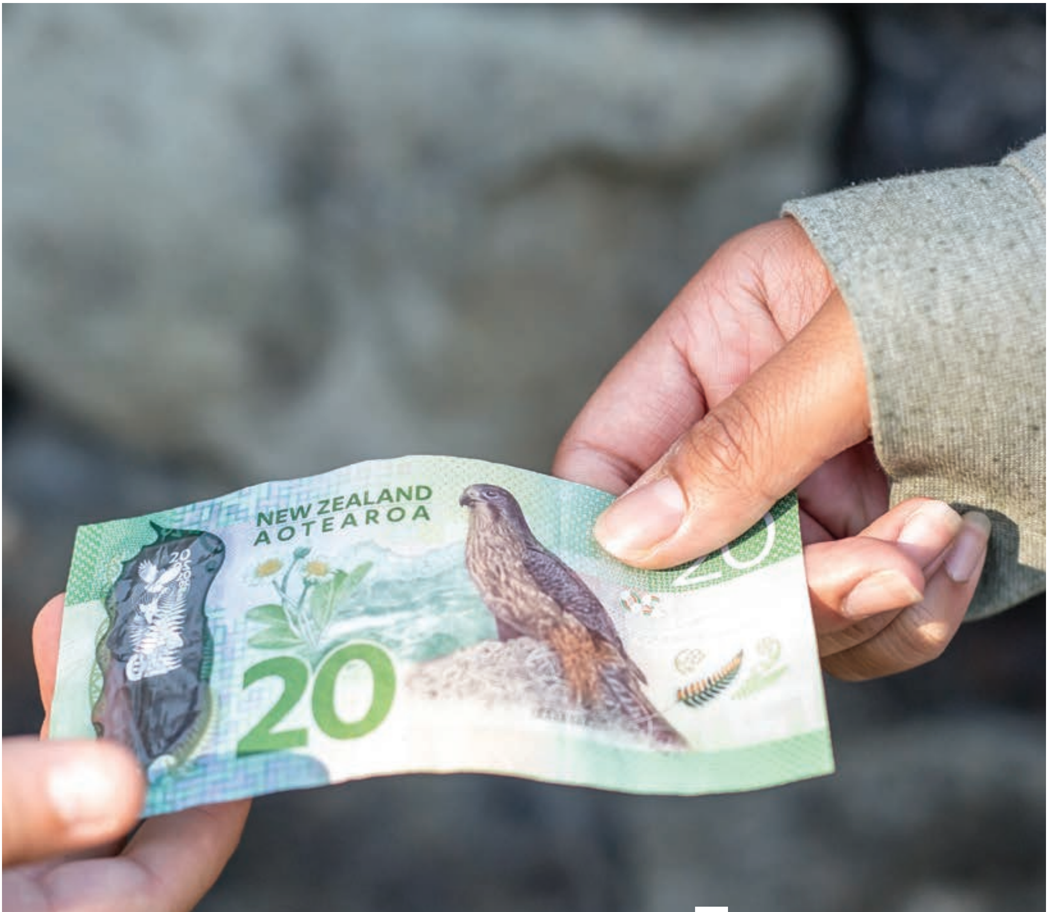


HE ARATAKI PŪTEA MĀ TE RAKATAHI

A MONEY BASICS GUIDE FOR RAKATAHI

TIKANGA HOU, ORANGA HOU

Changing habits, changing lives

NGĀI TAHU Whai Rawa

NAU MAI, HAERE MAI

Welcome to our Rakatahi Finance Guide.

