

Crest[®]
Clean

HEALTHY
CLEAN
WORKPLACES

Certificate in Professional and Personal Development

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Welcome to the Certificate in Professional and Personal Development programme presented by the Master Cleaners Training Institute.

At CrestClean, we strive to assist our franchisees to become successful business people. The various topics covered in this certificate programme are designed to improve your business skills and to help you in your personal and family lives.

There are a wide range of modules to be studied. The first and mandatory module is Personal Goal Setting, during which you will identify your personal goals. All of the modules after that will relate back to your goals, creating a comprehensive plan to achieve them.

Most of the modules are connected and reference other modules. There is no time limit and, after completing your Personal Goal Setting, the remaining modules can be studied in any order.

You are asked to complete the Logbook at the end of each module. This will indicate what you have learnt from the module and how you have used it in your business and / or personal life.

In order to be awarded this Certificate, the Master Cleaners Training Institute will evaluate your completed Logbook.

After evaluation of your Logbook the Certificate will be presented to you at a formal CrestClean function.

Enjoy the ride!

“Life is like riding a bicycle. To keep your balance, you need to keep moving!”

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This study programme has been developed by CrestClean and the Master Cleaners Training Institute for use by CrestClean franchisees and their team members to assist with their professional development and learning.



Mission Statement

To assist and motivate CrestClean franchisees to improve the success and sustainability of their professional and personal lives.

Objectives

The purchase of a CrestClean franchise is an investment into a business. The success of the business depends on the franchisee. Over time, by careful planning, including possibly increasing the annual turnover from a CrestClean franchise, franchisees will have a better chance of achieving long-term goals.

This programme is intended to help franchisees:

- ✓ Achieve personal goals
- ✓ Improve business management skills
- ✓ Grow their business
- ✓ Plan and achieve investment goals

How the Programme Works

- There are 12 modules in this programme. All modules are online and can be studied at any time.
- There is no minimum or maximum time to complete any module.
- Franchisees will need to demonstrate they understand to an acceptable level the skills contained in each module by completing the Logbook included as part of this programme.
- CC101 is mandatory and must be completed first. You must complete 9 of the remaining 10 modules, which can be studied in any order.

Structure of the Certificate in Professional and Personal Development

- Module CC101 Setting Personal Goals is mandatory and must be completed first.
- There are 10 other modules which can be completed in any order.
- Upon completion of a total of 10 (including CC101) of the 11 modules the Master Cleaners Training Institute will award a Certificate in Professional and Personal Development.
- CrestClean will keep a record of all successfully completed modules.

How to get started

Franchisees will be able to log into the Programme using their Team CrestClean password and from there follow the instructions.

List of Modules

Module Number	Name
CC101	Personal Goal Setting (Mandatory and must be completed first)
CC102	Time Management
CC103	How to Manage Stress and Fatigue
CC104	Assertiveness
CC105	Listening Skills
CC106	Email Protocol
CC107	Budgeting
CC108	Buying Your Own Home
CC109	Buying an Investment Property
CC110	Planning for Retirement
CC111	Staying Healthy
CC112	Choosing and Managing your Business Structure

Description of Modules

CC101 Personal Goal Setting

Setting goals helps you take control of your future. By writing down your goals and the steps required to reach those goals, you are creating a plan for your future. These goals may include successfully managing your business, financial security, education of your children, maintaining good health and saving for retirement. This module will guide you in how to identify your goals and create a plan to reach them, which will serve as the basis for your continued study for the Certificate in Professional and Personal Development.

CC102 Time Management

Time management is the process of organising and planning how to divide your time between specific activities. Good time management enables you to work smarter, so you get more done in less time, even when your schedule is tight and pressures are high. Time management will improve your work performance, reduce your stress and make you able to complete all your tasks in a timely manner.

CC103 How to Manage Stress and Fatigue

A fatigued person has a reduced ability to work safely and effectively due to reduced alertness. Working fatigue can be a danger to yourself and others around you. Long-term exposure to stress not only results in more mistakes and accidents, it can have negative effects on your overall health and can lead to a higher risk of heart attack and stroke. This module will show you steps to help you manage workplace stress.

CC104 **Assertiveness**

Being assertive means standing up for your own rights while respecting the rights of others. It stands midway between aggressive and submissive. It emphasises solving problems rather than attacking other people. You will study 'I messages' – a simple formula that enables you to disagree with someone or disapprove of what they have done without attacking or annoying them. This is a useful technique in all aspects of your life.

CC105 **Listening Skills**

There are four language skills: listening, speaking, reading, writing. The one used most is listening. Being a good listener helps solve problems and build good relationships. This module focuses on the techniques for seven practiced listening skills and will include exercises to help you understand these skills, recognise which techniques are being used and how you may use them appropriately in a conversation. Finally, you will be able to use these listening skills in your job, with your family and friends, and in life in general.

CC106 **Email Protocol**

Email is the exchange of messages by computer and telecommunications. It is a powerful and quick method of communication. This module will teach you protocols for writing, preparing and managing emails, including email security.

CC107 **Budgeting**

Budgeting is a process for creating short-term and long-term plans on how to spend your money. Creating this spending plan allows you to determine in advance whether you will have enough money to achieve the things you determined in your Personal Goal Setting Plan. At the end of this module you will be able to prepare your own budget, and then measure your budget against actual results at the end of each year to re-evaluate your next year's plan.

C108 **Buying Your Own Home**

Buying your first home takes careful planning and, for most people, serious budgeting. Your first home may not be your dream house, but it could be an affordable first step on the ladder to owning property. Your first mortgage or home loan will probably be the biggest financial commitment you will ever make. Through careful planning you can change from being someone who pays rent to someone who is paying off your own home.

CC109 **Buying an Investment Property**

Buying an investment property can be an excellent way to create wealth, but careful research is required, as mistakes can be very costly. Before making such a decision, it is important to understand the risks. This module will help when considering investing into the property market. Failing to plan is planning to fail.

CC110 Retirement Planning

Planning for your retirement will ensure you get to enjoy your golden years without significant financial problems. NZ Superannuation is unlikely to be able to cover all your living and additional health expenses. You are never too young to plan for retirement and the sooner you start the better. There are a number of options for retirement planning, some of which will be covered in this module.

CC111 Staying Healthy

Leading a healthier life can improve your quality of life and chances of living longer. Maintaining good health, both physically and mentally, does not happen by accident. It requires work, smart lifestyle choices and the occasional check-up and test. This module will help you take an active responsibility for managing your own health care.

CC112 Choosing and Managing your Business Structure

There are different ways to structure your business, each with different legal and financial obligations. The structure you chose can impact your ability to grow or sell the business. It can be expensive to change your business structure, so it is important to choose the right one. In this module you will find information about each option, including the pros and cons, to help you decide which structure may best suit your business. Once you have decided, you need to set up systems and record keeping processes to assist you to manage your business well, and to meet legal and income tax requirements.

CC101 Personal Goal Setting

*“If you don’t know where you are going,
any road will take you there.”*



Photo by asoggetti on Unsplash

Outline

This course is designed to help you learn to plan for your future by setting goals and then to assist you in achieving these goals.

Outcomes

At the end of this module you should be able to:

- ✓ List your goals in life
- ✓ Break down these goals into two categories: long-term and short-term
- ✓ Use the SMART technique to make these goals realistic and attainable
- ✓ Prioritise your goals, and how you will set about attaining them
- ✓ Prepare a Goal Setting Plan

Background

To complete this module, you will be required to read information relating to goal setting and then produce your own Goal Setting Plan. This Plan will be for your information only. You will not be required to submit this document to anyone else. It is for your own personal use.

Content

1. Introduction

Goal setting is a powerful process for thinking about your ideal future, and for motivating yourself to turn your vision of this future into reality.

The process of setting goals helps you choose where you want to go in life. By knowing precisely what you want to achieve, you know where you have to concentrate your efforts. You will also quickly spot the distractions that can, so easily, lead you astray.

2. Why Set Goals?

Setting goals gives you long-term vision and short-term motivation. It focuses your acquisition of knowledge and helps you to organise your time and your resources so that you can make the most of your life.

By setting sharp, clearly defined goals, you can measure each achievement and take pride in reaching your goals. You will see forward progress in what might previously have seemed a long pointless grind. You will also improve your self-confidence, as you realise you have the ability and competence to achieve the goals you set.

3. Personal Goals

To set your personal goals you need to list your goals on a number of levels:

- a) Create your “big picture” of what you want to do with your life (or, for example, the next 10 years), and identify the large-scale goals that you want to achieve.
- b) Break these down into smaller targets that you must attain to reach your lifetime goals.
- c) Finally, once you have your plan, you start working on it to achieve these goals.

By listing your lifetime goals, you can then identify the things you can do within the next five years, then next year, next month, next week, and today, to begin moving towards these long-term goals.

4. Setting Long-Term Goals

Consider what you want to achieve in your lifetime or by a significant age in the future (such as by the time you retire). Try to set goals in separate areas. Here are some suggested areas you might address:

- **Career** – What level do you want to reach in your career? What do you want to achieve within your chosen field of work?
- **Financial** – How much do you want to earn, and by what stage of your business ownership? Do you have a vision for expanding your CrestClean franchise?
- **Health** –What can you do to help maintain a healthy lifestyle? Do you have any fitness milestones you would like to reach?
- **Education** – Is there any knowledge you want to acquire? Do you have expectations for your children / grandchildren’s education?

- **Family** – Do you want to be a better parent / grandparent?
- **Recreation** – How do you want to enjoy yourself, either individually, as a couple or as a family?
- **Community Service** – How can I put something back into my children's school, my local community or my Church group?
- **Are there any other areas in your life where you would like to achieve something more?**

Spend some time brainstorming your ideas for each category. Then trim these down until you have a small number of the most important and significant goals that you can focus on.

Ensure that the goals you have chosen are ones you genuinely want to achieve, not ones your parents, family or friends might want.

5. Setting Smaller Goals

Once you set your lifetime goals, set a five-year plan of smaller goals that you plan to achieve in order to reach your lifetime goals.

You then need to create a one-year plan, six-month plan, and a one-month plan of progressively smaller goals that you should reach to achieve your lifetime goals. Next create a daily or weekly 'To Do List' of things that you can and should do today to make your long-term plan attainable. For example, planning for a retirement fund of, say, \$0.5million may involve investing a pre-determined amount each week in order to achieve this goal (after allowing for compound interest). The amount, of course, will depend on your age when you first commence planning for this retirement fund.

Finally, review your plans, and make sure they fit the way you want to live your life.

