budget</p> <p>spending and saving plan</p> <p>money plan</p>	<p>'Budget' can come across as constraining, but 'spending and saving plan' is more descriptive and seems more proactive. When talking or writing to customers, consider which term is the most appropriate for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

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>

General money

Top feedback themes for general money



Changes made following feedback and testing

1. Removed 'regular expenses' to suggest 'ongoing expenses' to better reflect there isn't always exact time period recurrences for these.
2. Removed 'disposable' and suggested 'non-essential spending' and 'non-essential expenses' instead of 'discretionary expenses' for clarity.
3. Added a line to suggest 'essential expenses' instead of 'compulsory expenses'.
4. Retained 'budget' and also suggested 'money plan' and 'spending and saving plan' to better reflect both saving and spending. Money plan didn't test as well but presumably it's a very new term which could become more useful in future.
5. Added context to inflation that there are different types that need defining and removed CPI to suggest phasing out. The idea here is more clarity but less acronyms.
6. Changed 'free independent complaints process' to 'independent complaints resolution service' and changed 'dispute resolution scheme' to 'dispute resolution service'.
7. Added more context to the 'financial capability', 'wellbeing', 'inclusion', 'literacy' row to suggest these are different things. With the exception of 'financial wellbeing' the suggestion is these are better used industry-facing as are confusing terms when used customer-facing.
8. Removed 'liability' and suggested 'what you owe' as well as 'debt', 'loan' as plain language suggestions.
9. Retained equity and removed replacement suggestion for 'how much of your home you own' as doesn't cover it correctly. Added more to the context that it could be useful to explain in the homeownership context as 'value of your home minus what is owed on it'.
10. Added a row to include 'balance' when tied to a product such as 'account balance' for clarity. It is suggested that given its multiple contexts it is useful to clarify as 'amount you owe' or 'investment value' instead of balance where relevant and possible.
11. Removed 'reinvesting' from 'compounding return' given one is an action and changed the context to 'interest earned on interest' instead of 'interest on interest'.
12. Added further context to 'financial advice' to suggest helping customers identify when they are getting it and what they can expect.
13. Removed 'rainy day fund' from 'emergency fund' given it's a different type of savings and added 'emergency savings'.
14. Suggested 'investment value' as well as 'portfolio value' for clarity. Also suggested an 'as at' date in the context.
15. Suggested 'amount you owe' in addition to 'amount owing' instead of 'balance' for clarity.
16. Added a separate line for 'refund' when suggesting replacing 'credit' and added 'store credit' given refund doesn't always cover it.
17. Added further context to 'return' suggesting an accompanying explanation of what it does or doesn't include.

TERMS IN THE UPDATED GLOSSARY

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	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'. We recommend avoiding the term 'outstanding balance' as customers may interpret it to mean 'overdue payments'.
outstanding balance	home loan balance loan balance	
top up	borrowing more	'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.
top-up	loan increase	

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

Lending

Top feedback themes for banking and lending



Changes made following feedback and testing

1. Retained 'default' and removed replacement suggestion of 'stopping repayments'. Included a suggestion to clearly explain what default is and the significance of its consequences.
2. Removed 'bad debt' from the glossary given its prescribed use isn't customer-facing, therefore no recommendation to make.
3. Changed 'maturity date' to 'end date' for clarity.
4. Suggest 'unmanageable debt' instead of 'unaffordable debt' and 'problem debt' as has less connotations to lender not meeting obligations and tests well.
5. Changed 'behind on your repayments' to 'overdue amount' as plain language way of saying 'debt arrears'.
6. Retained 'affordability assessment' and changed an additional suggestion of 'checking you are comfortable repaying' to 'checking you are able to repay' and added 'checking you can afford the loan'. Also suggested providing a clear definition on what affordability assessment means.
7. Removed 'automatic withdrawal' to avoid confusion with 'automatic payment'.
8. Made the context clearer that while 'direct debit' and 'automatic payment' showed some overlap in testing, it is useful to distinguish which payments customers set up and manage, and which instances they are authorising a company to take money out of their account. In the later instance they need to contact the organisation to change the payment so still a useful distinction.
9. Added to the context when using 'with interest' or 'including interest' that replacing use of 'interest bearing' is specific to debt.
10. Added 'overdue payments' which could be used as well as 'missed payments' instead of 'arrears' for the context on when a payment has been missed.
11. Added 'overdue amount' and removed suggestion of 'behind on your payments/repayments' instead of 'debt arrears' when talking about loans.
12. Retained LVR with suggestion of expanding in the first instance.
13. Removed 'fit for purpose' as a suggestion to use when talking about 'suitability assessment' and changed 'making sure the loan is right for you' to 'making sure the loan is suitable for you' and 'assessing whether the loan is suitable for you' to be consistent as an expanded explainer.
14. Added 'buy now pay later loan' as additional option which could help explain what buy now pay later is to customers. Testing showed younger people were more likely to see these products more as flexible payments than debt.
15. Added 'loan increase' as an additional suggestion when talking about a 'top up'.
16. Replaced 'borrower' with 'co-borrower' when talking about a 'co-signer' for accuracy and made clearer in context this is distinct from guarantor.
17. Retained 'open finance' and 'open banking' given their wide use internationally and suggested an accompanying explanation when used. Removed CDRs from this row for clarity.
18. Added to the context that 'loan agreement' might not work for all product types such as 'credit cards' where 'credit contract' might be clearer here.
19. Added 'borrowing history' to 'credit history' for clarity and clarified in context this isn't the same as creditworthiness or credit score but the recommendation is to move away from anything personal.
20. Changed 'amount borrowed' to 'amount owing' when simplifying what principal means for accuracy. Added 'home loan balance' and 'loan balance' as additional suggestions consistent with balance recommendation to tie it to the product for clarity when used.
21. Added a new row to suggest 'lending application' as a plain language suggestion instead of 'statement of position'.
22. Removed row suggesting 'repayment' instead of 'payment' given both plain language.
23. Added a new row suggesting 'lender' and 'non-bank lender' instead of 'second-tier' and 'third-tier' lender for customer clarity.

TERMS IN THE UPDATED GLOSSARY

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	age-based	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.
stepped premium	age-based premium	
level premium	fixed	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'.
level term	fixed premium	
legacy	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.
bequests		
devisors		
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.

Top feedback themes for insurance and estate planning



Changes made following feedback and testing

1. Removed row about insurance to be used instead of assurance given feedback indicated it wasn't used interchangeably in New Zealand.
2. Removed row about suggesting honest disclosure instead of good faith disclosure as both suggestions are plain language therefore no recommendation to make.
3. Removed rows on indemnity cover and underwriting following feedback by insurers given difference contexts used.
4. Elaborated on 'gift' to 'gift left in the will' to make it clearer in this context.
5. Added 'confirmation of insurance' as an additional option to 'policy summary' where relevant.
6. Removed the estimate and illustration row given it suggested they are different things therefore no recommendation.
7. Removed 'advance benefit' given it is more confusing than 'early repayment benefit' as to whether it is additional or early when describing 'accelerated payment'.
8. Changed 'age-rated' to 'age-based' for clarity when describing when insurance premiums increase with age.
9. Changed the acronym suggested for enduring power of attorney to 'EPOA' instead of 'EPA' given feedback suggested this is more consistent with POA – power of attorney.
10. Added context to fixed premium that it is useful to show the timeframe fixed for.
11. Added 'Australia and New Zealand' to 'trans-Tasman' as a clearer region descriptor for 'Australasian'.
12. Added context to 'policy' that instead of 'policy document' it is useful to use policy instead and refer to individual policy documents by name.