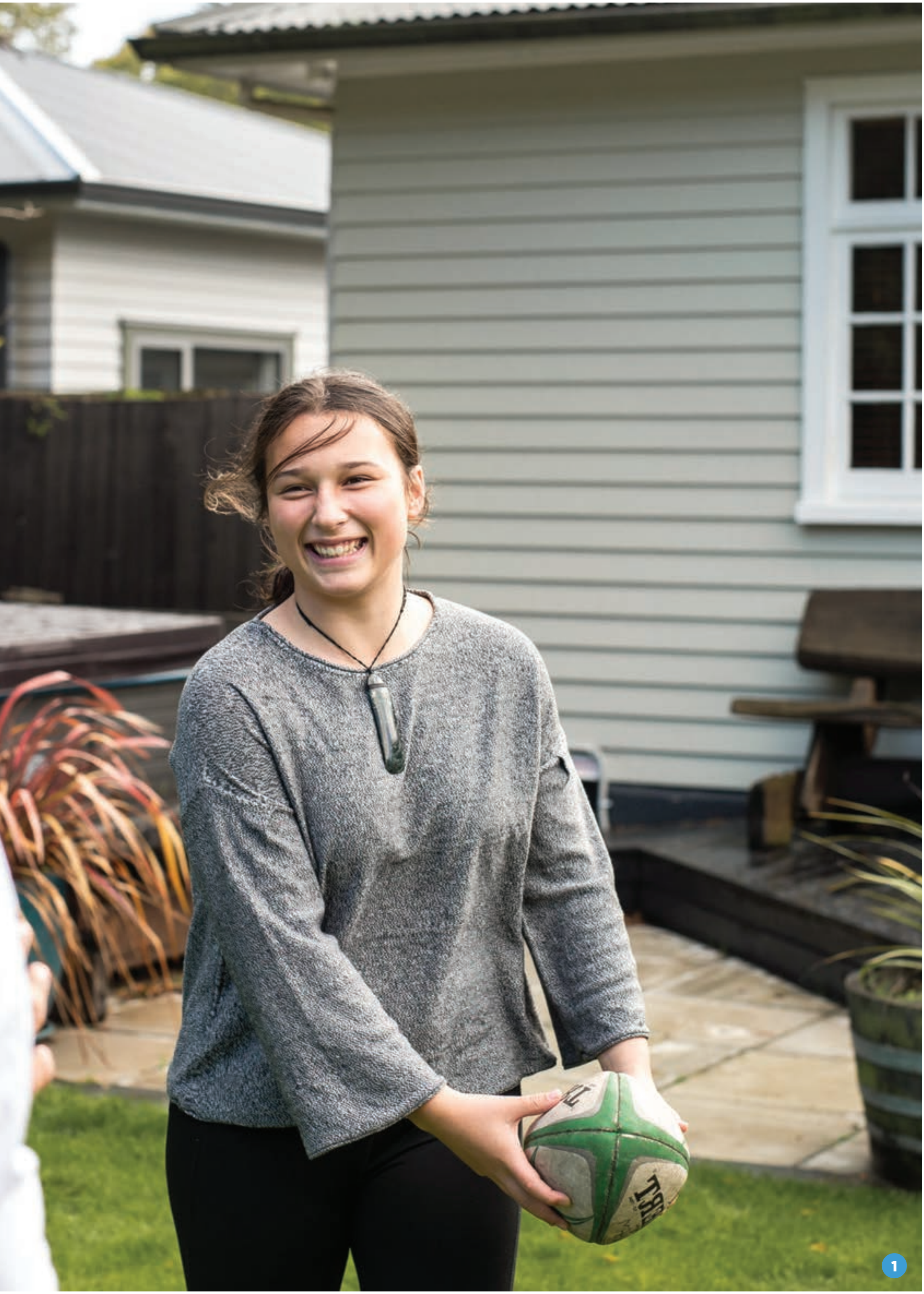
This guide is designed to provide our rakatahi (young people) with important information about financial concepts that they will come across in their daily life.

The information and resources found in this guide can be used independently by rakatahi or with whānau alongside them, to build financial capability knowledge and skills so they can make choices that will best prepare them for financial independence. The earlier our rakatahi prepare for future expenses such as buying a first car, an overseas experience, or studying after high school, the more secure they will be when these expenses arise.

AS A RAKATAHI, YOU MAY BE RECEIVING POCKET MONEY, HAVE A PART-TIME JOB OR OTHER FORMS OF INCOME.

Learning how to manage money and make it work for you will enable you to get the most benefit from your pūtea. This guide covers basic financial topics like savings accounts, interest, the different types of investments, and other money concepts in a way that is relatable and easy to understand.

