

# Shared financial wellbeing measurement tool

## 3.1 Summary of shared measures

### REFINING MEASURES

After reviewing international research and gleaning insights from 33 people working in financial capability in New Zealand, the result is 10 simple financial wellbeing measures.

### WHAT THE MEASUREMENT TOOL INCLUDES

Defining where to draw the line on what measures to include was the most challenging part of this project. Financial wellbeing can be so broad that other measurement tools often encompass 50-plus questions. Given the challenge of measuring financial wellbeing, we had to zero in on the most important outcomes. The result is 10 measures of financial wellbeing specific to financial growth and resilience.

Refining measures is a start, but there needs to be an easy way to measure progress without exhausting participants or providers with a requirement for complex individual financial data. This is when a measurement tool comes in handy. We suggest 15 easy multi-choice questions that providers can use to assess participants on these measures. There are two sets of questions – one to establish where someone is at pre-intervention, and one post-intervention to capture progress made. We also include a simple way for providers to score answers, which can be useful to help calculate the impact of their intervention.

Long-term, we want to use the shared resource hub as a place for providers to share interventions and scores (potentially anonymously) with others working in this space, so we can continue to learn from each other.

Figure 1: Shared financial capability measures

FINANCIAL GROWTH MEASURES	FINANCIAL RESILIENCE MEASURES
1 Increase saving regularly	1 Keep emergency savings
2 Increase amount invested	2 Have relevant insurances, wills and enduring powers of attorney in place
3 Increase return potential	3 Review protection regularly
4 Accelerate repayments on interest-incurring debt	
5 Reduce everyday borrowing	
6 Meet all financial obligations to avoid consequences	
7 Reduce financial product fees and interest paid	



## 3.2 Shared measurement tool for use in financial capability programmes

### A TOOL FOR FINANCIAL CAPABILITY PROVIDERS

The measurement tool is primarily designed for providers' use, but has the added benefit of helping participants see where they could make changes to improve their financial wellbeing. It is up to the provider to decide whether the results are shared with the participant. Sharing results with the participant can be motivating if improvements are seen; however, declines in scores, or no improvement, may reduce motivation.

### A CONSISTENT WAY TO MEASURE CHANGE

We recommend using the full questionnaire to allow for indirect consequences of the intervention, service or product to be measured. It also allows the provider to compare the results to other interventions, services or tools that are assessed with the measurement tool in the same way. Over time, a benchmark could be established for that provider, to which each intervention, tool or service can be compared.

The questionnaire can be completed by participants online or on paper. Providers are free to select specific modules that best suit their intervention and adapt the questionnaire to suit. Scoring can be applied to individual modules by using the scoring template provided.

### MEASURING BEFORE AND AFTER AN INTERVENTION

The questionnaire is first used before an intervention, to measure someone's baseline. The same questionnaire (with slight differences in wording) is then used after the intervention, to measure progress.

If a provider wants to measure *overall* group changes before and after, unique identifiers/participant names are generally not required and final scoring can be the overall average score of those taking part in the intervention. If the provider wants to understand changes for *individuals*, the provider will need to create a unique identifier (e.g. participant name or alpha-numeric combination) for each person to match the pre- and post-intervention scores. It is important that the identifier is accurately entered by the individual to match the pre and post questionnaire.

It is up to the provider when to survey participant progress following the intervention. We suggest the pre questionnaire can be filled out before or at the start of the intervention. The post questionnaire can be filled out one to three months after the intervention (ideally not too long afterwards, to encourage completion, but long enough to give someone time to make a change). If the intervention is more in-depth (such as a programme held over several weeks), the post questionnaire could be filled out at the end of the last session, which will help to encourage participation. The impact of the intervention is represented by the change in score from pre to post.

If you usually manage your finances on your own, please answer the following questions from an individual perspective.

If you usually manage your finances as a household/family/whānau, please answer from the perspective of that group.