TERMS IN THE UPDATED GLOSSARY

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

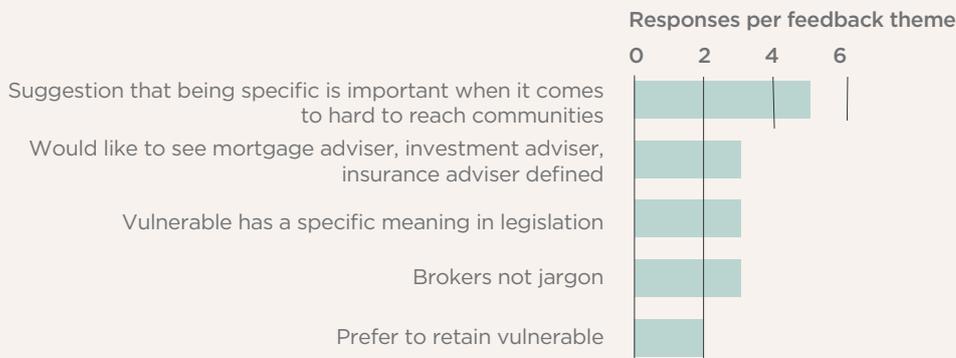
Instead of	Plain language recommendation	Reasons for recommendation
advisor	adviser	'Adviser' is the New Zealand spelling which we recommend using for consistency. It is also in the legislated financial advice regime.
registered financial adviser (RFA)	financial adviser	This recommendation aligns with 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. 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.
budgeting adviser		

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
government beneficiaries	receiving a government benefit receiving government support	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.
hard to reach communities deprived communities	digitally excluded lack of access to government services	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.
vulnerable at risk exposed	experiencing financial hardship experiencing hardship experiencing financial stress in difficulty	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.

Top feedback themes for people



Changes made following feedback and testing

1. Added more context to the row when describing communities in general terms that being specific is important and will depend on what is being referred to.
2. Made additions to the 'financial adviser' row to include 'mortgage adviser', 'investment adviser', 'insurance adviser'. Added to the context that 'financial advisers may want to be more specific on their offering'.
3. Added further context to the row suggesting phasing out 'vulnerable'. The suggestion is while vulnerable borrower has a particular meaning under the Responsible Lending Code the suggestion is not to use it customer-facing as no one wants to be called vulnerable. Added 'financial stress' as an additional suggestion for this row.
4. Removed broker from the glossary given suggestions it is not jargon.
5. Removed rows suggesting 'sole parent' or 'disabled person' as not financial terms therefore not useful here.
6. Removed 'receiving government assistance' as less clear what kind of assistance and retained 'receiving government support' or 'receiving a government benefit'. Suggested beneficiary should still be used on legal documents where applicable and these aren't always interchangeable.

TERMS IN THE UPDATED GLOSSARY

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 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.
equities		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.
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>	We recommend being specific about how much of a fund is actively managed.
exchange-traded fund (ETF)	We recommend explaining this term when you first mention it.
<p>passive investment</p> <p>passive management</p> <p>passively managed fund</p> <p>index fund</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.

Investment and KiwiSaver

Top feedback themes for investment and KiwiSaver



Changes made following feedback and testing

1. Expanded 'drawdown' to 'drawdown phase' and added 'drawing down' to better clarify it is a life stage when talking about decumulation.
2. Removed 'savings suspension' and retained 'contribution pause' for improved customer clarity when talking about KiwiSaver.
3. Removed 'lower risk investment' given there is still risk and added suggestions of 'cash and bonds' and 'income asset' instead when referring to cash and bonds.
4. Retained 'significant financial hardship withdrawal' with a suggestion to reserve for its legislated use.
5. Removed 'leverage' as a plain language suggestion unless explained. 'Borrowing to invest' is clearer where possible.
6. Added further context to explain shares could be a plainer language way of saying securities and equities in this specific context only.
7. Added 'ups and downs' to 'market volatility' and removed 'bumpy market' and 'choppy market' when describing ups and downs in share prices.
8. Removed 'lock in losses' given suggestion less clear and suggested 'real losses' instead.
9. Changed context for liquidity to suggest 'how quickly you can get your money back' instead of 'how easily' given feedback suggests this is more accurate.
10. Removed 'higher risk investment' and 'alternative investment' as ways to group crypto and NFT type products given other investments can also be higher risk or alternative. 'Speculative investment' and 'speculation' is suggested as preferred.
11. Suggested for PDS that 'important product information' and 'product disclosure statement' could help simplify what this means to customers.
12. Suggested 'investment fund' and 'managed fund' alongside 'fund' for clarity.
13. Added further context to 'investment mix' to recommend explaining as sometimes too generic.
14. Added 'regular contributions' and 'contributing regularly' as plain language suggestions for dollar-cost averaging.
15. Removed 'active investment' from 'active management' as different concepts.
17. Added context to explain 'risk appetite' as 'how much risk you are prepared to take'.
18. Removed 'spread your money' suggestion when relating to diversification as less clear than other suggestions.

TERMS IN THE UPDATED GLOSSARY

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>

Different forms of ethical and sustainable investment

Instead of	Plain language recommendation	Reasons for recommendation
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>

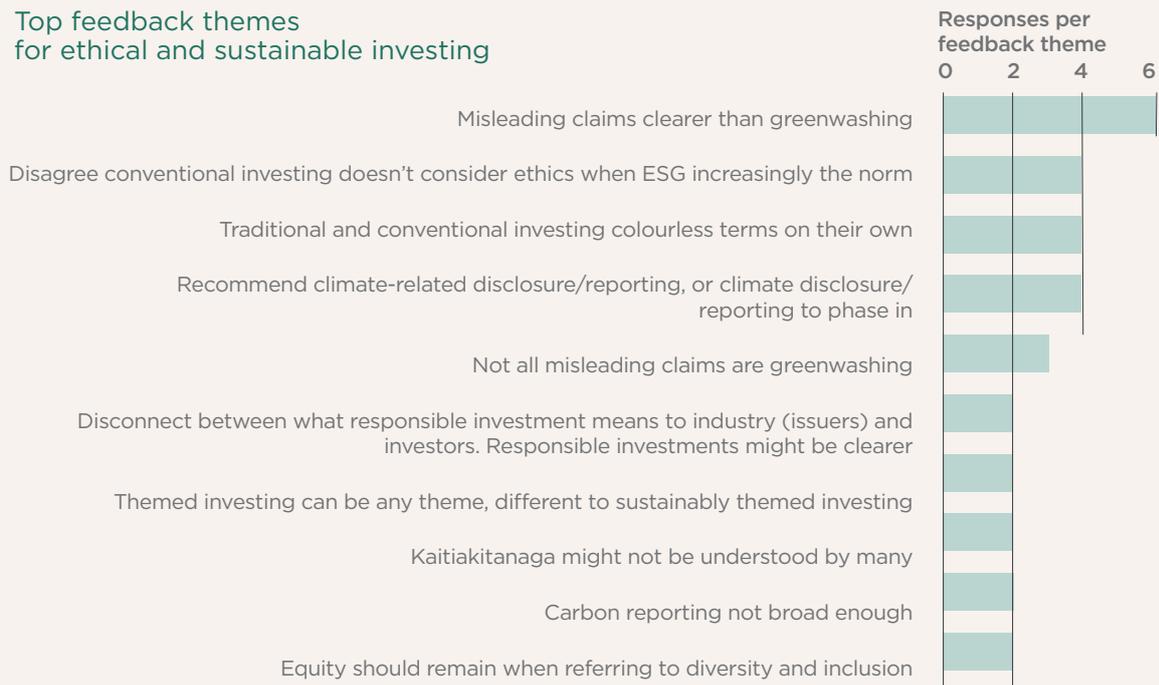
For these terms	Consider this
ethical investment	<p>We recommend explaining this concept in clear, familiar language.</p> <p>Ethical investment is aimed at enabling good outcomes. The selection of assets is values-based and commonly will choose to exclude certain sectors from a portfolio such as gambling, 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.	

Ethical and sustainable investing

Top feedback themes for ethical and sustainable investing



Changes made following feedback and testing

1. Moved 'greenwashing' to suggested phase out and 'misleading claims' as plain language suggestion.
2. Added 'climate-related reporting' as a plain language suggestion instead of climate disclosure and removed carbon reporting as not broad enough to be useful.
3. Removed row on conventional and traditional investment given less likely to be used and not always accurate as ESG increasingly becomes the norm.
4. Added equity to D&I & D,E&I row.
5. Added further context and other themes to 'sustainably themed investing' row to suggest being specific around what theme, with sustainably themed not the only type.
6. Combined 'activist investor' row with 'active owners' to suggest using 'activist investor' instead of 'active owners', 'corporate engagement', 'stewardship' and 'corporate responsibility' which can be vague if used in this context.