6. SMART Goals

A useful method for making goals realistic is to use the word SMART. Each letter in SMART stands for:

- **S** – Specific (or Significant)
- **M** – Measurable (or Meaningful)
- **A** – Attainable
- **R** – Relevant
- **T** – Trackable

7. Further Tips for Setting Your Goals

- **State each goal as a positive, assertive statement.** For example: “I / we will have a world trip” instead of “I / we would like to have a world trip”.
- **Be precise.** List dates, times and amounts so that you can measure achievement. This way you will know exactly when you have met your goal and can take complete satisfaction from having achieved it.
- **Set Priorities.** This will help you avoid feeling overwhelmed by having too many goals. It directs your attention to the most important ones.
- **Write down your goals.** This will help you establish solid and specific goals and give you time to confirm exactly what you would like to achieve.
- **Keep short-term goals small.** If a goal is too large, it will seem like you are not making progress. Small achievements are rewarding and can make your ultimate goals more attainable.

- **Set performance goals, not outcome goals.** Set goals over which you have as much control as possible. It can be quite disappointing to fail to achieve a personal goal for reasons beyond your control. If you base your goals on personal performance, then you can maintain control and draw satisfaction from achievement of them.
- **Set realistic goals.** It is important to set goals that you can achieve, but don't be afraid of the hard work you may have to put in to get there.

8. Implementing the Plan

Once you've decided on your first set of goals, keep reviewing and updating your 'To Do List' on a daily basis.

Periodically review the longer-term plans and modify them to reflect your changing priorities and experience. Remember unforeseen events may occur in your life that might mean you have to change your plans. Do not be restricted to your original plan and be prepared to make changes to accommodate new circumstances. For example, if you inherit some money from a family member or friend, you now may be able to alter the amount set aside each week for your retirement fund.

For example, instead of listing a 'round the world trip' it is more powerful to apply the SMART method and say "to have completed a 'round the world trip' by 31 December 2025".

9. Achieving Goals

Once you have achieved a goal (small or large) reward yourself appropriately. This will help you build self-confidence to continue with your plan.

With the experience of having achieved this goal, review the rest of your goal plans. If the goal you achieved was too easy, make the next one a little harder. If the goal took you longer than you planned, make the next one a little shorter.

Most importantly, if you learned something that would lead you to change other goals, then do so!

10. Summary

Goal setting is an important method for:

- Deciding what you want to achieve in your life
- Separating what is important from what is just a distraction
- Motivating yourself
- Building your self-confidence, based on successful achievement of goals

Keep the process going by regularly reviewing and updating your goals.

And remember to take time out to enjoy the satisfaction of achieving your goals when you do so.

Setting Your Own Plan

Now you are ready to prepare your own Goal Setting Plan.

Begin with your long-term goals and then:

- Narrow this down and write a five-year goal
- Narrow this down and write a one-year goal (renewed yearly)
- Narrow this down and write a six-month goal (renewed six-monthly)
- Narrow this down and write a one-month goal (renewed monthly)
- Finally, narrow this down and write a one-week goal (renewed weekly)

You will then be able to see that by breaking big goals down into smaller, more manageable goals completed on a timeline makes it far easier to see how the goal will be achieved. You will also be able to mark as 'completed' any of those goals that you have achieved.

Do not attempt to stick to these goals if your personal situation changes. Do not be frightened to re-write your personal goals based on new information that may arise. For example, if you inherit some money from your family, this may change your goals considerably. Change the plan but continue to have a (new and revised) plan.

Assessment

To finish this module, complete your Goal Setting Plan as per the above paragraph, and answer the questions relating to this module in the Logbook.

CC102 Time Management

“It’s about time!”

Photo by Maxwell Ridgeway on Unsplash

Outline

It seems that there is never enough hours in a day. But, since we all get the same 24 hours, why is it that some people achieve so much more with their time than others? The answer lies in good time management.

Finding a time management strategy that works best for you depends on your personality, ability to self-motivate and level of discipline. It begins with setting goals. These goals should be recorded, prioritised and broken down into a project, a Personal Work Plan or a simple task list.

Outcomes

At the end of this module you should be able to:

- ✓ Plan and prioritise daily activities efficiently and in a productive manner
- ✓ Triumph over procrastination
- ✓ Efficiently deal with unplanned issues and crises
- ✓ Organise your workspace and workflow
- ✓ Delegate efficiently
- ✓ Say goodbye to the often intense stress of work overload
- ✓ Prepare a Personal Work Plan that will help you manage your work and life responsibilities

Background

You will learn a number of tips and strategies designed to help you work smarter not harder. With each strategy you will answer some questions that will enable you to ultimately prepare your own Personal Work Plan.

Content

“It’s about time!” or **“What a waste of time!”** or **“I have run out of time!”** or **“I wish there were more hours in a day!”** Have you heard these before? This module is designed to assist you with managing your time more effectively, making you less prone to stress and anxiety.

When it comes to time management the important thing is to focus on results, not being busy. Many people spend their days in a frenzy of activity, but achieve very little, because they’re not concentrating their efforts on the things that matter most.

Time management refers to organising time effectively so that the right time is allocated to the right activity.

Effective time management allows you to assign specific time slots to activities as per their importance.

The following is a list of strategies for you to help in organising your time better. Read these carefully, then use this information to complete the exercise at the end of this chapter.

1. Analyse how you spend your time.

Start by recording what you are doing for a week or more and:

- Determine which tasks require the most time
- Determine the time of day when you are most productive
- Analyse where most of your time is devoted – job, family, personal, recreational
- Identify your most time-consuming tasks

Determining the amount of time required for routine tasks can help you be more realistic in planning and estimating how much time is available for other activities.

2. Set Priorities – This is the key to Time Management!

Classified your tasks as being either:

- urgent
- important
- both urgent and important or
- Neither urgent nor important

Urgent tasks often take preference over important tasks, with the result that important tasks then become both important and urgent. Focusing on important tasks **first** allows you to gain greater control over your time and possibly reduces the number of important tasks that do become urgent.

The key is: set your priorities to achieve your most important tasks first.

3. Formalise the way you plan your time

To improve the use of your time it is recommended you use a formal personal planning tool to increase your productivity.

Examples of personal planning tools include:

- Electronic planners
- Pocket diaries
- Computer programmes
- Wall charts
- Note-books
- Handwritten daily 'what-to-do' lists. By setting 'to-do' lists you are setting your goals for the day

You need to find the planning tool that works best for you and remember to refer to it often.

4. Get Organised

Disorganisation often leads to poor time management. Get rid of the 'clutter' or 'distractions' that slow you down. Discard things that take time but are non-productive, improve filing systems that prevent you from 'wasting time' trying to find them at a later date, clear away 'stuff' you do not need.

With the clutter gone, the next step is to implement a system that allows you to handle information (eg tasks, papers, email etc) less, only once, when possible. With all information you receive you can either:

- Act on it now
- Delegate it
- File it temporarily until needed
- File it permanently
- Throw it away

5. Schedule your time appropriately

Organise your day's activities in a clear and logical way.

Scheduling is not just recording what you **have** to do, it is also about making time to the things you **want** to do.

Plan your most challenging or demanding tasks for when you have the most energy. When you have a small gap in your time schedule little tasks to capitalise on the time loss.

Try to schedule time for about $\frac{3}{4}$ of your day, leaving time for more leisurely activities or emergencies that may occur from time to time.

6. If necessary, share the tasks with others. In other words, delegate

Delegation means assigning responsibility for a task to someone else, freeing up some of your time for tasks that require your expertise. Delegation begins by identifying tasks that others can do and then selecting the appropriate person(s) to do them. Reward these people if necessary, or at least acknowledge what they have done.

Another way to 'buy' time is by obtaining goods or services that save you time. For example, purchasing the new CrestClean PacVac battery operated vacuum cleaner will save you considerable time vacuuming, without the time and trouble with electrical cords.

7. Stop procrastinating

You may be putting off tasks for a variety of reasons. Perhaps the task seems overwhelming or unpleasant. Try breaking the task down into smaller segments that require less time commitment. Complete full research before commencing so you are aware of all the facts before you start.

Sometimes the biggest hurdle is just getting started. Often, the longer you leave a difficult task, the harder it seems to get. But equally as often, once you start the task it does not seem so bad after all. And there is a huge sense of achievement when you have finished!

8. Manage any external time-wasting activities

Apply some personal discipline with activities that you consider to be 'time-wasters'. You need to eliminate bad habits and block out distractions.

Some suggestions include:

- Take any necessary action immediately following a phone call or mishap
- Avoid small talk with phone calls. Stay focussed on the purpose of the call
- Tell a visitor politely that you cannot meet with them at this time and schedule the visit for a more convenient time
- Start and end appointments on time
- Respond to email immediately and delete all junk mail promptly
- Establish a master calendar for each family member to post their time commitments
- Make each family member responsible for consulting the master calendar for potential conflicts

You will be aware of other 'time-wasters' you know. Act positively to reduce the time spent 'time-wasting' so you can attend to your more important and urgent tasks.

9. Avoid Multi-tasking

Multi-tasking does not save time. In fact, the opposite is often true. You lose time when switching from one task to another. Research shows multi-tasking may lead to difficulty in concentrating and maintaining focus when needed, to the extent you are likely to miss important detail.

Concentrate on the task at hand. Avoid texting while walking, chatting on the phone while cooking dinner, completing a report while watching television.

10. Stay healthy

The care and attention you give yourself is an important investment of time. Scheduling time to relax, go to the gym or do nothing, can help you rejuvenate both physically and mentally, enabling you to accomplish tasks more quickly.

And the converse is also true. Poor time management can result in fatigue, moodiness and more frequent illness.

Schedule exercise time, relaxation time, sleep well and stay healthy. Reward yourself. Take time to recognise that you have accomplished a major task or challenge before moving on to the next activity.

11. Have a great time – no matter what!

At the end of each day, be able to say, “I had a great time!”

Your Task

After reading all the list of strategies above prepare your own Personal Work Plan to save time.

Note you need to regularly (if not daily) update this Personal Work Plan.

At the end of each day add a 'done list' to your 'to-do list'.

Assessment

To complete this module, answer the questions relating to this module in the Logbook.

CC103 How to Manage Stress and Fatigue

*“The time to relax is when you
don’t have time to relax.”*

Photo by Ben White on Unsplash

Outline

Stress is a common feeling experienced by everyone at times. Some stress is good for you and helps you to perform your best. (Life would be dull without some challenges.) But when you are under too much stress for too long, your performance decreases and your overall health and wellbeing are affected.