LEARNING ABOUT MONEY EARLY HELPS US TO MAKE GOOD DECISIONS ABOUT MONEY AND PLANNING THROUGHOUT OUR LIVES



MONEY BASICS

BANK ACCOUNTS

A bank account is an account you have with a bank where you can deposit money, which will be held to spend or save when you want. There are different types of bank accounts such as a transactional or cash account or a savings account.

A transactional account is generally used as an "everyday" account, one which you are likely to withdraw from regularly.

If you have things you want to save for in the short term such as a new pair of shoes or you're saving to have spending money on holiday, you may choose to open a savings account. Transactional/Cash accounts pay no or minimal interest. A savings account is where you can earn a higher rate of interest than in your transactional account, often in return for limiting the amount of withdrawals you make. For longer-term financial goals, you may want to consider other forms of saving or investing.

CREDIT CARDS

A credit card is a payment card issued to enable you to pay for things based on the promise to the card issuer that you will pay them back along with other agreed charges.

There is always a cost to borrowing money on a credit card in the form of interest and fees. Therefore, it can be an expensive way of purchasing things because if you do not pay the balance off each month you will pay for what you buy plus interest on that amount.

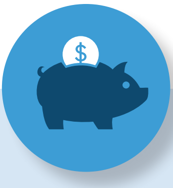
An important thing to remember is to avoid using a credit card to purchase items if you can't pay the bill in full and on time, otherwise you may face high interest charges and the purchased item may become far more expensive than you originally thought.

PRO	CON
Credit cards are loans and may allow you to build up a credit rating which can be beneficial when you are wanting to start flatting.	Credit cards are convenient as they provide security in case of an emergency. However, you need to be able to afford a credit card and pay off amounts borrowed on the card. You must also pay any interest added to your credit card purchases.

MONEY IN

Whenever you receive money, you have choices as to what to do with it. Understanding how to manage your money when you are younger is a great way to set yourself up to become a financially capable adult.

You can spend it straight away or you might have items or short or long-term goals that will require saving to ensure you have enough money to meet the costs involved.



BANK SAVINGS ACCOUNT

Keeping money in a savings account is a good way to earn some interest and you can usually always access this money when needed.

Savings accounts are best to use when you want to save for a short-term goal of a small to medium size amount, such as a new pair of shoes, a phone or a computer. Compared to your day-to-day bank account (transactional account), a savings account also encourages you to save because they usually limit how often you can withdraw money to still get the maximum interest on your savings.

While savings accounts are generally low risk, this often means earning a lower amount of interest than other forms of investment.

TERM DEPOSITS

You may also choose to save with your bank in the form of a term deposit.

The money you save will be invested for a fixed time period (e.g. 12 months) and you will receive a "fixed" rate of interest over the time. Your money invested will earn higher interest than it would in a regular savings account, however, you will not be able to withdraw your money during the period of the term deposit. Additionally, term deposits usually have a minimum investment requirement, often $5,000 or more.

MONEY OUT

LOANS

A loan is when you borrow money from a financial institution with the expectation that you pay back the amount borrowed along with interest added to the loan amount.