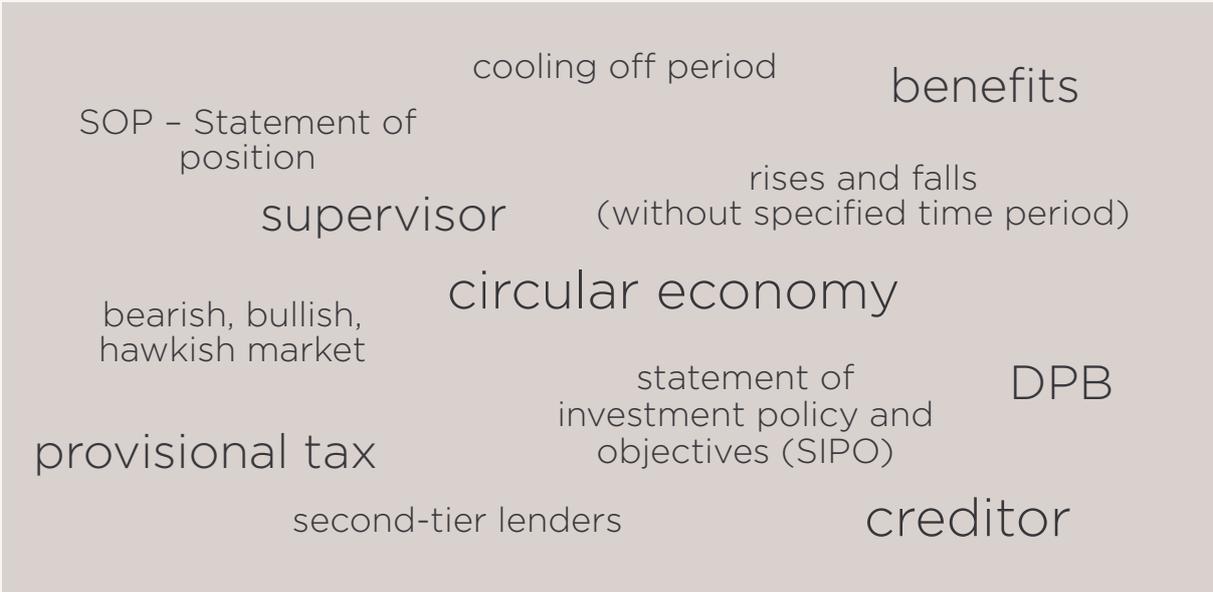


Other suggestions from feedback

Other plain language suggestions received in feedback



Other phase out suggestions received in feedback





Appendix 1

Customer testing results

APPENDIX 1

Customer testing results

The work has benefited immensely from customer testing by ASB and Banquer in particular.

ASB customer testing

ASB ran customer testing through an online survey with 1577 ASB customers in April 2023. Each customer was shown six randomly selected definitions and asked 'which term would you prefer to use for this definition'. For each definition, the customer chose their preferred term from a list of predefined options.

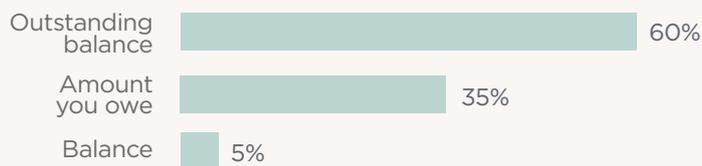
An additional close-ended question was then asked 'what is the main reason you prefer {insert preferred term}?' Additionally, a further four questions were asked to every respondent on what certain terms meant to them.

Some footnotes are added to the testing results by Te Ara Ahunga Ora to help clarify why some terms were chosen as well as why some of these have or haven't been integrated into the glossary.

Definition

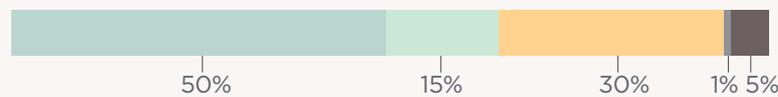
An unpaid portion of a debt you have¹

Preferred term

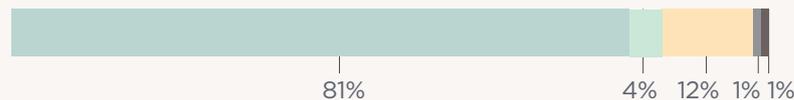


Reason for preference

Outstanding balance (n=390)



Amount you owe (n=225)



- It is easy to understand
- It is what everyone uses
- It is the language I use
- Other
- I don't have a preference / don't know

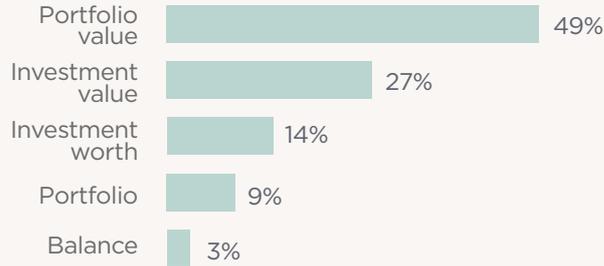
¹ While outstanding balance is preferred for this definition, 'amount you owe' tests as being easier to understand. Given the many different uses of balance we suggest in the glossary to either tie balance to a product for clarity or explain whether it is what you owe, invested, or are owed.

ASB customer testing results

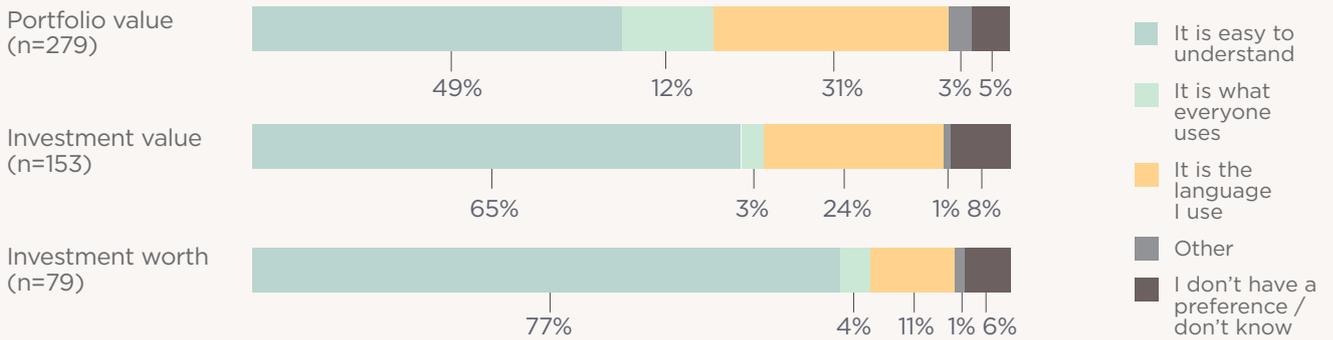
Definition

How much a collection of different investments is worth

Preferred term



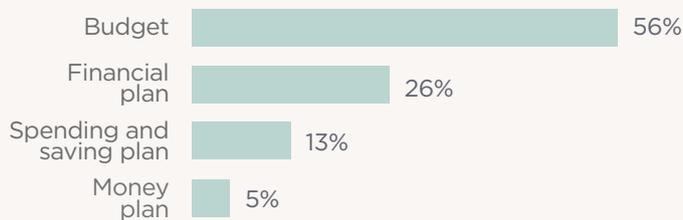
Reason for preference



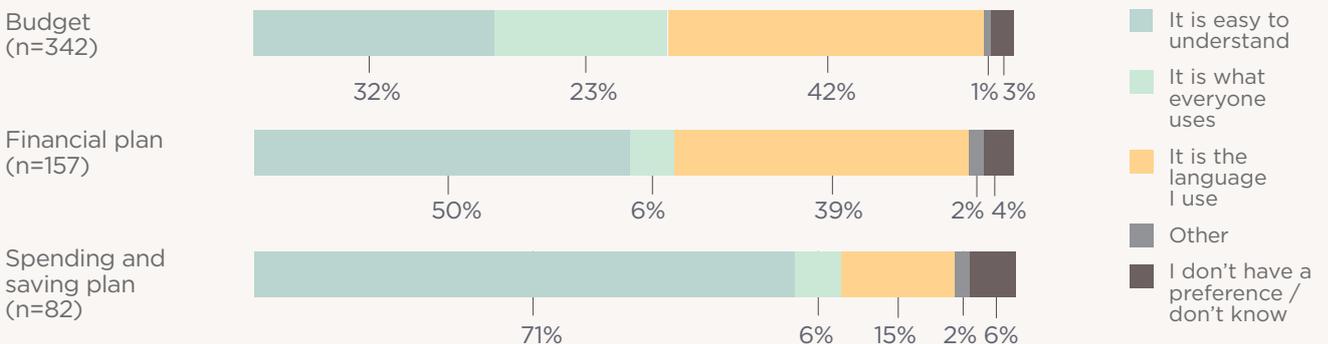
Definition

When you look at the money you have coming in and going out to make decisions for the future²

Preferred term



Reason for preference



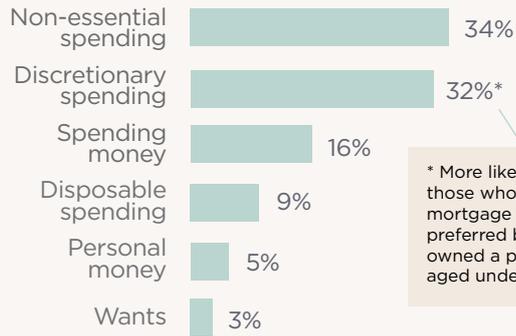
² The glossary suggests still using money plan even though it doesn't test well, given money plan is emerging language. Other testing shows 'money' tests better than 'financial' for customers so we believe this is still a useful term that could be used alongside either 'budget' or 'spending and saving plan'.