Stress is the body's way of saying "enough is enough". Once your stress level goes up, the quality of your life significantly goes down. That is why it is important to alleviate stress before it hinders your wellbeing and permanently damages your life.

Outcomes

In this module you will learn about:

- ✓ What is stress and fatigue and how they are linked
- ✓ What causes stress
- ✓ What you can do to reduce stress

Background

To work safely, you should be physically and mentally alert. This means stress and fatigue are a health and safety issue. (There is a separate section on stress in the Health and Safety at Work Act 2015).

Stress and fatigue will reduce your ability to work safely and effectively. You can be a danger to yourself and others around you. No one wants to cause injury to themselves or others as a result of a simple mistake and mistakes are more likely to happen if you are fatigued.

There is evidence that 20% of motor vehicle accidents can be linked to fatigue. Do not drive when you are fatigued and tired.

To work safely, you need to be physically and mentally alert. Fatigue increases the chance of making a mistake while working, thus placing yourself, or others, at risk of harm or injury.

When stress interferes with daily life for an extended period of time, it gradually takes a greater toll on the body and mind, leading to fatigue, inability to concentrate and an irritable mood. Chronic stress can cause disease, either because of changes in the body or because of overeating, smoking and other high-risk behaviours people employ to cope with stress.

Content

Prevention of stress is better than a cure – if you feel stress coming on, it's time to do something about it.

Stress can come from many sources, such as health issues, relationship problems, workplace issues, financial problems, deadlines, or even unrealistic expectations you put on yourself.

1. What is stress?

Stress refers to mental, emotional or physical strain or tension that has an impact on your performance and / or wellbeing.

We all need a level of stress in order to be healthy. From time to time, everyone can feel sad, depressed, anxious, tense or afraid.

Stress varies from person to person. For example, some people are terrified of getting up in front of people to perform a task or speak, while others live for the spotlight. While you may enjoy helping to care for your elderly parents, your siblings may find the demands of caretaking overwhelming and stressful.

2. What is fatigue?

Fatigue is the state of feeling very tired, weary or sleepy resulting from insufficient sleep, prolonged mental or physical work, or extended periods of stress or anxiety. With fatigue, the chances of making mistakes at work are significantly increased.

3. Signs and symptoms of stress and fatigue include:

- Loss of confidence
- Weariness
- Tiredness
- Lack of energy
- Sleepiness
- Irritability
- Reduced alertness, concentration and memory
- Feeling anxious
- Lack of motivation
- Feeling 'down' or depression
- Giddiness
- Headaches
- Increased incidents of sickness and absences from work
- Quality at work is constantly low
- Low morale
- Too much or too little activity

4. What causes stress and fatigue?

Circumstances that cause stress are known as stressors and affect people in different ways. It is important to identify what has caused your stress, and then manage these stressors by elimination, isolation or minimisation. Anything that puts demands on you can be a stressor. This includes positive events such as buying a house or increasing the size of your business, but could also include caring for ill family members or managing a financial downfall.

Here are a few examples:

- Work-related factors, including badly organised time management resulting in insufficient breaks between jobs and inadequate rest. Having multiple jobs can also be stressful
- Financial problems and worrying about being unable to meet some future commitment
- Major life events, for example the arrival of a new baby or a bereavement
- Personal relationships, for example a marriage, divorce or difficulties with siblings / aging parents
- Change. It is easier to stick with the status quo than change. But change is inevitable, and you must learn to embrace it, even though it is easier to do nothing
- A sleep disorder
- Attitudes and perception. Things appear to be worse than they actually are
- Worrying – fear and uncertainty, unrealistic expectations

5. What can you do to reduce stress and fatigue?

If you have stress symptoms, taking steps to manage your stress can have many health benefits. Explore methods for stress management, such as:

- Do something you find relaxing
- Practice relaxation techniques, such as breathing deeply from your diaphragm, yoga, tai chi or massage
- Eat well, nutritiously at regular intervals, and have a balanced diet of fruits, vegetables, whole grains and protein
- Set aside time for your hobbies, such as reading a book or listening to music
- Practice some kind of mental meditation
- Exercise regularly or play sports. Regular exercise can lift your mood and serve as a distraction from worries
- Keep a sense of humour
- Take frequent breaks
- Talk with someone
- Spend time with other people – don't let your responsibilities keep you from having a social life
- Get as much sleep as you can. Go to bed and get up at the same time every day
- Work with others toward a shared goal, such as a community or Church project
- Avoid tobacco use, excess caffeine and alcohol, and the use of illegal substances
- Tackle some easy jobs first to enjoy a sense of completion
- Get a cat or dog
- Learn to say “no” instead of always saying “yes”. For example, learn to say no politely by saying “Thank you for asking but...”

Reducing stress makes a person feel better immediately and can help protect your long-term health

Conclusion

If you are not sure if stress is the cause, or if you have taken steps to control your stress but your symptoms continue, see your healthcare provider. They may want to check for other potential causes.

Stress that is left unchecked can contribute to many health problems, such as high blood pressure, heart disease, obesity and diabetes.

Assessment

To complete this module, answer the questions relating to this module in the Logbook.

CC104 Assertiveness

“The basic difference between being assertive and being aggressive is how our words and behaviour affect the rights and wellbeing of others.”



Photo by Headway on Unsplash

Outline

Being assertive means being able to stand up for your own or other people's rights in a calm and positive way, without being either aggressive or submissively accepting something that's wrong.

Assertiveness is called for when experiencing:

- Unreasonable demands
- Criticism
- The giving or receiving of complaints

Assertiveness can also help you control stress and anger and improve coping skills.

Outcomes

Behaving assertively will help you:

- ✓ Gain self-confidence and self esteem
- ✓ Understand and recognise your feelings
- ✓ Earn respect from others
- ✓ Improve communication
- ✓ Create win-win situations
- ✓ Improve your decision-making skills
- ✓ Create honest relationships
- ✓ Gain more job satisfaction

You will be able to treat others with the same respect and politeness that you would like to receive.

Background

This course will demonstrate the difference between being aggressive or submissive (passive) and show you how to be assertive while not offending others. There are some examples to help you apply your learning to your business or home life.

Content

We all interact with other people – within our families, at work and at play.

There are three categories to describe how we interact:

Aggressive: You stand up for our own rights, but do not respect the rights, feelings and opinions of others. You aim to dominate. You verbally attack others, attempting to win arguments. Your behaviour is that of the bully.

Submissive (or Passive): You don't stand up for your own rights. You readily give in to others. Being submissive or non-assertive tends to mean complying with the wishes of others, which can undermine individual rights and self-confidence. Saying yes when you actually mean no is an example of being submissive.

Assertive: You stand up for your own rights, while respecting the rights of others. You strive to work with others to solve problems and to build relationships.

When you wish to disagree with somebody, you want to do so without getting angry, so that you can work together to find a compromise or solution.

Anger is a secondary emotion – the primary emotion is emotional hurt. No one can **make** you angry. Getting angry is your choice. Your anger can be verbal or physical; it can be positive or negative. When you get angry, you can yell at people, attempt to hit them or smash something. Or you could walk away from the conflict, go listen to music or go for a run. You have the power to choose not to get angry and instead seek an answer to the problem.

One way to avoid anger and solve a problem is to send an **“I message”**. If your sentences start with **“You”**, then you are probably being aggressive and attacking the other person. If you attack them, there’s a good chance they will fight back, creating more conflict. So how can you tell someone that you don’t like what he or she has done without being annoying or upsetting? You send an **“I” message**.

Here is an example:

You are very annoyed when you do not receive information by a stated day and time. You could get angry and send a harsh and abusive response (being aggressive) or you could just do nothing and hope the problem will solve itself (being submissive).

An assertive reply, using the **“I message”**, could be as follows:

“I get really disappointed when you don’t get your monthly report to Head Office by Friday 3.00 pm. Then I have to send our Regional Masters’ Report without your part, or leave the whole thing until Monday. It doesn’t make our Regional Managers look good. I want you to have your report in well before 3.00 pm Friday every week.”

As a summary, there are 4 parts to an “I message”.

1. Own your feelings. For example: “I get really disappointed...”
2. State what behaviour causes those feelings. “...when you don’t get your monthly report to Head Office by Friday 3.00 pm.”
3. State what effect that has on you or others. “Then I have to send our Regional Masters’ report without your part, or leave the whole thing until Monday. It doesn’t make our Regional Masters look good.”
4. Recommend a resolution. State what you would prefer the other person to do instead: “I want you to have your report in well before 3.00 pm Friday every week.”

Here is another example

Replying to a complaint about your service an aggressive person would answer:

“It’s not my fault, I had nothing to do with it!”

A submissive person would just agree or even say nothing and give no further explanation.

An assertive person might answer:

“I do see your problem. What can I do to help or put it right?”

Which of these replies do you think is the friendliest and most constructive?

Being assertive can also help prevent you from saying yes when you actually mean no.

For example, you are asked:

“Do you think you can find time to clean all the windows today?”

An aggressive person would say:

“No. I am too busy!”

A submissive person would answer:

“Yes” (when they should say “no”).

An assertive person might say:

“I will gladly help, but I have a full day of commitments. Would it be OK if I did it tomorrow?”

Exercise

Try this group exercise:

Working in pairs or threes (either colleagues or family members), choose a situation where you were annoyed or disappointed. Make up an **“I message”** to deal with the situation. Discuss it together. Try different situations, such as at work, at home and with people you didn’t know.

Summary

Practice being assertive at work and at home and you will soon notice the difference.

Assessment

To complete this module, answer the questions relating to this module in the Logbook.

CC105 Listening Skills

“Listening is a sign of respect.”



Photo by Brett Jordan on Unsplash

Outline

“The wise old owl sat in the oak,

The more he heard the less he spoke,

The less he spoke the more he heard,

Why aren't we all like that wise old bird?”

Genuine listening has become a rare gift – the gift of time. It helps build relationships, solve problems, ensure understanding, resolve conflicts and improve accuracy. At work, effective listening means fewer errors and less wasted time. At home, it helps improve relationships and develop resourceful, self-reliant children who can resolve their own problems.

Outcomes

This course you will teach you how to be a good listener. You will learn multiple strategies to help you manage how to listen and to let the other person know you understand what they are saying.

At the end of this module You should be able to:

- ✓ Focus on a speaker
- ✓ Listen with great attention
- ✓ Understand spoken information
- ✓ Retain information
- ✓ Become a better communicator

It will help you improve your ability to communicate and make you a better colleague, mentor, parent and friend.