Figure 3: Questionnaire tool for pre and post financial capability interventions

Question	Answer	Pre scoring	Post scoring	
<b>MODULE 1: SAVING AND EMERGENCY FUNDS</b>				
<b>Q1. [Pre]</b> Do you or your whānau typically set aside money for savings? [select one]	No	0	0	
	Yes, occasionally	2	2	
	<b>[Post]</b> In the time since taking part, have you or your whānau set aside money for savings? [select one]	Yes, regularly	3	3
<b>Q2. [Pre]</b> In the past six months, have you or your whānau increased the amount of money you regularly set aside? [select one]	No, I/we don't have any spare money to put aside	0	0	
	No, it's not something I/we have thought about	0	0	
	<b>[Post]</b> In the time since taking part, have you or your whānau increased the amount of money you regularly set aside? [select one]	No, I/we planned to but something got in the way	1	1
	No, I/we increased it a while ago, so won't make any changes for a while	2	2	
	Yes	3	3	
<b>Q3.<sup>15</sup></b> How much could you or your whānau access if you urgently needed it without having to borrow? [select one]	\$0	0	0	
	\$1 to \$50	1	1	
	\$51 to \$100	1	1	
	\$101 to \$500	1	1	
	\$501 to \$1000	2	2	
	\$1001 to \$3000	2	2	
	\$3001 to \$5000	3	3	
	More than \$5000	3	3	

15 In this situation, we are asking about 'easily accessed' funds, so an asset-rich but cash-poor individual may be in the same situation as a cash-poor individual with fewer assets if their assets are difficult to access urgently. Scores are bracketed equally to accommodate someone with very little money vs someone with a bit more (relative), but it also needs to relate to their ability to pay for specific emergencies (absolute). For instance, the cost of emergency dental work might be the same, regardless of whether the person has a large or small emergency fund.

We decided that answers should be an amount rather than a relative type of answer such as "three months worth of expenses" to better accommodate progress made by people who have just started building an emergency fund.



Question	Answer	Pre scoring	Post scoring
<b>MODULE 2: DEBT AND BORROWING</b>			
<b>Q4.</b> <sup>18</sup> How many of the following debt products do you or your whānau owe money on (not including home loans, business loans or student loans)? [select one]	3 or more debt products	-3	-3
	2 debt products	-2	-2
	1 debt product	-1	-1
	I/we don't owe money on any of these	0	0
	I/we don't owe money on any of these	0	0
<b>Q4a.</b> Do you or your whānau have a home loan? [select one]	Yes	3	3
	No	0	0
<b>Q5.</b> <sup>17</sup> <b>[Pre]</b> Do you or your whānau typically borrow to: [select one]	Pay for essentials (not counting a mortgage)	-3	-3
	Pay for non-essentials	-2	-2
	Pay for an emergency situation	-1	-1
	I/we don't borrow money for anything	0	0
<b>[Post]</b> In the time since taking part, did you or your whānau borrow to: [select one]	Don't have any debts to repay	0	0
	Have been <b>unable to pay any</b> of the required payments	-3	-3
	Have paid <b>some money</b> but been <b>unable to meet all of the minimum</b> payments	-2	-2
	Have <b>met all minimum</b> payments	0	0
	Have paid <b>more than the minimum</b> on (or paid off) <b>at least some</b>	2	2
	Have paid <b>more than the minimum</b> payment on (or <b>paid off</b> ) <b>all</b> debt	3	3

17 This is a multi-choice question that relates to borrowing for everyday expenses. Home loans are excluded because they are not everyday expenses.

18 This question relates to any change in borrowing behaviour and whether someone has reduced it altogether. An improvement would represent a decline in the number of debt products after an intervention and/or acquisition of a home. We have included buy now, pay later because we believe this product represents borrowing/debt behaviour, even though it is not interest-accruing. We have made all debts the same weight, except home loans, because we wish to avoid 'advising'; however, home loans are typically for a significant asset and will have required a significant deposit, providing some protection.

19 The crux of this question relates to overall debt repayment acceleration, rather than needing the granularity of loan type and repayment category (e.g. minimum, more than minimum, and paid off for each loan type).