ASB customer testing results

Definition

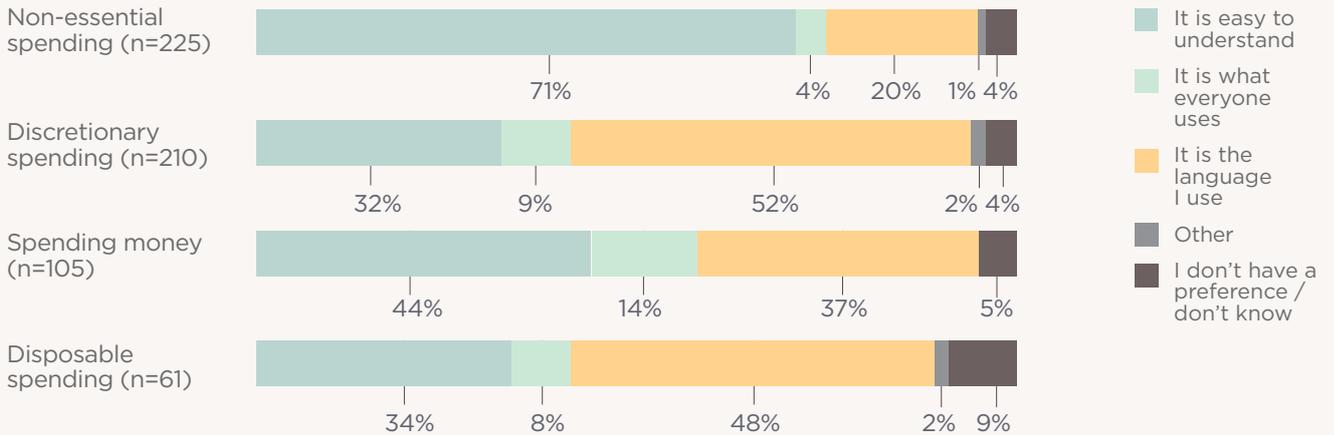
Money you choose to spend on items or services that are not necessary for your survival or basic need

Preferred term



* More likely to be preferred by those who own a home without a mortgage (40%). Less likely to be preferred by those who have never owned a property (16%) and those aged under 34 years (12%).

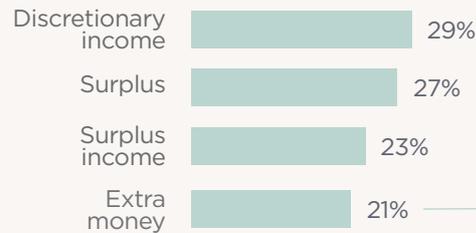
Reason for preference



Definition

Money you have left after essential and non-essential spending

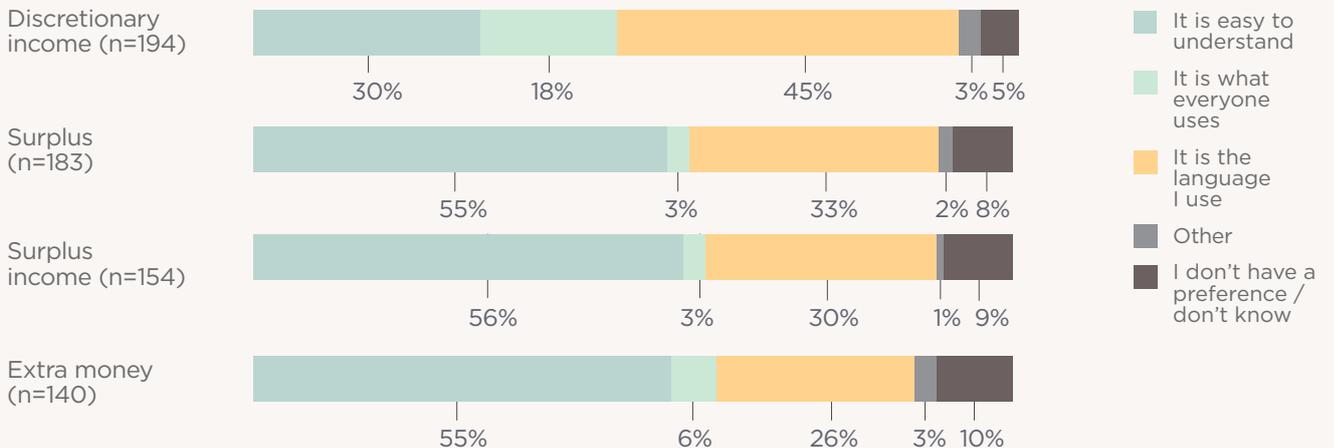
Preferred term



More likely to be preferred by those who own a home without a mortgage (36%) and less likely to be preferred by those who have never owned a property (18%).

More likely to be preferred by those who have never owned a property (38%).

Reason for preference

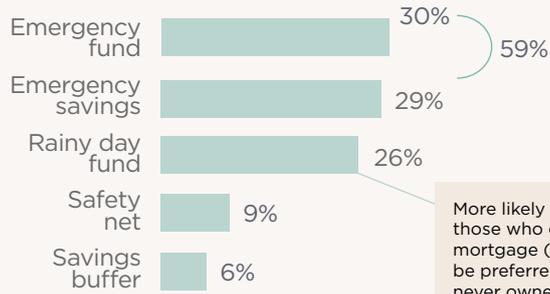


ASB customer testing results

Definition

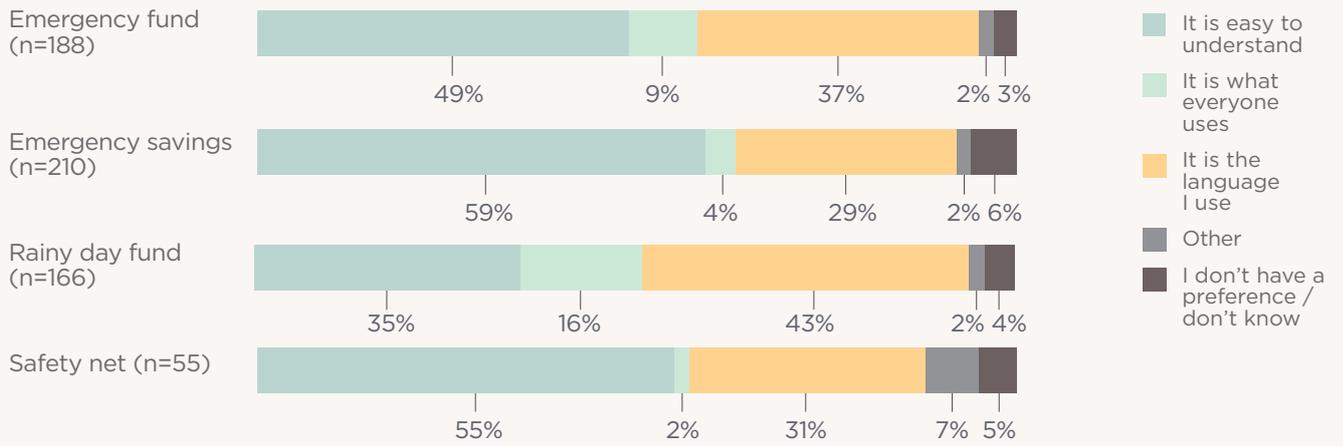
Money you have kept aside if an unexpected and/or urgent need arises

Preferred term



More likely to be preferred by those who own a home without a mortgage (32%) and less likely to be preferred by those who have never owned a property (16%).