Background

The exercises are designed for you to use the skills you already have in order to become a better listener.

Content

There are four basic language skills – listening, speaking, reading and writing. Listening is the one many of us probably use most.

The way to improve your listening skills is to practice ‘active listening’. This is when you make a conscious effort to hear, not only the words that another person is saying, but more importantly, the complete message being communicated.

Listening is a lot like reading – it provides an opportunity to learn something new and it requires focusing on what is being communicated. You have to pay attention to the ideas, feelings and details that the speaker is talking about. Unlike reading, when you are listening you have a chance to ask the speaker questions to help you understand or to get more information. Asking questions is an important part of listening. It tells the speaker what you have learned and what else you would like to know.

1. Active Listening

In today's world of high technology and high stress, communication is more important than ever. However, we spend less and less time really listening to each other. Genuine, attentive listening is very rare.

Active listening skills can help build relationships, solve problems, ensure understanding and avoid conflict. It requires the listener to fully concentrate, understand, respond and then remember what is being said.

Hearing is different from listening. You need to make a conscious effort to listen and understand the complete message being spoken, rather than just passively hearing the speaker's words.

Active listening is about patience. Listeners should not interrupt, but save their questions or comments until there's a gap in the conversation. It involves giving the other person adequate time to explore their thoughts and feelings.

2. General Tips to Become an Effective Listener

Listening to people when they are speaking to you shows them that you respect them. So, how do you become a good listener?

- Face the speaker and make eye contact
- Display empathy or other emotions stirred by what they are saying
- Be attentive and relaxed. Avoid diverting your attention to the many gadgets, devices and notifications that scream for our attention every minute of the day
- Use open body language (i.e. don't cross your arms)

Keep an open mind. Listening will improve if it is done without judging the speaker or mentally criticizing the words and ideas spoken by the other person. If what the speaker says alarms you, then feel alarmed, but do not say to yourself “what they did was stupid.” The moment you start to make judgments, you compromise your effective listening skills. Try not to jump to conclusions.

Remove distractions. Phones, books, papers and other things should be set aside when you are talking to someone else, as this behaviour will disrupt the process of listening.

Do not interrupt or cut them off. Two people cannot possibly speak over each other and both be heard. Also, monopolizing a conversation prevents you from listening and it doesn't allow the speaker to fully express what they want to say.

3. Basic Techniques

Here are four basic techniques to help you become a good listener. Some of these we already do subconsciously, but we can become better listeners by learning something about them.

3.1 Encouraging

The purpose is to show you are listening and that you understand what is being said.

Look at the issues from the perspective of the speaker. Body language and other cues can subtly communicate to the speaker that you are listening.

Make eye contact, nodding, smiling, leaning forward and saying, “Uh huh”.

3.2 Clarifying / Validating

The purpose is to get explanations and to check that you have heard the speaker accurately.

Ask questions about anything you didn't understand 100%. But be patient. Instead of interrupting the speaker, you should wait for them to pause and then ask a question to clarify what you are not able to understand.

Ensure your questions relate to the topic being spoken about by the speaker.

“When you say windows, which specific windows are you referring to?”

“Did you say that the issue is with the window openers or is it with the glass surfaces?”

“I did not understand what you mentioned regarding...”

“Will you tell me more about why you were not able to clean the women's' toilet?”

“I don't understand. Can you elaborate?”

Note that these are all open-ended questions that require more than a 'yes / no' answer. You learn far more from fuller answers.

3.3 Challenging

The purpose is to disagree assertively with what the speaker has said, and to confront them with important issues.

You tell the speaker something you do not agree with, or that they have said something that contradicts what was said earlier, or at another time.

“That’s not what I heard you say before. Can you please elaborate.”

3.4 Summarising / Reflecting

The purpose is to show or check that you fully understand the facts as well as the feelings of the speaker and what they meant.

You repeat back in your own words a summarised version of the main points in the speaker’s message and reflect on their meaning. This also gives the speaker an opportunity to clarify vague information or expand their message.

“So, what you are saying is your workload is too big and that is why you overlooked the girls’ toilet block”.

“Let me summarise what I heard you say...”

“Did I miss or misinterpret anything?”

“What changes would you want to see made to the cleaning contract in the next six months?”

“I am sorry you are dealing with this problem. Let’s figure out some ways to help.”

Conclusion

Once you have addressed all of the above, you will not only have a clearer understanding of the conversation, but you will also demonstrate to the speaker that you are truly interested in what they have to say.

Practice using the listening skills you have learnt from this module in your business, with family (particularly with your children) and with friends. You should find yourself in a better position to understand another person's point of view. You should also be able to show more empathy to other people and be a better communicator.

Exercises

Answers follow at the end of this section. Rethink your answers that are not correct.

Exercise 1

Which of these four basic listening techniques do you think is used the least?

- Encouraging
- Clarifying / Validating
- Challenging
- Summarising / Reflecting

Exercise 2

For this exercise you will be asked to think about the basic listening techniques, the purposes, the behaviours and the examples – and then match them up.

Remember: anything you work out by yourself you will remember much better than if somebody just tells you the answer.

Note: Some of these behaviours will be similar and you will need more practice with them to be aware of the differences. It does not matter if you do not get the exercise right the first time. Check the correct answers and think about why they are correct. Then come back in two or three days and do the exercise again. Another good idea to help you understand and remember is to discuss the exercises with someone else who is a franchisee.

Below are behaviours of the basic techniques. They are NOT in the right order.

- A. You repeat in your words the ideas that the person talking to you has said in order to check that you have understood
- B. You ask them about something you don't agree with or something that seems inconsistent
- C. You let them know that you are interested in listening to what they have to say
- D. You ask questions to get more information
- E. You ask questions about how the other person is feeling

Match the Behaviours above with the Basic Techniques by writing the letters in the right place in the table below:

Basic Techniques	Behaviour Above
1. Encouraging	-----
2. Clarifying / Validating	-----
3. Challenging	-----
4. Summarising / Reflecting	-----

Exercise 3

For each basic technique there is:

1. A Behaviour – What do you do to achieve this purpose?
2. An Example – What you will say or do?

The Active Listening Chart below has four basic techniques listed on the left-hand side. Across the top are two categories: Behaviour and Example.

Active Listening Chart

Techniques	Behaviour	Example
Encouraging	-----	-----
Clarifying / Validating	-----	-----
Challenging	-----	-----
Summarising / Reflecting	-----	-----

Place each of the following sentences into the correct category on the chart. Read and think about each one to decide which category they belong under: Are they a Behaviour, or an Example of what you would say or do?

Then decide which Technique the sentences match up with.

- A. Restate the major ideas expressed so far. Check that you have understood the main points so far
- B. Keep eye contact, lean forward
- C. “So, there are four things that really bother you?”
- D. Don’t agree or disagree. Use positive body language. Make only brief comments
- E. “So, you don’t think you will finish on time?” “Do you think you need help?”
- F. Show appreciation for their efforts. Show that you value their thoughts and feelings
- G. Restate a basic idea or fact in your own words to show what you have understood
- H. “It sounds like you are really upset about it”
- I. “What happened then?” “What did you do?” “How will that affect your plans?”
- J. “But that doesn’t make sense.” “But that is not what I heard you say before”
- K. Ask open-ended questions (not ones that can be answered “Yes” or “No.” For example, “Tell me more about that option”)
- L. “You’ve put a lot into this.” “This must have been really hard for you”
- M. Ask if they feel a certain way even if they do not state it directly. Don’t assume that you know how they feel
- N. Ask about something they have said that was not consistent with an earlier comment
- O. Say “Then?” “And” “Uh huh”

Answers

Exercise 1

Clarifying / Validating

This basic techniques is used the least. It is the one technique you should use more.

Exercise 2

1. Encouraging C
2. Clarifying / Validating D
3. Challenging B
4. Summarising / Reflecting A and E

Exercise 3

	Behaviour	Example
Encouraging	B, D and F	O
Clarifying / Validating	A and K	I
Challenging	N and K	J
Summarising / Reflecting	F, G, M and K	C, E, H and L

Assessment

To complete this module, answer the details relating to this module in the Logbook.

CC106 Email Protocol

“A proper email strikes a balance between politeness and succinctness.”

Photo by Austin Distel on Unsplash

Outline

Effective writing is an important business skill, especially for networking. Today most written communication is by email.

In this section, you will learn important vocabulary and strategies for writing effective emails, starting from the basics. You will learn how to write messages for different audiences and understand when to be formal or direct.

Email is a permanent record of its contents, therefore wording and meaning is very important.

When you use an email relating to your CrestClean franchise you are representing the CrestClean brand. Therefore, all emails should be professional, efficient and protected from liability.

Outcomes

You will learn how to create messages, including greetings, crafting content for the message, proper formatting and closing salutations.

Outcomes will include how to:

- ✓ Use proper structure and layout
- ✓ Use proper spelling, grammar and punctuation
- ✓ Be concise and to the point
- ✓ Answer all questions and pre-empt further questions
- ✓ Make emails personal and professional
- ✓ When not to use capital letters

Background

Most of this course involves reading a website produced by the British Council. Various tasks must be completed before moving to the next stage of the website.

Content

For this course you are being referred to a website specifically written to assist people to create and use emails, including greetings, body of message, format and closing.

The website has some tasks to be completed to assist your learning. You can click into this website at any time and return to continue after taking a break.

The website link is learnenglish.britishcouncil.org/ar/business-english-for-emails, click on to “Business & Work – English for emails / British Council” and follow the simple instructions covering nine topics.

This website contains the following titles:

Unit 1. Email addresses

Unit 2. Sending and receiving emails

Unit 3. Organising your emails

Unit 4. Starting and finishing your emails

Unit 5. Making arrangements

Unit 6. Enquiries

Unit 7. Organising your writing

Unit 8. Proofreading

Unit 9. Email etiquette

To obtain the best advantage from this website please ensure you complete all units.

The course is designed for people with differing levels of English. This means if you are able to talk about everyday topics you will learn from the given tasks, even if some of the activities might be slightly difficult. By attempting the set tasks, you will improve your communication skills. You will not be penalised for making mistakes.

Remember: the course can be completed in sections. Once you complete any of the units you can return at a later date to continue. But you must complete all units.

Enjoy!

Summary

(To be read after completing the website course)

Here are of some of the key points you will have learnt after completing all the units on the website:

1. Be concise and to the point

- Reading an email is harder than reading printed communication

2. Answer all questions, and pre-empt further questions

- Unanswered questions create frustration
- Pre-empting relevant questions creates a good impression
- You should not have to re-ask questions

3. Use proper spelling, grammar and punctuation

- Poor spelling, grammar and punctuation create a bad impression

4. Make it personal but professional

- Provide personal, customised content
- Instead of “we want...” you can say “we would very much appreciate...”