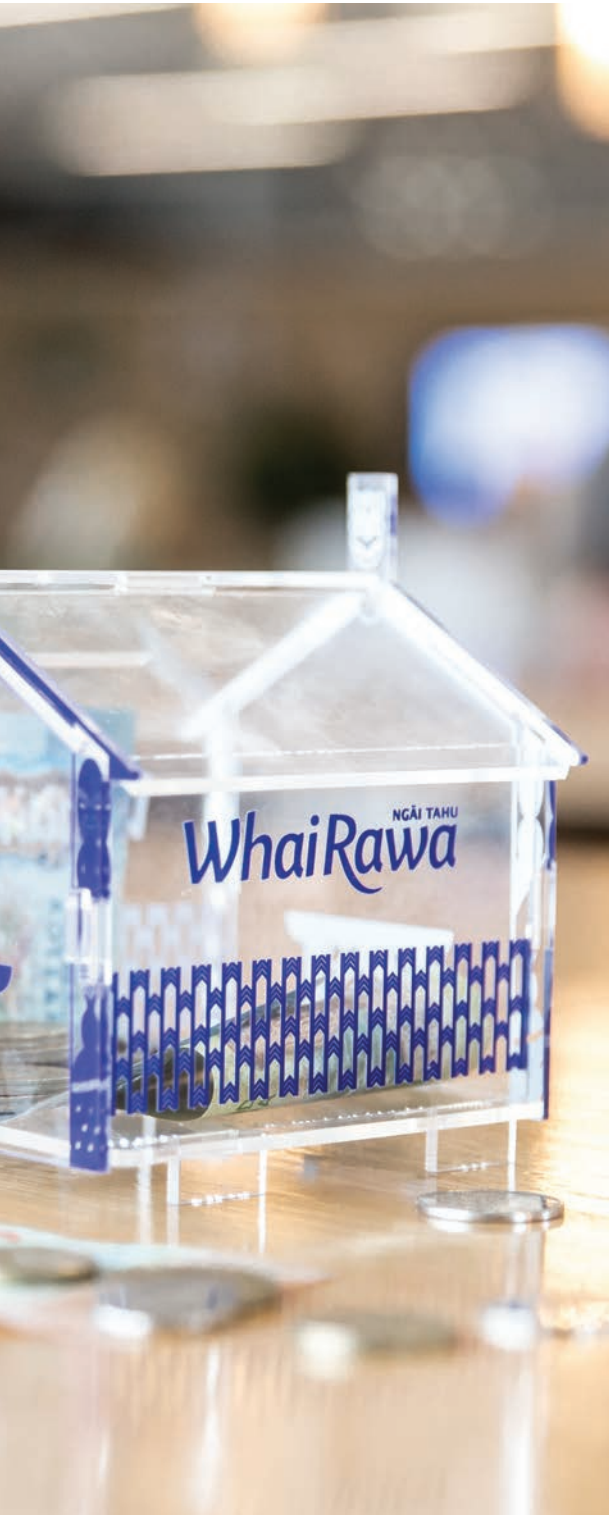
A lender may let you borrow money in exchange for the future repayment of the loan and also interest and charges that are placed on your loan. A loan is a form of debt and you need to be able to afford the loan you are taking out. Interest rates can be high and there can be penalties for repaying loans early. Loan types include personal loans for a car, holiday or other expenses, through to a business loan or a mortgage.

MORTGAGES

A mortgage is the security that a lender takes to protect a loan you get to help you buy property or land, as most people do not have enough cash to buy a house without some borrowing.

Granting a mortgage, means that a home buyer uses their home as security in case they cannot pay the loan back, meaning if you can't or don't pay the loan, the lender can take and sell the property to get their money back. If there is still a shortfall to the lender, the lender will generally seek this shortfall from the home buyer. Interest is also charged on these loans. Over a long period of time you will repay your house/ property loan plus interest, until you own the property, mortgage free.

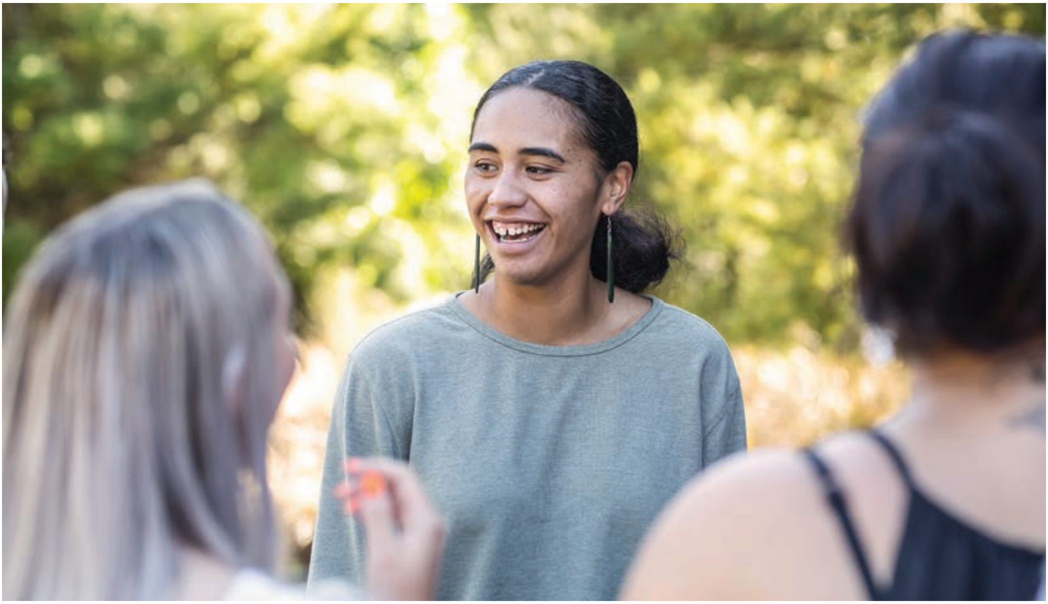
Mortgage loans are for a fixed amount of time and regular payments are made over this period, usually fortnightly or monthly.