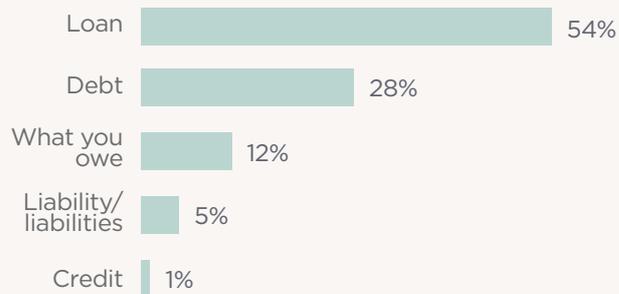
Reason for preference



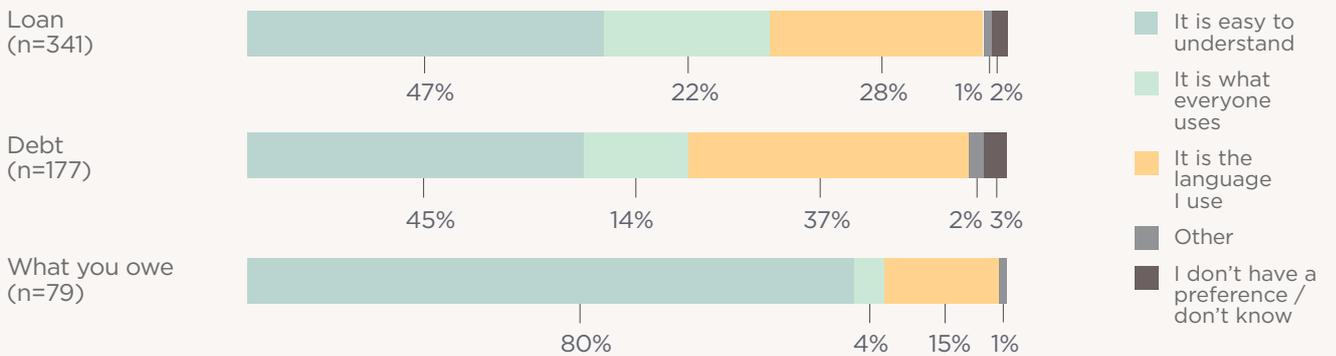
Definition

Money that you borrowed and need to pay back

Preferred term



Reason for preference

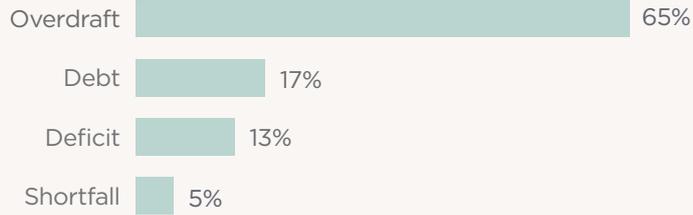


ASB customer testing results

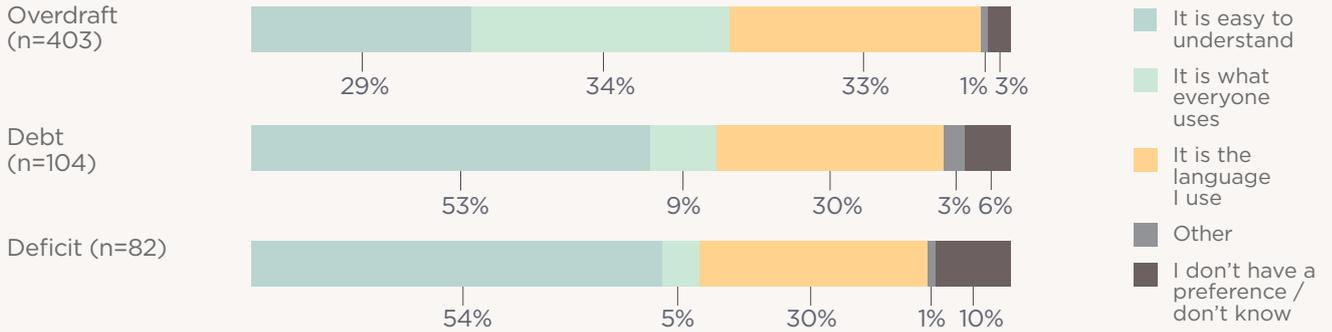
Definition

A negative bank balance

Preferred term



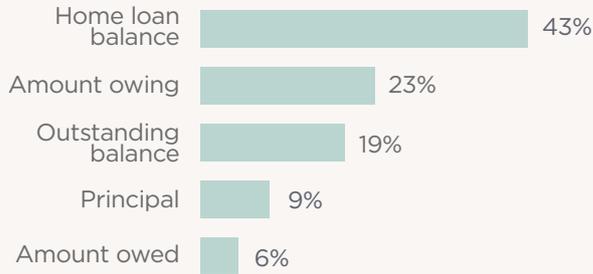
Reason for preference



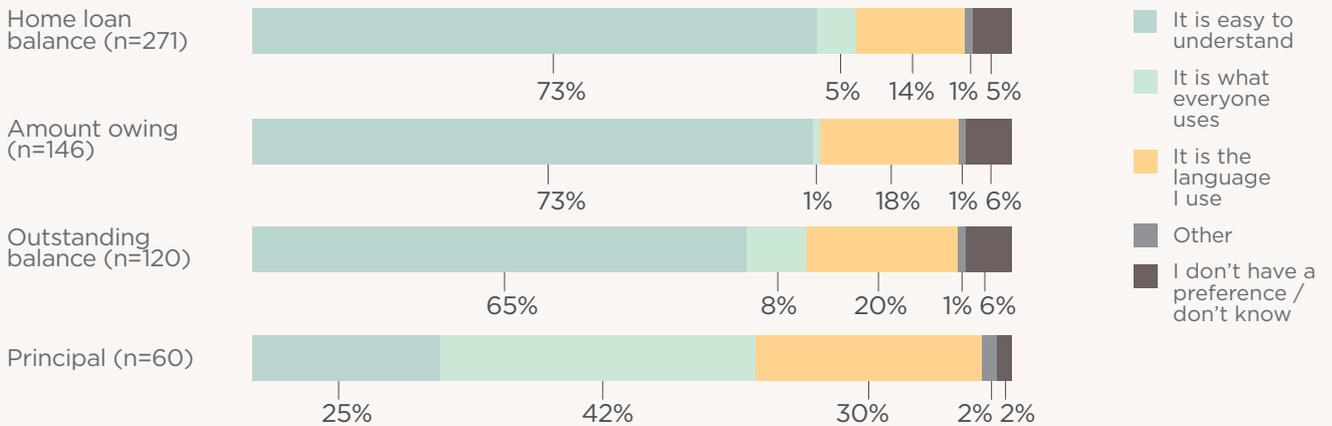
Definition

The amount of your home loan that still needs to be paid back

Preferred term



Reason for preference

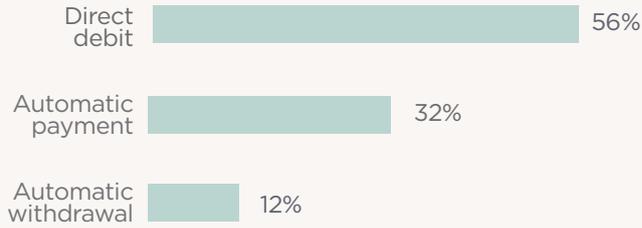


ASB customer testing results

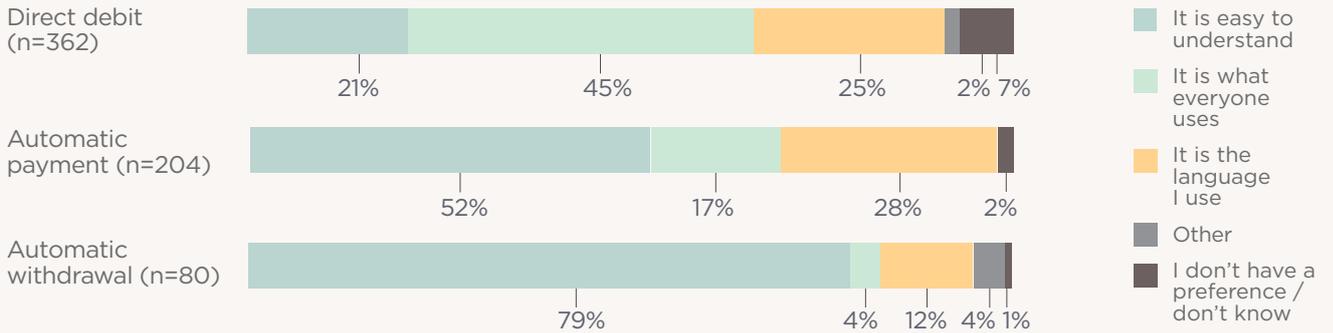
Definition

When you give permission to a company to take an on-going payment out of your account³