5. Answer swiftly

- People send an email because they expect a quick response
- If it is a complicated matter, acknowledge receiving the email and let them know that you will get back to them (but do not forget!)

6. Use proper structure and layout

- Use short paragraphs
- Leave blank lines between each paragraph

7. Do not put words in all capital letters

- This is deemed to be shouting

8. Read the email before you send it

- Check for spelling mistakes (use Spellcheck!)
- Read twice; send once

9. Take care with abbreviations and emoticons

- In business emails DO NOT use abbreviations such as BTW, LOL

10. Be careful with formatting

- The recipient may have a different formatting system

11. Use a meaningful subject line

- Use “Pure Water Window Cleaning” rather than “Windows”

12. Avoid long sentences

- Emails require a different kind of writing than letters
- Keep it short

13. Remember that email is not always the best form of communication

- It could be too sensitive or could be misinterpreted
- It may give rise to conflicts or complaints
- Show concern for individuals

14. Use active speech instead of passive

- “I will be processing your request today” is better than “Your request will be processed today”

15. Never send an email when you are angry

- Prepare the email, leave it for 24 hours, and then when you have calmed down, read it again and decide if you still want to send it, or make changes before sending

16. Emails are a permanent record

- Emails contain date, time and when read
- An email may be recalled even if it has been deleted

17. Never send libellous, defamatory, offensive, racist or obscene remarks

18. Finally, remember that emails can be similar to public documents

- There is no such thing as a private email
- Things can go wrong: software errors or faults erroneously
- Sending to the wrong recipient or accidentally selecting ‘Reply All’

Final Point

Emails are now very much a part of everyday communication. If you make it easier for people to read your content, you will receive more respect for your actions.

Assessment

To complete this module, answer the details relating to this module in the Logbook.

CC107 Budgeting

“The best way to stick to a budget is to start with one.”

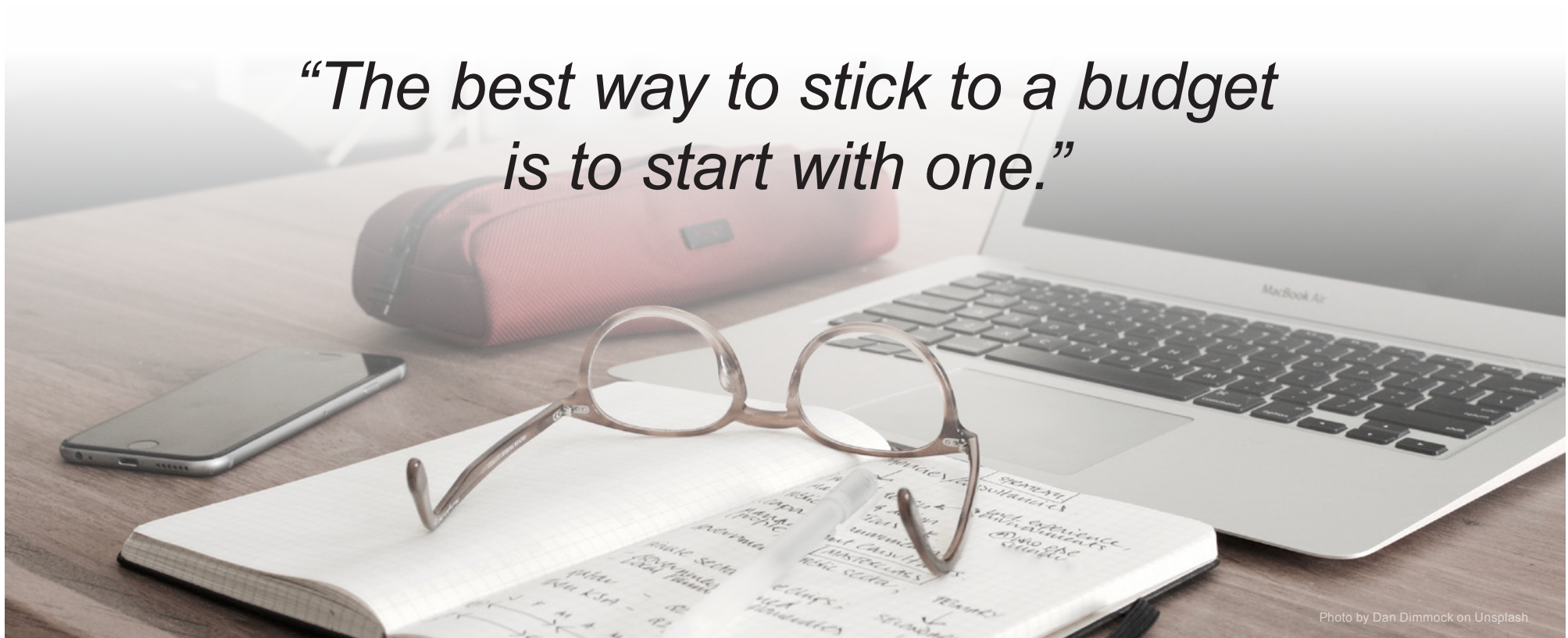


Photo by Dan Dimmock on Unsplash

Outline

Put simply, a budget is a financial plan for future activities. It's about taking control of your money. It will help you live within your means and achieve your medium to long-term goals.

Budgeting creates a plan to spend your money. This spending plan allows you to determine in advance whether you will have enough money to do the things you need or would like to do.

Creating a budget gives you financial clarity and decreases stress levels because it eliminates nerve wracking monetary surprises.

Outcomes

At the end of this module you will:

- ✓ Be able to prepare a meaningful budget
- ✓ Know the different types of costs and how to calculate them
- ✓ Be able to plan for the purchase of replacement assets (such as purchasing a new car), plan for an overseas trip, children's education and / or plan for retirement
- ✓ Be able to manage your finances better

Budgeting allows you to create a spending plan (and a savings plan) for your money. Using a budget allows you to keep better control of your spending. It also allows you to set clear goals and save for important purchases and expenses.

Once you have created your first budget you will begin to understand how it can help you keep your finances on track. By doing this you will be able to easily forecast which months your finances may be tight and which ones you will have extra money.

Background

Budgeting helps you spend less than you earn. It is a little bit like ‘training wheels’ on a bike – it is not a solution itself, but guidance towards being able to find your own way to effectively and naturally spend less than you earn.

You probably know how much you earn each month – but do you know where it all goes? By tracking these payments, you might be amazed what you discover.

In this module you will be able to use records of your previous earning and spending to produce a meaningful budget. You will calculate figures on an annual basis then break them into months, in order to monitor the figures on a regular basis.

Content

Most people shudder at the thought of ‘preparing a budget,’ but you do budgeting exercises every day. For example, you have received a new cleaning job. As a guess, based on past experience, you plan to allow 20 minutes to travel to this job (another name for this ‘plan’ is ‘budget’). It turns out to take 45 minutes to get to the job. Because you did not allow enough time for traffic problems, you arrive late. (This is called your ‘actual’ result). On the basis of this new information, you decide to leave earlier to arrive on time, or perhaps take an alternative route. This now becomes your next (improved) plan because it improves on your first plan based on what you now know.

So, in simple terms, budgeting is about:

- Making a plan, based on what knowledge you already have to make a realistic guess.
- Acknowledging if the plan worked or not.
- Using this new knowledge to help you improve your next plan.

Therefore, preparing a financial budget is beneficial because it will:

- Force you to plan
- Help you have money available to achieve your goals
- Provide useful information to help you make good decisions
- Control the use of your earnings by setting benchmarks that can be used for subsequent reviews of your cash flows

Before you start, accumulate as much data as you can from your recent financial records.

Let's start

1. Set goals

You need to identify your short-term, medium-term and long-term financial goals. Part of managing your money is not only covering your current expenses, but also paying off debt and saving for retirement. Make sure you set short-term goals that can be easily achieved if you stay on budget.

2. Financial goals should be SMART

SMART is an anagram for goals that are Specific, Measurable, Achievable, Relevant and Time-Framed.

For example, say you have a medium-term goal to own a house within three years and you require an additional \$15,000 deposit (on top of what you already have). This gives you 36 months to save for the deposit. Therefore, you must save \$400 per month (allowing for a small increment in interest).

- The goal is Specific. You are saving for a deposit on a house
- The goal is Measurable. You know you want to save \$15,000
- This goal is Achievable. You know you need \$400 per month
- This goal is Relevant. You desire to own your own house
- This goal is Time-Framed. You have 36 months to save

3. Be realistic

Budgeting is like diet planning – it is not going to work if you make huge, unrealistic assumptions hoping for a quick fix. A much better solution is to be realistic. Small steps work; big steps result in failure. The same rule applies to budgeting. Do not decide to make major changes to your spending habits. Plan to cut a cost in small doses otherwise it may be unachievable. You may just say it is too hard and fall back on old habits.

Do not map out a budget you can not meet.

4. Determine your income

Your CrestClean income may not be your only source of income. You may have some investment income, or income from people staying in your house. Be careful to take into account the payment of income tax: is your income net after tax, or does any interest income have the correct amount of Resident Withholding Tax deducted?

Note that interest income may fluctuate if the Government changes the interest rates.

5. Identify your expenditures

Spend time obtaining accurate data on your spending. Look at your historic data, such as bank account statements, to estimate what future spending might be. Look for trends.

Ensure you take into account any automatic payments taken directly from your bank account. Using a credit card or debit card can be very helpful because it means you automatically have a record of all of your spending.

Expenditures can be put into different categories. When predicting future expenditures some payments are known with a fair amount of certainty, often called fixed costs. Others will vary depending of some outside factor.

For example, if you own a motor vehicle, certain annual costs, such as registration, insurance and warrant of fitness are fixed, irrespective of the mileage completed during the year. They can be estimated with a fair amount of certainty, as well as the timeline for paying them based on the month in which they are due.

On the other hand, repairs and maintenance, tyres and fuel will vary depending on the mileage travelled during the year. These are called variable expenses. These payments can go up and down and are probably within your control to be reduced. For example, to reduce fuel costs, you may elect to travel by bus, or even walk instead of driving down to the dairy to shop.

Knowing the difference between fixed and variable costs will help you estimate future payments for your budget.

Differentiate between daily living expenses, repayment of debt, and investments for the future. Be decisive on what you need, as opposed to what you want. Ask yourself: do I want this, or do I need it?