Question	Answer	Pre scoring	Post scoring
<b>MODULE 3: REDUCING FEES AND INTEREST PAID</b>			
<b>Q7. [Pre]</b> In the past year, have you or your whānau taken actions to reduce the interest you're paying on your debts, e.g. consolidating loans, balance transfer, switching to a cheaper provider? [select one]	I/we don't owe any money	0	0
	No, I/we haven't tried to	0	0
	I/we have thought about trying to but haven't yet started looking	0	0
	I/we have started looking at ways to do this	1	1
	I/we have looked at this but can't get the interest rates any lower	2	2
	Yes, I/we have taken actions to reduce the interest I'm we're paying	3	3
<b>Q8. [Pre]</b> How many times each month do you or your whānau typically have to pay extra because you missed a payment, e.g. late fees, default fees, loss of prompt payment discounts? [select one]	I/we don't have any debt	0	0
	Can't remember	-3	-3
	More than four times	-3	-3
	Four times	-2	-2
	Three times	-2	-2
	Twice	-1	-1
	Once	-1	-1
	Never	0	0
<b>Q9. [Pre]</b> In the past year, were you or your whānau able to lower the fees associated with your bank accounts, cards, KiwiSaver or investments? [select one]	I/we don't know/prefer not to answer	0	0
	I/we don't have bank accounts, cards, KiwiSaver or investments	0	0
	No, I/we haven't tried to	0	0
	I/we have thought about trying to but haven't yet started looking	0	0
	I/we have started looking at ways to do this	1	1
	I/we determined that I'm/we're getting value for money with the current fees	2	2
	Yes, I/we made changes that improved the value for money of the fees	3	3
<b>[Post]</b> As a result of taking part, did you or your whānau lower the fees associated with your bank accounts, cards, KiwiSaver or investments? [select one]			



Question	Answer	Pre scoring	Post scoring
<b>MODULE 4: KIWISAVER AND INVESTING</b>			
<b>Q10.</b> Are you or your whānau actively contributing to KiwiSaver or other investments, e.g. managed funds, shares? [select one]	No, I/we don't have any spare money to contribute or invest	0	0
	No, I/we haven't thought about doing so	0	0
	No, but I/we are planning to do so in the near future	1	1
	No, but I/we are actively researching where I/we wish to contribute or invest	2	2
	Yes	3	3
<b>Q11.<sup>16</sup> [Pre]</b> In the past six months, have you or your whānau increased the regular amount you contribute to KiwiSaver or other investments? [select one]	I/we don't have KiwiSaver or other investments	0	0
	No, it's not something I/we have thought about	0	0
	No, I wasn't/we weren't able to	0	0
	No, I/we planned to but something got in the way	1	1
	Yes	3	3
<b>Q12. [Pre]</b> Have you or your whānau checked if your KiwiSaver or other investment choices are in line with your goals, i.e. fund type, or kinds of investments based on your timeframe and risk comfort level? [select one]	I'm/we're not sure what this means	0	0
	I/we don't have KiwiSaver or other investments	0	0
	I/we don't know and probably won't check	0	0
	I/we don't know, but intend to check in the near future	1	1
	I/we have checked within the past year and am/are in the process of making appropriate changes	2	2
<b>[Post]</b> As a result of taking part, have you or your whānau checked if your KiwiSaver or other investment choices are in line with your goals, i.e. fund type or kinds of investments, based on your timeframe and risk comfort level? [select one]	I/we have checked in the past year and am/are happy with the investments and types of funds I/we have	3	3

16 Increasing investment contributions will create financial growth, but it's unlikely people are able to actively increase amounts on a frequent basis, so we've limited this to the past six months, and have grounded any change to the intervention, service or tool. Wording of the post survey is altered to tie any change to the intervention.