Preferred term



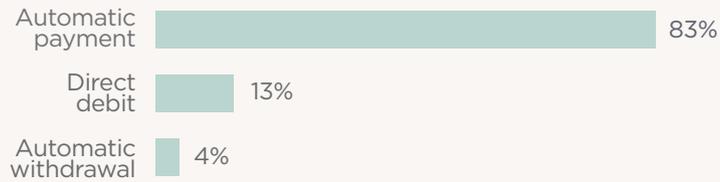
Reason for preference



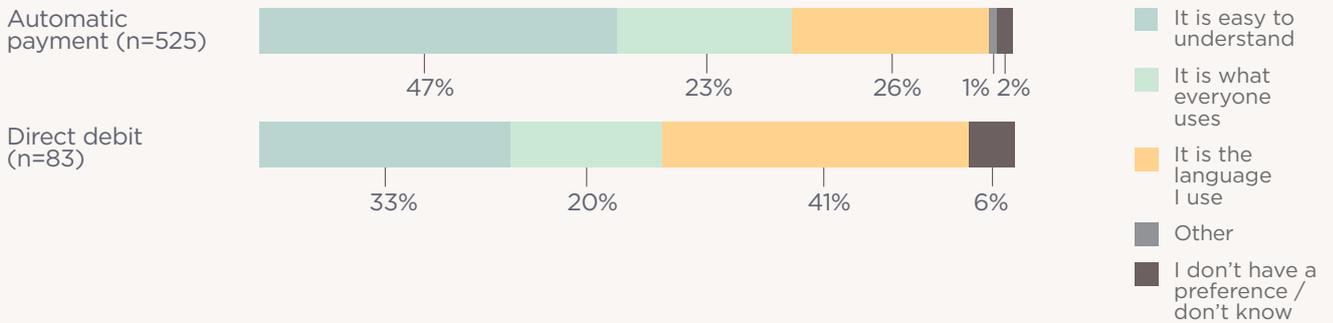
Definition

When you set up an on-going payment yourself to come out of your account

Preferred term



Reason for preference



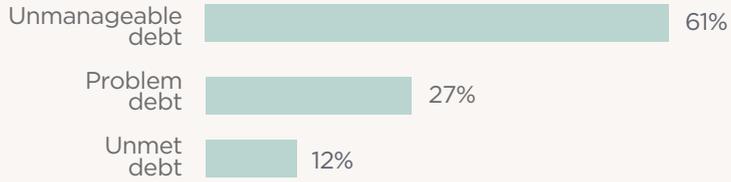
³ Te Ara Ahunga Ora requested two definitions to be tested for direct debit and automatic payment to see whether there was confusion between the two on what the customer sets up and controls vs when a company has authority for the ongoing payment. There was some overlap showing confusion, therefore in the glossary it is suggested to make clear to the customer which one is meant.