DEBT

Debt is a sum of money that is required to be repaid by one party to another.

Debt comes in many forms – credit cards, car loans, personal loans, loans secured by mortgages, or student loans. Debt can be good for things that should increase your personal net worth like student loans or mortgages. However, in many instances, borrowing money can seem like a quick fix but you can end up carrying debt that can have a serious and negative effect on your finances.



WHAT ABOUT INVESTING – IT SOUNDS SCARY!?

For a lot of us, investing can be intimidating, but it does not have to be.

In fact, if you are already a member of Whai Rawa you are an investor! From your investment, the aim is to make more money through compounding interest and/or asset price increases. Interest is an amount that you earn for investing your money.

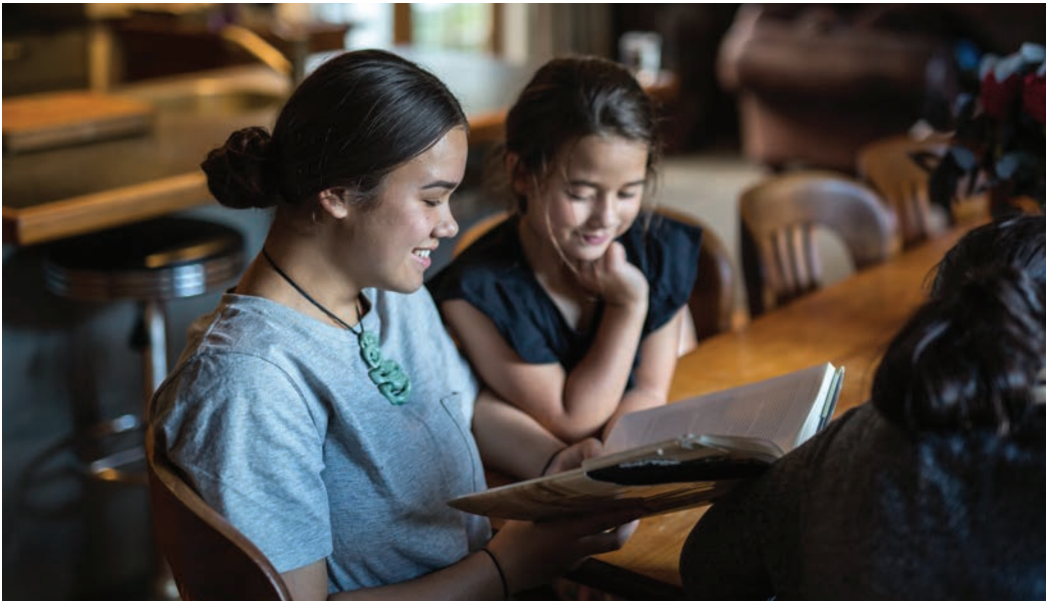
SHOULD I INVEST MY MONEY?

YES

Investments tend to earn you more returns on your money than in a savings account.

NO

Investments can be more volatile, meaning your returns can go up and down. This is why these types of investments are a better option for those who are saving more long-term, such as for education after high school, like University or College, or for your first whare.



The main things to consider when choosing between putting your money into a savings account or investing your money are:

1 THE GOAL YOU ARE TRYING TO ACHIEVE:

Are you short-term focussed, for example – saving for that new pair of sneakers or a phone, or are you looking more long-term such as study after high school or your first home?