Reduce expenses if necessary. Determine what could be cut if you go over budget.

6. Apply surplus money towards your financial goals

If you have a cash surplus, which is money left over at the end of the month, then you have some options about how to use that money.

7. Build a rainy-day fund

Plan to save up an emergency fund. Unexpected expenses happen to everyone. Most people have at least one unexpected expense every year. Pay into this fund before you purchase non-essential items.

8. Get out of debt

One of your most important financial goals should be to pay off your credit card, your mortgage and other debts. Pay more than the minimum monthly payment if your budget allows you to.

9. Alter the budget when necessary

Use tools to track spending. Get in the habit of recording your expenditures regularly by making it part of your daily or weekly routine. Do not leave it too long or you might forget what some payments were for.

Don't be afraid to adjust your budget, even radically. There will usually be moments when you're learning to budget that you discover some element of your plan is wrong or there has been a major change in your financial situation.

Don't panic. Don't abandon the budget you are building for yourself. Just go back to your plans, make the necessary adjustments, and start over again. Changing does not mean that your budget was a failure – it just means it needed to evolve.

10. A template to get you started

Here is an example of a budget that might provide a helpful starting point. This is just an example – make sure to personalise your budget to suit your own circumstances. Some items shown here may not apply to you, and you may want to add things that aren't a part of this plan. Make the budget yours!

Name: _____

Annual Budget for the Year Ended 31 December 202-

	\$	\$
Receipts:		
CrestClean net income		
Salary or wages		
Interest on savings or investments		
Dividends from investments		
Rental income from boarders		
Other receipts		
Total Receipts		
<i>(Continued next page)</i>		

CC107 Budgeting



	\$	\$
Less Living Expenses (in no particular order):		
Mortgage or Rent		
Food and provisions		
General Rates		
Water Rates		
Power and gas		
Telephone		
Motor vehicle expenses (or transport)		
House Repairs and Maintenance		
Insurances (house, life, health)		
Doctor and Medical Expenses		
Children's educational needs		
Clothing		
Computer expenses		
Entertainment (including TV costs, dining out)		
Gifts		
Donations (some may be available for a tax rebate)		
Bank Fees		
General expenses		
Income tax (if applicable)		
Total Living Expenses		

(Continued next page)

CC107 Budgeting



	\$	\$
Budgeted Cash Surplus for the year		
Utilisation of Surplus (Based on the amount of Surplus)		
Short-Term Goals		
Rainy-Day Fund		
Repayment of Debt (Credit Card, Mortgage)		
KiwiSaver		
Medium-Term Goals		
Savings for Deposit on a House or overseas trip		
Replacement of Motor Vehicle		
Long-Term Goals		
Investment in Another Property		
Retirement Schemes		

Exercise

Use this template and prepare your own budget (and be prepared to review, and change if necessary, regularly)

11. Monthly Budgets

Now that you have an annual budget, further analyse this information and break it down into monthly budgets. This will help highlight certain months where there may be a deficit or surplus.

For example, in the month of August you may have some higher than normal expenditures due, such as rates, insurances, or higher heating costs due to winter weather. By being aware of these large payments in advance, you will be able to plan to have sufficient funds without going into overdraft, which can result in high bank fees.

Amounts for each month may vary. For example, you can expect expenses such as power and gas to be higher over winter months than summer. Check each expense with previous years' figures to determine any regular trends and estimate future amounts.

Add a column to the monthly budget for accumulated figure, headed 'Year to Date (YTD).' This will show the accumulated figures up to, and including, the current month.

12. Annual Reviews and the Next Budget

At the end of each year, compare your budget against what actually happened. From any differences (called variances) determine the reason (whether it be an error in your original plan or something out of your control). Make it a team effort by involving input from your family members so they become aware of the total costs of the household.

Using what you have learnt from this budget and any variances, you now have more data to help create your next budget. But always remember, there will be events that cause this new budget to differ from reality. Keep on learning every time you review your budget.

13. Use of Computers

Have a simple budgeting tool that you understand how to use. Start with pencil and paper if you have to, and then move to more complex tools if you feel a need.

Use a simple computer model, such as Microsoft Money, Quicken, Pear Budget online, Excel spreadsheets, etc.

There are a number of apps you can use: Mint, Acorns, YNAB (You Need A Budget), Pocketguard, Prism, Albert, Personal Capital.

Research these options and choose the one that best suits you.

If you are computer savvy you may be able to prepare your own personalised spreadsheet.

14. Conclusion

An effective budget is likely going to involve a few difficult choices and changes that might appear on the surface to be reducing your quality of life. Knowing that these little choices are actually adding up to one of your specific and tangible goals is what makes preparing a budget all worthwhile!

And always remember things don't always go to plan. A budget may never be correct, but it is a very good way to steer you down a path toward your personal and professional goals.

Assessment

To complete this module, answer the details relating to this module in the Logbook.

CC108 Buying Your Own Home

“Happiness is... buying your own home.”



Photo by Maria Ziegler on Unsplash

Outline

Buying a house may be the largest investment you make in your life. People like to own a place that you can call your home and that gives you a sense of being settled that is seldom felt when renting. This is a major decision that requires careful planning, and make sure you seek good advice before making any decisions or commitments. You do not want to buy a home that does not meet your expectations or has faults that are costly to repair, or you can't afford. The more homework you do and advice you seek prior to purchasing, the more likely you are to be happy with this huge decision, making it even easier to enjoy your new surrounds.

Background

After discussing some details, you will create a checklist to follow when considering buying a house. Using this comprehensive checklist before investing in your new home will prevent problems later. Seeking professional advice on aspects of financing, pre-inspection etc are important to the success of any decision.

Outcomes

This module will give you guidelines to help you make the right decision. You will learn how to:

- ✓ Plan for a deposit on a house
- ✓ Select the house that is suited to your needs
- ✓ Examine alternatives for mortgage finance
- ✓ Use budgeting skills as they will be required

The settled.govt.nz site provides independent guidance and advice including checklists, tools and videos. Covering everything from the initial thought process of buying (your goals, finances and support) to how to make the offer to settling in.

Content

1. The Starting Point – Planning for a Deposit

Saving for a deposit can be a challenge. It is easier and clearer if you establish a clear savings goal. Once you've worked out how much you need, set a budget to achieve this goal.

The higher your deposit, the more you can borrow, or the less you will have to pay off. It might take several years to save a deposit, so starting as early as possible will put you in a better position. Ideally, you'll start researching property prices and lenders at least a year before you buy to give you a sense of how much you need to start saving.

Most home loan lenders require a minimum deposit of at least 20% of the amount you are borrowing. For example, if the type of house you want will cost \$600,000 you will need to save a deposit of at least \$120,000. This percentage may vary so you need to do some research from lending institutions.

Once you establish an approximate amount you need to buy a house you will need to set a budget and a timeline to achieve your goal. Calculate how much you can reasonably save each pay-day, then automatically transfer that amount to some form of savings account or investment account and watch it grow! Make sure to establish a reasonable amount and try to use an account that will penalise you if you withdraw early.

Consider using KiwiSaver. The government will add up to \$520 per year to your savings in the form of a tax credit. KiwiSaver is deducted from your wages before you can touch it, so you can not make a withdrawal until you are ready to buy a house.

You may want to talk to a financial adviser, fund manager or your bank for the best way to make your savings grow in order to achieve your goal faster.

For help with your budget check out [sorted.org.nz](https://www.sorted.org.nz), [familybudgeting.org.nz](https://www.familybudgeting.org.nz) or [familyservices.govt.nz](https://www.familyservices.govt.nz)

2. Additional costs to budget for before buying a house.

As well as a deposit, there are a number of other costs related to buying a house that you may need to budget for.

- a) **Conveyancing and Solicitor Fees.** Solicitors are necessary to transfer a home into your name. Real estate contracts are not straightforward and often require complicated legal work.

Before signing a sale and purchase agreement you should talk to your solicitor. They will probably ensure that any contract you sign is 'Subject to my solicitor's approval'.

Your solicitor will check the Certificate of Title to determine if there is a clean title to the property and check for any caveats or other claims against it. They will also check that the contract you sign is fair and does not include conditions detrimental to your purchase.

- b) **Builders Report.** A building inspection is a must before buying a house. The report will check for structural soundness, safety issues (such as asbestos, cracks in walls, loose balustrades), mould, rotten timber and poor workmanship.

A builder's report can help with price negotiations. For example, if the inspection shows you will need to perform considerable repairs, you may be able to negotiate a lower price for the property.

- c) **Leaky Home Check.** If the home you want to buy was built between the late 1980s and the mid 2000s, there is a risk that it may be a leaky building. These buildings can be very expensive to fix, so it is important to get as much information as you can before you buy it. Leaky homes often have no obvious signs of problems and appear in excellent condition, so this check is important.

If you buy a property you know is leaky or has a high risk of becoming leaky, be aware of the risks to your health and the financial impact this may have.

- d) **Valuation.** Check you are not paying too much by doing some valuation checks on other properties recently sold in the area, or by employing the services of a registered valuer. You can make a quick check at <http://www.homes.co.nz> and simply entering the address of the property that interests you.
- e) **Insurance.** It will be a condition of your mortgage that the house is fully insured before settlement day. Additional insurance may be required for life insurance, mortgage insurance and even to cover your possessions while in transit to your new property.
- f) **Council Rates.** Upon settlement there will be a slight adjustment for Council rates so that these expenses are your responsibility from the day you take possession of the property.
- g) **LIM Report.** You may need to obtain a LIM report if the real estate agent or the owner does not supply it.
- h) **Cost of Moving.** Don't forget to budget for the cost of moving your possessions to your new house. This may include renting moving equipment, hiring helpers and taking time off work.
- i) **Other costs.** Allow for other costs, such as changing the locks, carpet cleaning, connection fees for various services and costs associated with any urgently needed repairs.
- j) **Furnishings.** For your new house you may want to replace your old furniture with new pieces that suit the house better, as well as making changes to light fixtures, appliances and other décor.

Note: Your mortgage lender might meet some of the above costs. Make sure to ask if they will contribute to some of these costs.

3. Obtaining Mortgage Finance

You can get a mortgage directly from a bank or through a mortgage broker. Both have their advantages and disadvantages.

Banks offer a wide range of mortgage options. Competition between banks can sometimes lead to great deals, such as contributing towards legal fees, discounting insurance or lending at a low fixed-interest rate. You do not have to use your current bank; try other banks for the best possible deal.