ASB customer testing results

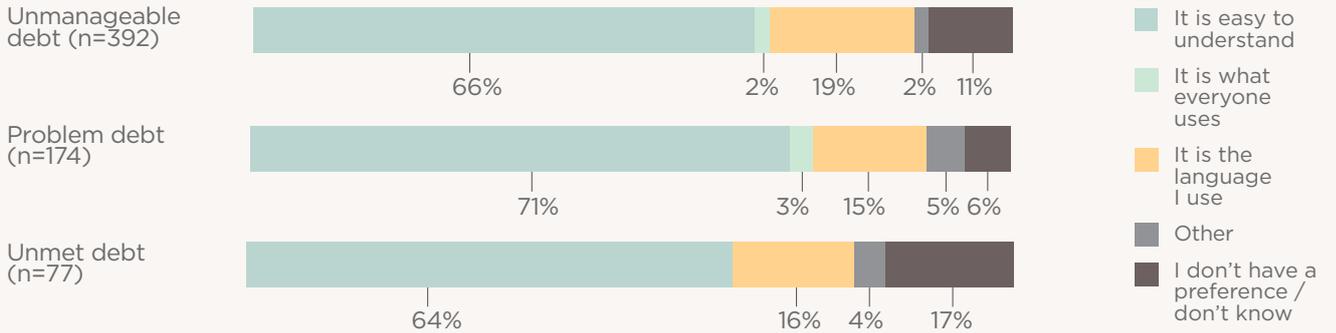
Definition

Money you owe but are unlikely to be able to repay

Preferred term



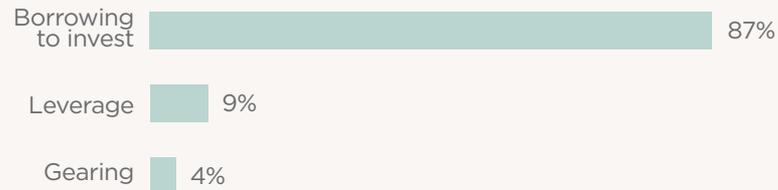
Reason for preference



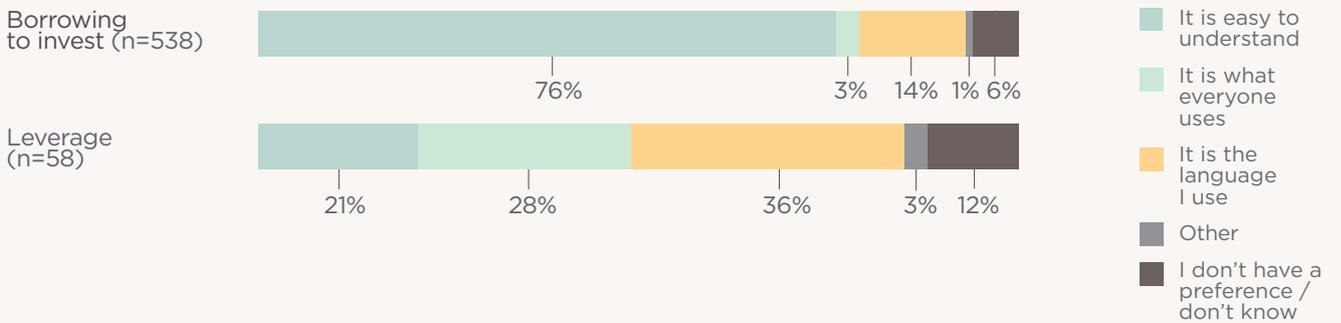
Definition

Taking on debt to buy an investment

Preferred term



Reason for preference

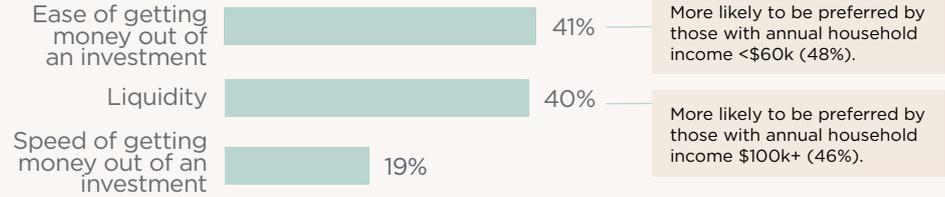


ASB customer testing results

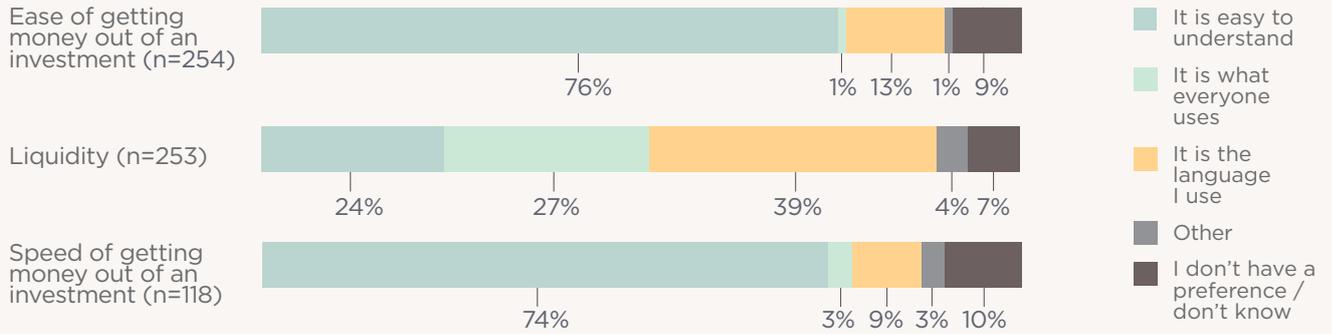
Definition

The ability to sell investments for cash quickly⁴

Preferred term



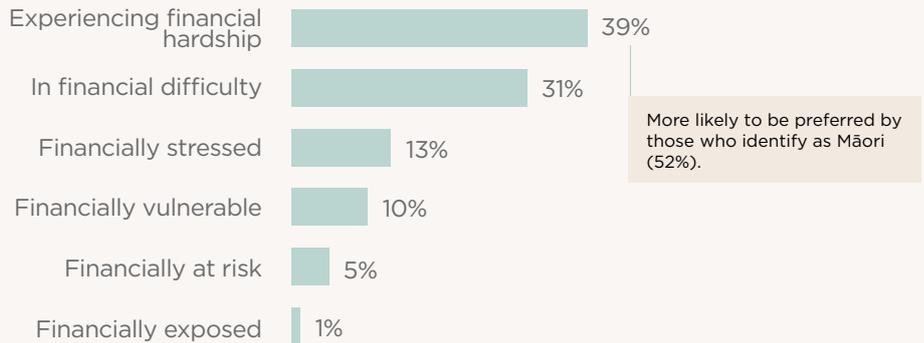
Reason for preference



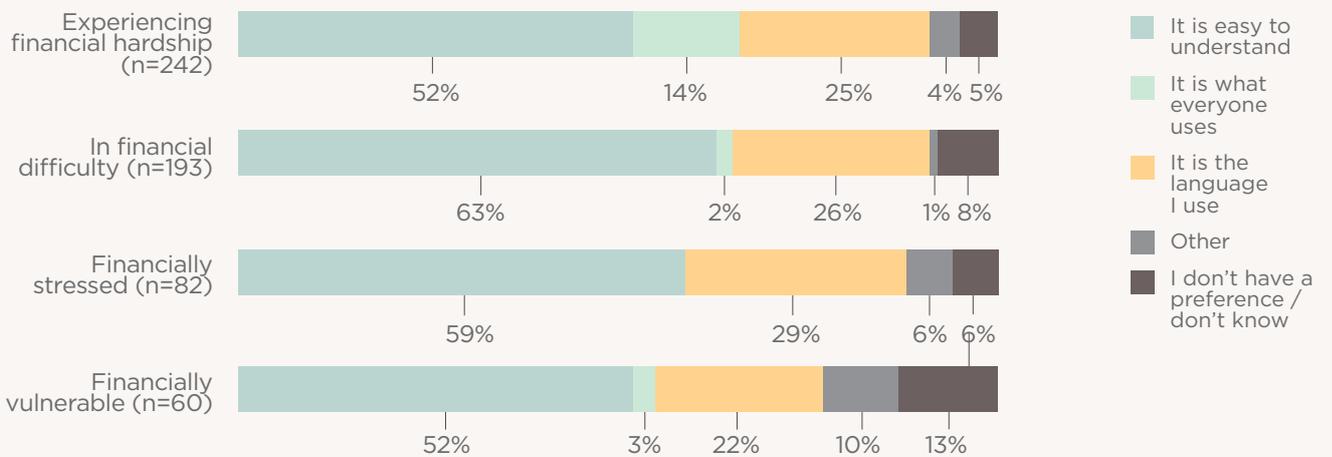
Definition

Someone facing significant challenges with their money

Preferred term



Reason for preference



⁴ While 'ease' was preferred in testing, feedback from the sector during consultation was liquidity is more about 'how quickly' as it's not always 'easy' to get money back but it should be quick. Therefore 'how quickly' is suggested in the glossary.

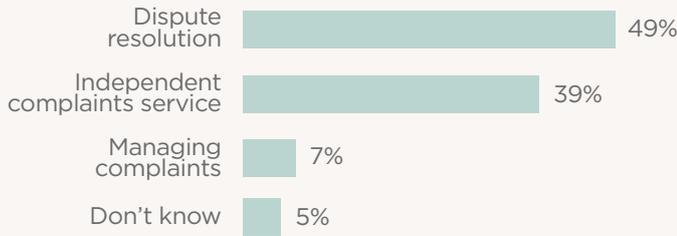
ASB customer testing results

Preferred term for the process of clearing up issues you have with a financial provider

Question asked to all 1577 respondents:
How would you refer to the following process?

The free, external, and formal process to clear up issues you have with a financial provider (e.g. the process of going through the Banking Ombudsman Scheme for issues you have with a bank).

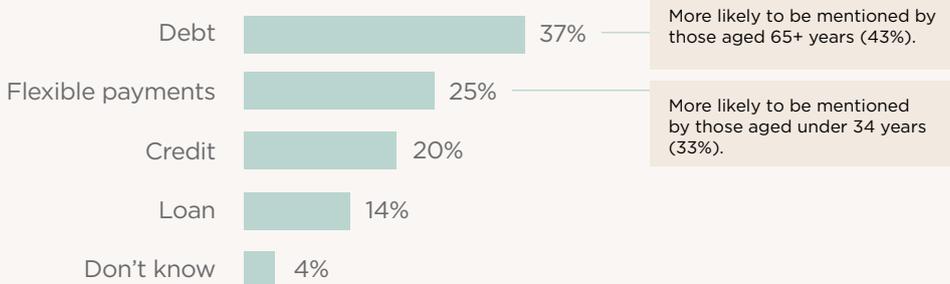
Preferred term



Best explanation of what a Buy Now Pay Later scheme is⁵

Question asked to all 1577 respondents:
In your opinion, which of the below best explains what a Buy Now Pay Later is (such as Afterpay or Laybuy)?

Preferred term



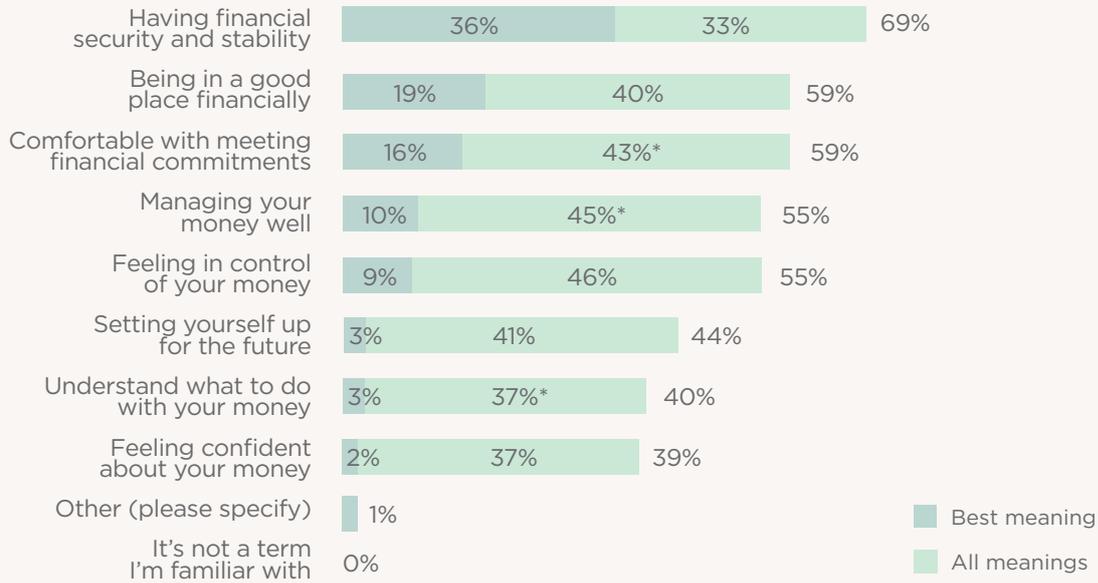
⁵ We wanted to test if customers think of buy now pay later as a type of debt. Given the findings suggest younger people view these products as a type of 'flexible payment' we suggest in the glossary 'buy now pay later loan' could also be considered to make it clearer what this is.