2 YOUR TIMEFRAME:

What timeframe can you give yourself before you want to access your money? Do you need the money in 1 year or 5 or 10? Putting money into some investment funds may not be the best option if you are wanting to withdraw in the near future because you may not see the benefit of your investment in this short time period. If you have a longer timeframe before you think you will need to withdraw, you may benefit more from investing in something other than a savings account.

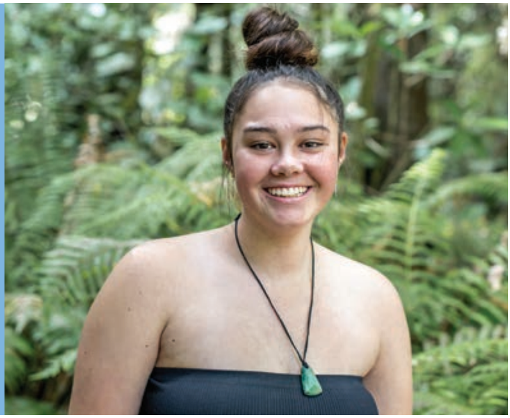
3 HOW MUCH RISK YOU CAN AFFORD TO TAKE:

The general rule is, the more time you have to reach your financial goal, the more investment risk you can afford to take. While you are likely to receive higher returns on your invested money than you would with savings, there is a possibility that returns may go down at some point, meaning there is higher risk involved with investing than with a savings account.

SOME EXAMPLES OF INVESTMENTS

There are different kinds of investments that you can invest your money into.

You are not restricted to putting all your money into one sort of investment and you can benefit from having your money in more than one investment too.



MANAGED FUNDS

A managed fund is an investment fund that is managed by an expert fund manager who invests yours and other members' money into a variety of investments on your behalf meaning they manage your funds for you (normally for a fee).

Managed funds can be a low maintenance and relatively cheap way to prepare and save for future costs. Managed funds are much like a savings account, where you can contribute amounts over time, the difference being that the returns from managed funds are generally higher than interest earned from your savings account. Contributing regularly to a managed fund can make it easier to achieve your future goals, and in less time.

The advantages of managed funds are that they are flexible, accessible and have the potential to generate higher returns than a savings account or term deposit.

You can choose to invest in funds that carry more or less risk and being a young saver, generally you are able to handle more investment risk over time because you won't be needing to access the funds for a while. There are different fund types such as conservative, balanced and growth. So in Summary:

» Managed funds are a relatively easy way to grow your savings for future expenses and you have more flexibility and access to funds than with KiwiSaver or a Superannuation scheme.

» Returns (after fund manager fees and charges) from managed funds are generally higher than from a savings account.

» You can choose, according to how much risk you can take on, what fund type you want to invest your money in – such as conservative, balanced and growth.

KiwiSaver™
Poua he Oranga

KIWISAVER

KiwiSaver is a retirement savings scheme set up by the New Zealand Government to help Kiwis' to save for their first home and for retirement. Rakatahi can join KiwiSaver at any time although under 18-year olds will need whānau to help open their KiwiSaver. KiwiSaver allows you to set aside and grow some of your money for the purchase of your first home one day in the future, if you choose to buy one. It gives you a head start and the earlier you become a member, the sooner you will benefit from potential compounding returns*.

HOW DOES IT WORK?

» If you have a job and you choose to enrol in a KiwiSaver, you will be required to choose a percentage amount you would like to contribute out of your wage, the percentage options range from 3-10% of your wage before tax.

» Your employer will deduct your chosen percentage from your wage and contribute this to your KiwiSaver on your behalf before they pay you.

» Employer Contributions – When you turn 18, your employer must contribute on top of the contributions they are making on your behalf.

» Government Contributions – The government also contributes annually into the KiwiSaver accounts of contributing members aged 18 or over. This contribution is up to $521 a year**.

» Your contributions are invested into your selected or default KiwiSaver fund and you will receive compound returns on your investment.

» Your investment in your KiwiSaver is locked in until you want to use it for your first home or retirement.

While rakatahi under 18 do not receive employer or government contributions, enrolling in KiwiSaver while you are young could still be very beneficial to you:

» A great way to learn and develop good savings habits.