There are many types of mortgages, each with its own interest rate, fees and degree of flexibility. Check to see if you can pay out your loan early, and if this would incur any penalties. Check all other conditions of your loan. If in doubt, find out.

For first homebuyers, the NZ Government may be able to help with your KiwiSaver. Link into kiwibank.co.nz for information on KiwiBank First Home Withdrawal (previously known as Welcome Home Grant) and KiwiSaver Home Start Grant. Check also the recent Government announcement called Buying a KiwiBuild Home.

One of the most important things to check is affordability. Remember: just because a lender will loan you the money does not automatically mean you can afford it for the long haul. Banks often use a debt-to-income ratio when deciding how much to lend to you. You must prepare an honest budget to determine if you can afford the monthly payments.

Once you have chosen where you will obtain your mortgage, applying for Pre-Approval for the loan is an advantage when negotiating to buy a house. A Pre-Approval is when the lender provides you with a written confirmation that you will be able to borrow up to a specified sum.

The advantage of a pre-approval is that you don't have to try and negotiate finance after you have put in an offer. You can look at houses in your price range with a high degree of confidence you can afford the agreed price, thus speeding up the purchase process.

To apply for Pre-Approval you will need:

- Proof of your identity (Passport, driver's license)
- Proof of your current address (rates bill, power bill)
- Your current income using at least the most recent three years of financial statements with CrestClean
- Current personal budget for the year
- Assets, including your Statement of Financial Position with CrestClean
- Other outstanding debts, for example your credit card or hire purchase. (These will be taken into account when establishing the amount of your loan. It pays to keep these very low in the period prior to applying for a loan.)

If you need to make more income to service your debt, or you wish to repay your loan more quickly, maybe you can expand your CrestClean franchise.

4. Obtaining Mortgage Finance

Before you purchase a property, we recommend that you get your own independent legal advice. Finding the right lawyer is an important part of the buying process. Your lawyer will make sure that all legal representations are filled and they can also check over property reports, such as Land Information memorandums (Council Lim reports) and titles. Ask a friend or contact Auckland District Law Society or NZ Law Society.

4. House Buying Checklist – Asking the Right Questions

A particular house might look perfect for you, but there are many other things to consider beyond the colours of the walls. Affordability will obviously be a top criterion, but a quiet neighbourhood, good schools, proximity to shops, public transport, parks, views and a low crime rate are amongst the many things that are also important.

Do thorough research before you commit to any purchase.

Here are some tips:

- Go to open homes early. That will give you more time to see the property again after you do your research
- Arrange for a private viewing so you can ask some specific questions directly
- Talk to the neighbours
- Obtain a LIM to check if the property has had changes made without a permit
- Obtain a Builders Report (building materials, insulation and heating, roof walls and ceiling, cracks or signs of erosion, electrical wiring, plumbing, piles, paving, non-invasive moisture meter check to avoid buying a leaky home.)
- Consider getting an engineer's report for a property on a cliff top section or to check if the land is unstable
- Obtain a valuation
- Check that all the home's built-in appliances work properly (including the hot-water system, stovetop, oven, air conditioning, central heating, ceiling fans, alarm systems, electric garage doors, etc.)

Here are some questions to ask the real estate agent:

- How long has the property been listed on the market?
- What have nearby properties sold for recently?
- Was it owner-occupied or rented?
- Have there been any alterations and have they been permitted or certified?
- Which chattels will remain?
- What is the current Council valuation and rates?
- Where are the property boundaries?
- Are they aware of any zoning restrictions?
- Is the property subject to flooding?
- Are there any covenants or restrictions registered on the title?
- Are there any issues with property maintenance or damage that the agent knows about, such as collapsed drains or leaking?

As a final check, Consumer NZ provides a comprehensive property inspection checklist:

[https://consumer-nz-assets.s3.amazonaws.com/assets/1215/House inspection checklist-2014.pdf](https://consumer-nz-assets.s3.amazonaws.com/assets/1215/House%20inspection%20checklist-2014.pdf)

5. Settlement Day

On settlement day your lawyer will need to receive the loan funds from you and / or your lender. When those funds are transferred to the seller's lawyer, they will authorise the release of the keys for the property and the agreement is now officially settled.

Do a pre-settlement inspection (usually completed three days before settlement.) Let your lawyer know as soon as possible if there are any problems.

If you are currently renting, advise your landlord in writing of your intention to leave. The rent agreement should tell you the number of days' notice that is required.

6. Moving Day

- Remember to advise your insurance company that your chattels will be in transit from one house to another
- Obtain information from the Post Office of your change of address

CC108 Buying Your Own Home



Summary

You now have a number of checklists to follow when buying your first home.

Choose your house wisely and don't rush the decision.

Happy House Hunting!

Assessment

To complete this module, answer the details relating to this module in the Logbook.

CC109 Buying an Investment Property

“Real estate cannot be lost or stolen, nor can it be carried away. Purchased with common sense, paid for in full, and managed with reasonable care, it is about the safest investment in the world.”



Photo by Tierra Mallorca on Unsplash

Outline

Purchasing an investment property is a major decision requiring careful handling. There are gains to be made, but not without risk. A wrong decision may result in losses rather than the desired profit.

Buying a good investment property typically requires a lot more work than you may think. Not only should you understand everything about the individual property, but you also need to know your market. This involves looking at sales price history, demands for rental properties, unemployment numbers, possible changes in income tax policies, new housing figures, and any development planned for the area that may improve existing infrastructure, such as applications for new shopping centres and movie theatres.

The more research you do, the less chance you have of making a mistake.

Outcomes

This module will help guide you through investigating the feasibility of purchasing an investment property. You will learn:

- ✓ Some of the risks involved with investment properties
- ✓ What research you should do before such an investment
- ✓ How you might go about making a profitable purchase

Background

Rental properties as an investment can be either a residential property, such as a house or apartment, or a commercial property, such as a factory or retail location.

The difference between an investment property and your own home is that you earn an income from it. Returns from property investment come from rental income and from any increase in the value of property over time (capital gains).

Before deciding to invest in a property (other than your home) ensure this is part of your long-term goals (see Module CC101). Review your budget (see Module CC107) and see where you are currently in terms of income, expenses, assets (including your home - see Module CC108) and liabilities.

There is risk in investing in property. Be aware of the risk, particularly in the unfortunate case of downturns in the investment market, rental demand or even your own income.

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1. Start with the end in mind

Before investigating purchasing an investment property ask yourself what you want out of the venture. Are you looking for a short-term quick sale or do you want to hold it for the long-term? If you don't have a clear vision, it is easy to get pulled in many different directions.

2. The key is to know the numbers (see Budgeting module)

Firstly, you need to establish a plan for financing the property. Find out how much you can borrow, which will give you a price range to help narrow down your potential properties when you are shopping. It's often more difficult to borrow money for a rental property than for your own home. You will need a suitable deposit, which will then determine how much you can borrow.

You may be able to use the equity in your existing property to obtain the deposit. Some argue that it is too risky to use your home as security to finance an investment property. If something goes horribly wrong, there is the possibility you could lose your home.

Get pre-approval for a loan, enabling you to negotiate a purchase price with a quick settlement. With pre-approval, your lender will assess your budgeted rental income and expenditure and determine how much you can borrow. Mortgage interest for rental properties will be higher than for your home, which will help you prepare a more accurate budget.

In addition to the deposit, there may be some additional costs to budget for, such as the loan application fee, valuation fees, legal fees, etc. Many of these will be similar to the fees associated with buying your home (See Module CC108.)

3. Will the investment be profitable?

You want to earn a return on your investment property from net rentals and / or capital.

Costs that will be your responsibility are:

- Interest on the mortgage
- Insurance on the house
- General rates
- General repairs and maintenance (in some cases these may be claimed from the tenant)

Costs that usually are the responsibility of the tenant include:

- Water rates
- Electricity
- Gas

Obviously, any net profit from the rental will be your responsibility. Such profit will need to be included in your annual income tax return. There are some quite complicated income tax regulations to follow. Obtain professional advice from your accountant.

4. Research for a suitable investment

Because of the risks in purchasing an investment property, thorough research is required. You never want to discover something unfortunate about the property after you take ownership.

Location is the most important consideration in choosing a rental property. The proximity of a rental property to schools, transport, shops, cafes and / or work will influence one's desire to rent a property.

Areas that are considered up-and-coming may have a higher potential to increase in value. When taking on a “fixer-upper”, you will need to ensure that what you put in, in terms of cost and effort, will pay out. Consider the reduction in earning income compared with the time and costs to improve the value of the investment property.

When you select a property of interest to you, obtain all the information you can from Council, including a LIM report. Look for resource consent issued for the incomplete work.

5. Your responsibility as owner / landlord

As the owner of an investment property you will be responsible for certain legal requirements. You need to be aware of these before you buy, otherwise you may be required to spend further funds upgrading the property to these standards.

As an owner of a rental property you are responsible for the exterior and structure, including the roof, chimney, walls, guttering and drains. You must make sure the pipes, wires and related equipment for supplying water, gas and electricity are kept in safe working order.

Next check to see if the property meets all the new government regulations for landlords.

The Healthy Homes Standards allows for the development of standards to improve the quality of rental housing.

The Homes Standards cover:

- Heating
- Insulation
- Ventilation
- Moisture damage
- Draught-stopping
- Smoke alarms
- General fire safety
- Pest control

Check that the property meets all these requirements. Take a builder or someone you trust to offer a second opinion with what you have in mind.

6. What is the condition of the property?

Depending on your experience and capabilities in DIY, repairs and renovations, the condition of a property is a big consideration when purchasing an investment property.

7. Pay for your own valuation

Obtain a valuation from a well-recognised valuation firm, with a reputation for knowing the area and the relative values of other properties in the area.

Always keep in control of your investment.

Avoid any multiple ownership structures (syndicates, etc). They often leave you with no exit strategy, as you are beholden to the decision of others. Also avoid a property linked to a long-term tenancy of more than five years.

8. Negotiate

Once you are satisfied the investment appears sound, securing a deal is the final step. If you don't close the deal, it will go to somebody else. Negotiation also means knowing when to walk away. Do not get so caught up with winning the property that you lose your focus on the big picture. It takes discipline to walk away from a property you have had your eye on for weeks, but is an important part of the investing business.

Do not sign anything without independent legal advice.

9. Rental / Lease Agreement

Consult a lawyer for terms, such as the amount of the rent, the number of occupants, how the property is furnished, how to evict tenants who cause problems (such as damaging rental property), and providing notice before entering and delivering written notice for lease violations.