ASB customer testing results

What financial wellbeing means to customers

Question asked to all 1577 respondents:

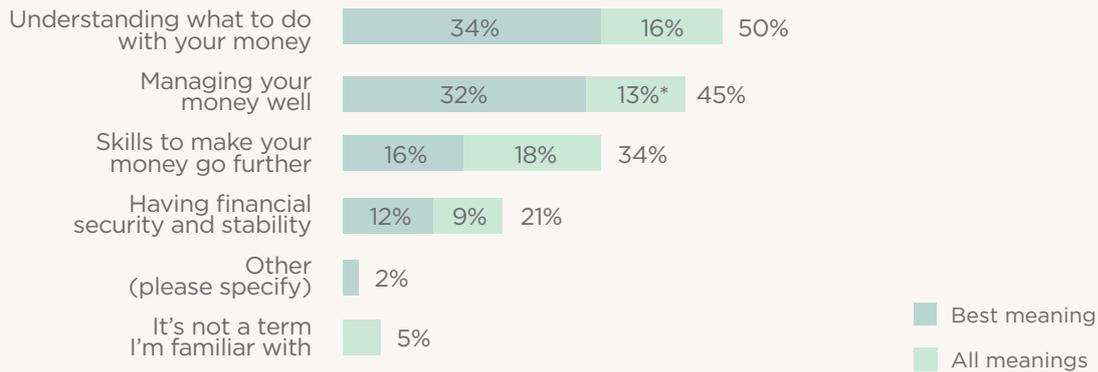
What does financial wellbeing mean to you?, And which of these best describes what financial wellbeing means to you?



What financial capability means to customers

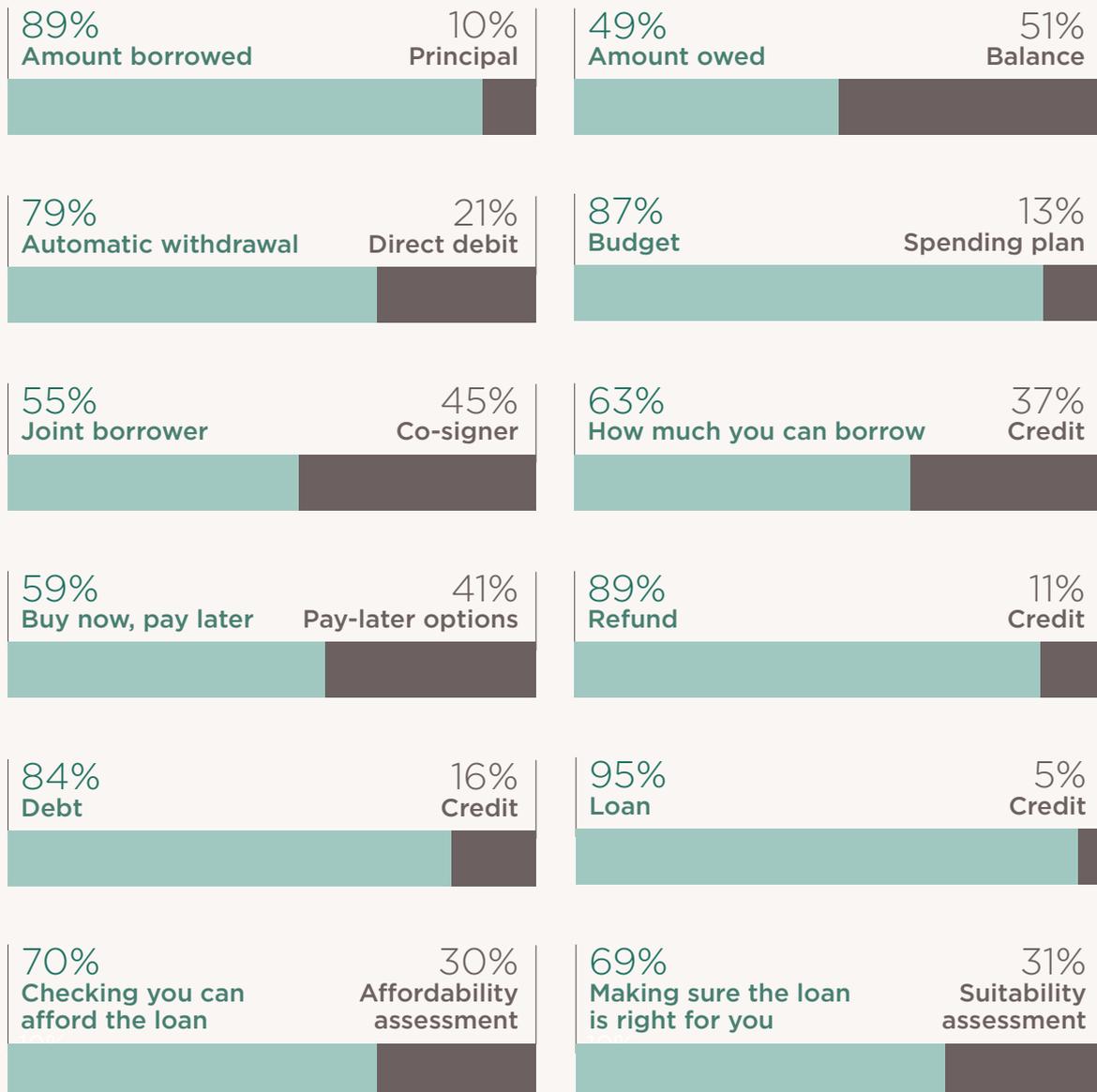
Question asked to all 1577 respondents:

What does financial capability mean to you?, And which of these best describes what financial capability means to you?

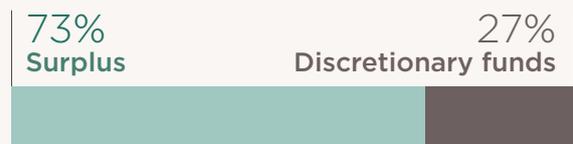
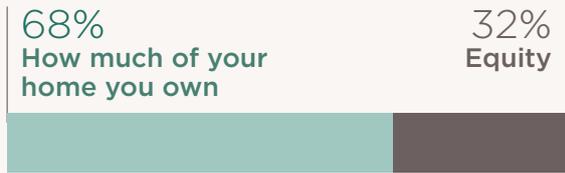
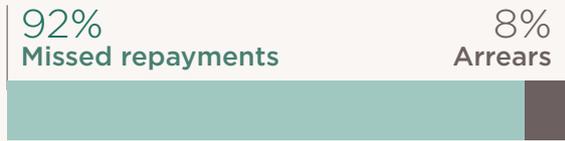
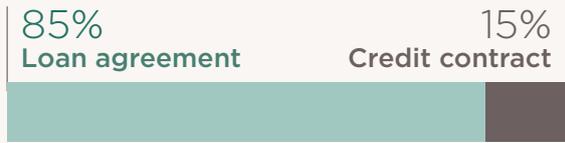


Banqer customer testing

Banqer ran customer testing via a survey through their Banqer platform used by 13-15-year-olds in secondary school. 957 students out of 10,000 responded to an optional 24 questions asking 'Which of these two words/phrases do you find easier to understand?'



Banqer customer testing results





Appendix 2

Original glossary consulted on

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**

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



What happens next?

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

We are also working closely with partners such as Banqer, Fidelity Life and ASB to test the *De-jargonizing 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-jargonizing 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:

Mary Potter, Crystal Kaiwai, Sumita Paul, Kendall Flutey, Matilda Dalal, Rebecca Syles, 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

Original glossary consulted on

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.

Original glossary consulted on

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.

Original glossary consulted on

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.

Original glossary consulted on

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.

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.

Original glossary consulted on

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.

Original glossary consulted on

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.

Original glossary consulted on

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 crystallise 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.

Original glossary consulted on

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.

Original glossary consulted on

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	<p>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.</p> <p>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.</p>
109	responsible investment	ESG	<p>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.</p> <p>The consumer needs to understand what makes a fund responsible and what sectors are being avoided.</p>
110	impact investing		<p>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.</p> <p>Impact investing is not a synonym for ethical or sustainable investing.</p>
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.

Original glossary consulted on

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.

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



**TE ARA
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Retirement Commission

Te Ara Ahunga Ora Retirement Commission

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