Question	Answer	Pre scoring	Post scoring
<b>MODULE 5: PROTECTING WHAT'S IMPORTANT</b>			
<b>Q13.</b> <sup>20</sup> Thinking about the things that are important to you or your whānau, such as your health, life/funeral, whānau, property, income, car and 'stuff', which describes you? ('Insurance' includes things like health insurance, home and contents insurance, third-party or full car insurance, funeral insurance, life insurance, income protection, etc.) [select one]	Don't know	0	0
	I/we don't have insurance to cover any of the things that are important to me	0	0
	I'm in the process of getting insurance for some of the things that are important to me	1	1
	I/we have insurance for some of the things that are important to me/us	2	2
	I/we have insurance for all the things that are important to me/us	3	3
<b>Q14.</b> <sup>21</sup> How many of these do you or your whānau have: a will, enduring power of attorney (health), enduring power of attorney (property/financial affairs)? [select one]	Don't know	0	0
	All three	3	3
	Two of these	2	2
	One of these	1	1
	None of these	0	0
<b>Q15.</b> Have you or your whānau thoroughly reviewed your insurance cover, your will or enduring powers of attorney within the past three years? (This needs to be more than reading an annual review letter but does not necessarily have to be with an adviser or lawyer.) [select one]	Don't know/can't remember	0	0
	I/we don't have any of these	0	0
	No, I/we haven't thought about it	0	0
	No, but I/we have thought about it	1	1
	No, but I am/we are planning to do so in the near future	2	2
	Yes	3	3

20 This was initially a very complex question, asking the participant to identify what in their life they wanted to protect, and then what they used to provide protection, but we had two issues with this. Having an increasing number of things to protect doesn't mean a person is growing financially. Additionally, given the cost of insurance, it is not always a case of having maximum insurance (e.g. life insurance becomes far less important if the mortgage is paid off and children are no longer dependent). Rather, we decided that we simply need to know whether people have insured all the things that are important to them.

21 We have separated out wills and EPAs from question 14 as these represent a different form of protection. We have also removed trusts; as much as they are a means of protecting assets, having a trust doesn't necessarily mean a person is more resilient than a person without a trust if they don't have assets or potential liabilities. In contrast, wills and EPAs relate to everyone.



## Optional context questions (no scores)

**Are you:**

- Male
- Female
- Non-binary
- Prefer not to answer
- Prefer to specify \_\_\_\_\_

**Which age category do you fall into?**

- Under 18
- 18 to 24
- 25 to 34
- 35 to 44
- 45 to 54
- 55 to 64
- 65+
- Prefer not to answer

**Which of the following ethnic groups best describes you? [select multiple]**

- NZ European
- Māori
- Cook Islands Māori
- Tongan
- Samoaan
- Fijian
- Other Pacific Person
- Indian
- Chinese
- Other Asian
- Other ethnicity
- Prefer not to answer

**Who in your household makes the financial decisions?**

- Mainly me
- Mainly someone else
- I share the financial decision-making with others
- Prefer not to answer

**If you answered this survey from the perspective of your household/family/whānau, what is your household income per year (before tax)?**

- Under \$10,000
- \$10,000 to 19,999
- \$20,000 to \$29,999
- \$30,000 to \$39,999
- \$40,000 to \$49,999
- \$50,000 to \$59,999
- \$50,000 to \$69,999
- \$70,000 to \$99,999
- \$100,000 to \$119,999
- \$120,000 to \$149,999
- \$150,000 to \$199,999
- \$200,000 or more
- Don't know
- Prefer not to answer

**If you answered this survey from the perspective of yourself only, what is your personal income per year (before tax)?**

- Under \$10,000
- \$10,000 to 19,999
- \$20,000 to \$29,999
- \$30,000 to \$39,999
- \$40,000 to \$49,999
- \$50,000 to \$59,999
- \$50,000 to \$69,999
- \$70,000 to \$99,999
- \$100,000 to \$119,999
- \$120,000 to \$149,999
- \$150,000 to \$199,999
- \$200,000 or more
- Don't know
- Prefer not to answer

**Are there any other comments you'd like to make about your financial situation or how it has changed?**

- Open-ended



For provider use only – option to calculate final score to a range from 0-100.