» KiwiSaver schemes are long-term investments and can provide good returns, taking into consideration that a KiwiSaver is an investment fund and the value of the fund can go up and down based on which fund option you choose.

» There are some KiwiSaver providers who do not charge fees for rakatahi under 18.

» The earlier you enrol, the more you can benefit from earning compounding returns. This is because KiwiSaver is aimed at saving for a first home or retirement and as a young person, these are medium to long-term goals where you have a longer period to save and earn compounding returns.

* KiwiSaver investment returns are subject to market volatility, meaning ups and downs in the market. This means positive returns are not guaranteed on your investment and you may even experience negative returns. However, the more time you have on your side, the more you may feel you can afford to ride these ups and downs as you have the time for markets to recover before withdrawing your investment.

** See full terms and conditions around Member Tax Credits at www.ird.govt.nz/kiwisaver

YOUR WHAI RAWA

Whai Rawa is a managed investment scheme. Whai Rawa Funds are currently invested in their respective Mercer Investment Trusts Socially Responsible Conservative, Balanced and Growth Portfolios.

Whai Rawa was set up in 2006 to assist Ngāi Tahu whānau in saving for tertiary education, their first home and retirement. Part of Whai Rawa's work is to encourage whānau to increase their financial management skills. There are benefits you receive by having a Whai Rawa account, which differ from other managed funds.

These are:

» receiving discretionary contributions from Te Rūnanga o Ngāi Tahu (Ngāi Tahu);

» some administration fees and tax is paid on your behalf;

» your savings are locked in to be used for tertiary education after high school, your first home and retirement;

» rakatahi under age 16 receive higher Matched Savings* than adults. Any savings during the calendar year will be matched at a rate of 4:1 by Ngāi Tahu up to $200* for members under age 16. This means if $50 is contributed to tamariki accounts' annually, they receive $200* in matched savings.

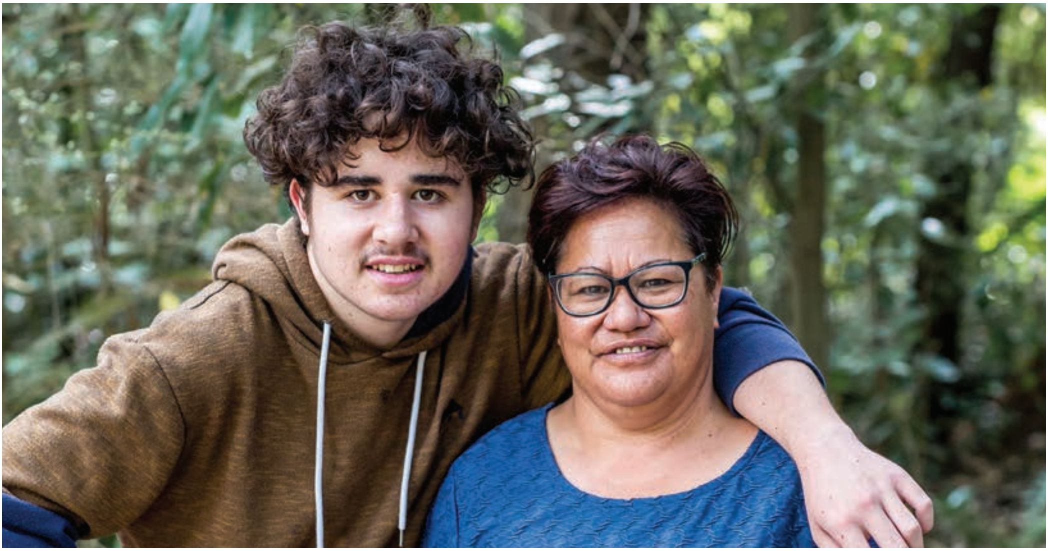
* Te Rūnanga matched savings and distributions (when applicable) are available to all members under 65 years of age (see the Product Disclosure Statement) and are subject to RSCT (retirement scheme contribution tax) deducted at your personal RSCT rate (see the Other Material Information document at www.whairawa.com). Distribution payments are made no later than 31 March in the calendar year following payment. Download our PDS at www.whairawa.com/pds

TŌTARA-CONSERVATIVE FUND

MATAĪ-BALANCED FUND

RĀTĀ-GROWTH FUND

LOG IN TO YOUR ACCOUNT TO CHOOSE YOUR FUND
WWW.WHAIRAWA.COM/LOGIN



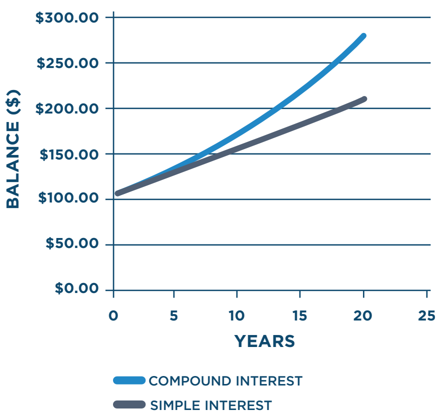
A VITAL CONCEPT – COMPOUNDING INTEREST. THE EARLIER WE START, THE MORE WE MAKE!

It is important to start thinking about saving at a young age, because you may benefit more from starting to save earlier than later. Compound interest favours those that start early.

The contributions you make over time will earn you interest that compounds (compounding interest) to earn more money, meaning that the interest you earn is allocated to your account and then you can earn interest on your original balance and that interest, and so on.

When you start saving early in something that gives compounding interest, the interest you earn on your money has more time to earn interest itself. The compounding growth can help your money grow far beyond the amount you actually saved. Using the benefits of compound interest, a relatively small amount contributed regularly can make a big difference in the amount of savings you have down the track.

SIMPLE vs. COMPOUND INTEREST



HELPFUL LINKS OF INTEREST

(With the exception of Whai Rawa's own linked material, these links are to unrelated / third party providers.
WRFL has not vetted or otherwise approved and does not endorse the linked material nor its provider in any way.)

www.canstar.co.nz/

Compare interest rates and financial products and learn more about investing

sorted.org.nz/

Many financial guides on the topics discussed and a specific tool for rakatahi to grow financial literacy capabilities: **sortedinschools.org.nz/**

www.practicalmoneyskills.co.nz/

Financial literacy for everyone

www.investnow.co.nz/investing-for-and-with-your-kids/

Information on the benefits of investing for Rakatahi

www.moneyhub.co.nz/

Learn about and compare investment options

www.whairawa.com/tamariki/guides

www.whairawa.com/how-it-works/

GLOSSARY FOR FINANCIAL TERMINOLOGY

INTEREST

Interest is an amount that you earn for saving your money. Interest earned from deposits are calculated based on the amount you have saved.

INVESTING

Investing is the act of allocating savings with the expectation of generating an income or profit.

KIWISAVER

KiwiSaver is a specific type of Managed Fund set up by the government to assist Kiwis' in saving for their first home and retirement.

MANAGED FUND

A managed fund is an investment fund that is managed by an expert fund manager who invests in a variety of investments. Managed funds pool the money of individual investors.

SAVINGS ACCOUNT

An interest-bearing deposit account held at a bank or other financial institution. Though these accounts typically pay a modest interest rate, their safety and reliability make them a great option for saving cash you want available for short-term needs.

SUPERANNUATION

Superannuation schemes are set up to help members save for retirement. Some are workplace savings schemes. When you save with a superannuation scheme, your savings are pooled with other members and spread across different investments.

Write down some items you want to save for this year

1. ____________________
2. ____________________
3. ____________________

What are some big, longer-term goals for you?

1. ____________________
2. ____________________
3. ____________________

What do you need your whānau to help you with?

____

What are you going to research more?

____

NGĀI TAHU
WhaiRawa

Te Rūnanga o NGĀI TAHU

WE HOPE YOU FOUND THIS GUIDE USEFUL AND WELCOME ANY FEEDBACK ON:

P 0800 942 472 or +64 3 366 4344

E whairawa@ngaitahu.iwi.nz

A PO Box 13046, Christchurch 8141

Whai Rawa Fund Limited is the issuer of the Whai Rawa Unit Trust.
A copy of the Product Disclosure Statement is available at www.whairawa.com/pds.