#### PRE INTERVENTION

$(\text{'total'+12}) \times 1.96$

#### POST INTERVENTION

$(\text{'total'+12}) \times 1.96$

**Figure 4: Scoring example box**

Rosie runs a financial capability programme that sees 12 participants attend a weekly workshop over an eight-week period. The programme focuses on homeownership and covers budgeting, saving, KiwiSaver and debt.

Before the intervention, the average score for participants completing the survey was -5.

To calculate this into a range from 0-100, you can go:  $(-5 + 12) \times 1.96 = \mathbf{13.92}$  (score out of 100).

After the intervention, the score was 10. Participants took time during the course and in the months afterwards to make changes to saving, KiwiSaver and debt.

To calculate this into a range from 0-100, you can go  $(10 + 12) \times 1.96 = \mathbf{43.12}$  (score out of 100).

That's a lot of progress! You can then subtract the starting number from the post-intervention number to see the shift in score:  $43.12 - 13.92 = \mathbf{29.2}$ .

On average, participants shifted their financial wellbeing progress score by **29.2 points out of 100!**



## USING THE TOOL TO SCORE RESULTS

The maximum score for any question is +3.

Figure 5: What scores represent

Score	What the score indicates for each question
0	No tangible improvement has been achieved for that action.
1	Some form of intention, or minor progress that is unlikely to produce financial growth or resilience.
2	Active engagement, and/or some progress that may produce financial growth or resilience.
3	Actual actions and/or behaviour that will produce financial growth or resilience.
-1	Intermittent behaviour that may produce some minor decline in financial growth or prevent progress in other areas.
-2	Behaviour that may undermine other efforts to produce financial growth or resilience.
-3	Ongoing behaviour that will reduce financial growth trajectory and/or reduce financial resilience.

## WEIGHTING OF SCORES

Each question is weighted equally – we are not trying to signal to the provider which behaviour is most important, rather we believe it is up to the provider to determine which areas they wish to target.

A maximum score of +39 and minimum of -12 is possible, but to make the result easier to follow, there is an option to convert the total so it sits between zero and 100. To do this, the equation as outlined at the end of the table is: ('score'+12) x 1.96.

Scoring is manual – impact is the change in total score from pre- to post-intervention. Where appropriate, the provider can use the measurement tool with an individual to focus on areas that have gone well and areas where further attention is required. The scores can also be used in aggregate form to determine the efficacy of the intervention, tool or service, as well as identify areas of unexpected impact.

## MANUAL SCORING TEMPLATE

MODULE	Question	Questionnaire scoring pre intervention				Questionnaire scoring post intervention				Scoring result
		Input scores per question	Add scores together from column A	Convert the scores into a number from 0-100 (20 points per module)	Column C	Input scores per question	Add scores together from column A	Convert the scores into a number from 0-100 (20 points per module)	Column F	
1 SAVING AND EMERGENCY	1	Column A	Column B	Column C	Column D	Column E	Column F	Column G	Your intervention score is column F minus column C	
	2			Column B x 2.222 = ____			Column E x 2.222 = ____			
	3									
2 DEBT AND BORROWING	4			(Column B+9) x 1.333 = ____			(Column E +9) x 1.333 = ____			
	4a									
	5									
	6									
3 REDUCING FEES AND INTEREST PAID	7			(Column B+3) x 2.222 = ____			(Column E+3) x 2.222 = ____			
	8									
	9									
4 KIWISAVER AND INVESTING	10			Column B x 2.222 = ____			Column E x 2.222 = ____			
	11									
	12									
5 PROTECTING WHAT'S IMPORTANT	13			Column B x 2.222 = ____			Column E x 2.222 = ____			
	14									
	15									
Total average score		Add all scores in column A = ____		(Column A total + 12) x 1.96 = ____	Add all scores in column D = ____		(Column D total + 12) x 1.96 = ____			

If you have any questions or want scoring support, contact us at: [national.strategy@retirement.govt.nz](mailto:national.strategy@retirement.govt.nz). We're here to help.

## Te Ara Ahunga Ora Retirement Commission

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