Under a new law taking effect from 1 April 2019, private-sector landlords are required to join a government-approved Client Money Protection Scheme or face up to a \$30,000 fine. The new law will ensure that the client funds, including landlords' rental payments and tenants' deposits, will be protected.

Your lawyer will provide you with this information.

10. Selecting Tenants

Be careful when selecting tenants to rent your property. Advertise widely. If possible, obtain references from owners of previous properties rented by the tenant. Spending time finding the right tenant may save you a lot of heartache later when you discover the tenants are not looking after your property.

11. Commitment to the Investment

Property investments are not considered to be 'liquid' because you cannot withdraw funds from the investment quickly. To get money out you need to sell or increase the mortgage. This may not be easy and often incurs additional costs (such as valuation fees) or taking a substantial reduction in the price when selling (plus real estate fees).

If the property is purchased with the intention of making a profit, it will be taxable. If sold within five years any profit will be assessed as taxable income. Check this information with your accountant.

12. Risks of investing in property

Property investment is often described as 'safe as houses'. Yet there are risks, for example:

A lender can ask you to repay the mortgage unexpectedly, and you may not be able to sell, or sell for enough to cover the mortgage.

If the investment property is mortgaged with the same bank as your own home, there is the risk that the bank could sell both properties if you run into difficulty with paying either mortgage.

You might need, for some reason, to sell the property at a time when it has dropped in value, and be left still owing the lender money after the sale.

Interest rates may increase, so the money you make from the property is reduced.

As with buying your own home, paying off the mortgage as fast as you can reduces these risks.

13. Do you have the time?

Last but certainly not least, with the growth of an investment portfolio comes more demands on your time – more than saving money in the bank and usually more than investing in shares or managed funds. It is important to consider whether you will be able to commit the time necessary to manage a rental property (or several), including taking care of tenant needs, which can be difficult.

14. Other ways to invest in property

As well as buying property directly, you can also invest in managed funds that buy and sell commercial property. These funds may own properties such as office buildings, factories or shopping centres.

Conclusion

Buying an investment property can be an excellent way to create wealth. Like any investment, doing the research before you take the plunge will help you save thousands.

Be very cautious when considering an investment property. The returns can look good but there are risks. Make sure you do your research thoroughly and obtain professional advice from your lawyer and accountant before buying.

Assessment

To complete this module, answer the details relating to this module in the Logbook.

CC110 Planning for Retirement

“Plan to retire so you can retire to plan.”



Photo by Anukrati Omar on Unsplash

Outline

In its simplest sense, retirement planning is the planning done to prepare for life after paid work ends.

For the vast majority of people who have not yet reached retirement age, their most valuable asset is the income they generate. Carefully managing the income you earn will impact on your future wealth (See Budgeting module).

Good retirement planning is about accumulating assets and reducing spending. After you have retired, you will have less income so eliminating your monthly mortgage can greatly increase the amount of money you can spend on fun activities and medical expenses that will surely increase.

How much should you be saving in order to have sufficient financial capacity for a reasonable retirement? You will probably need 75% of your pre-retirement income if you wish to maintain a similar modest living standard. You need a plan, commitment and to get started now.

Outcomes

While each person's situation will be different, by the end of this module you should be ready to plan in your retirement to:

- ✓ Have a roof over your head.
- ✓ Be free of debt obligations.
- ✓ Have enough savings or passive income to pay for your living expenses.
- ✓ Have adequate health insurance for medical expenses.

Depending on your circumstances, you will need between five and fifteen times your salary saved, and invested, to maintain a similar lifestyle on retirement.

Consideration will need to be given whether New Zealand Superannuation (NZ Super) will still be available as it is now. Inflation may also reduce the purchasing power of your savings over time.

Background

New Zealand Superannuation (NZ Super) will provide you with a base income. In this module you will be able to plan to have sufficient investments that will give you a return, so that, together with the NZ Super, you will have an annual income to allow you to live the lifestyle in retirement that you desire.

You will be able to develop your own personal strategy to plan for your retirement. Retirement planning starts long before you retire – the sooner the better.

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In retirement you need to plan for overseas travel for a holiday, to visit family and friends living overseas, increased health costs, education for children and grandchildren, home repairs and more.

The first thing to do is to work out how much you think you will need to retire, and how much you can save for the remainder of your working life.

You then need to determine what sort of investor you are and your appetite for risk.

Let's Start!

Here are some simple ways to get started with your retirement and financial planning:

1. Plan

Map out how much you need to retire and how much you can save for the remainder of your working life.

Some say you need \$1million in savings to retire comfortably, others use the 75% rule, i.e. you need 75% of your current income when you retire.

Spend some time estimating what annual income you would like to have available when you retire, then plan to achieve this goal.

2. Get serious about financial planning

Once you have clarity on how much you think you may need, it is time to examine some investment opportunities to achieve your goal. Learn what kind of investor you are and your appetite for risk.

3. Reduce costs

Pay off your most expensive debts first, such as credit cards with high interest rates. Keep a credit card, but use it like cash, not a loan, and pay it off fully each month.

Using interest-free time payment is still a satisfactory method of purchasing items, but watch when the interest free period may end, whereby you could end up paying quite a lot more for the item.

4. Repay your mortgage

One of the more important rules in planning for retirement is to pay off your mortgage.

Most people like the idea of being mortgage-free and closer to financial independence. If things go horribly wrong (loss of job, inability to work, the economy fails, etc) at least you have a place to live.

Check to see if there is a fee to repay your mortgage early. Check also when interest is charged, for example daily, quarterly etc. This may determine when you should make a lump sum payment off your mortgage.

Paying off your mortgage is better than having funds in a savings account. If your mortgage interest is at, say, 4.95%pa, repaying this is a better return than having money in an investment account earning, say, 2.9%pa. And remember, the interest received from a savings account is subject to income tax, which makes this return even less.

Paying off mortgage debt ultimately means money not spent in interest can be used for daily expenses or further saving for retirement.

Once you reach retirement there's the question of whether you should sell your home. If you still live in the home where you raised your children, it might be larger than you need, and the expenses that come with holding onto it might be considerable. Your retirement plan should include an unbiased look at your home and if it still suits you.

Downsizing upon retirement should enable you to purchase a (smaller) replacement home and leave some surplus to invest into other income-producing assets.

You may consider investing in the sharemarket for a higher return rather than paying off the mortgage, but note that paying off the mortgage has a zero investment risk, whereas there is plenty of risk in the sharemarket.

5. Join KiwiSaver

KiwiSaver is a very credible superannuation scheme for kiwis. One of its best features is the tax credit, where the government contributes the amount of \$521.43 into your KiwiSaver account each year.

5.1 How do self employed people join KiwiSaver?

Self employed people can join KiwiSaver by approaching a Kiwisaver product provider. All are open to the self employed, and most of them have on-line application forms so you can sign up over the internet.

5.2 How much do you need to contribute?

You can contribute any amount so long as it is agreed by the provider. The government will pay you the tax credits and subsidise the fees as they will for all KiwiSaver participants.

5.3 How does the tax credit work?

For every dollar you put into your KiwiSaver account the government puts in 50 cents – capped at \$521.43 a year. To get the full \$521.43 you need to have put in at least \$1042.86 each year.

One idea is to set up an automatic payment of \$87.00 per month into your KiwiSaver account. This means your annual contribution will be \$1044.00 per year, which is slightly more than the amount that gains you the maximum tax credit.

Your KiwiSaver provider will claim your tax credit annually on your behalf – this will be paid into your account to purchase more units in your chosen KiwiSaver fund. This is how your KiwiSaver account will grow through annual tax credits.

5.4 How do you choose a KiwiSaver fund?

The choice of a KiwiSaver provider and a particular product (fund) is an individual decision. Your present financial position, your age, your appetite for risk and your long-term savings goals need to be taken into consideration. You can research all the available funds at:

www.kiwisaver.govt.nz and www.sorted.org.nz

You can click links to individual funds and read information about them.

6. Other investments, depending on your comfort with risk

The general aim of investments is to earn a return that is greater than any fees, taxes and inflation. You need to decide what type of investor you are so you can determine what to invest in and where to invest. Some examples include Term Deposits, Shares and property.

All investments involve some degree of risk. Risk refers to the degree of uncertainty and / or potential financial loss inherent in an investment decision.

The general safeguard against risk is to invest in a range of different or diversifying investments in New Zealand and overseas. This is called spreading the risk, in case one of the investments fails, or the return is very low or even nil.

6.1. Bank Deposits

Undoubtedly the safest investment (other than keeping cash “under the mattress”) is an investment of some kind with a reputable bank. Such investments will earn interest, the rate of which will depend on the type of investment. Longer-term investments will earn a slightly higher interest rate than short. Shop around: banks offer different rates and conditions, so do not be afraid to change banks.

You need to be aware of the difference between simple interest and compound interest.

With simple interest, you will **receive** the interest at agreed intervals, and the principal amount invested will remain the same. Compound interest applies where interest is **not withdrawn** from an investment, but is added to the original sum invested, whereby you earn interest on the interest you have left in the investment.

Here is an example on how compound interest can affect your investment, and how starting an investment sooner rather than later results in higher returns.

Chris started saving \$250 a month 30 years ago. Dale started saving \$400 a month 20 years ago. Assume that their investments both grew at 4% per annum.

	<u>Chris</u>	<u>Dale</u>
Savings per month	\$250	\$400
When they started	30 years ago	20 years ago
Total amount invested	\$90,000	\$96,000
Value today	\$174,000	\$147,198

Despite saving less per month and less in total, Chris ended up with a significantly greater amount of savings than Dale because he / she started out earlier. That's the power of compounding and having time work for you.

Check with all banks and check which bank can offer you the best rate and conditions.

6.2 Life insurance

You can invest in a life policy, which could be a policy that matures when you reach a certain age, such as 65 years old. Check for different types of life insurance and select the one that best suits your needs.

6.3. Investment in shares

You can make money from shares through capital gains, where you sell a share for more than you paid for it, and from earning income, called dividends. But note that shares can lose value if the price falls below the price you paid for them.

The best way to buy and sell shares is through a sharebroker. They can provide you with advice and opinions on what they consider to be sound investments. Some banks also offer a shareholding service.

Another way to buy shares is in a managed fund, which can be bought directly from a fund manager (e.g. KiwiSaver is a managed fund). Note a fee is usually charged for this service.

A key factor in investing in shares is to spread your risk. Investing in a range of different companies here and overseas helps spread the risk of one of them failing.

6.4. Investing in another property

Real estate is a common way to increase wealth. There are pitfalls and you need to plan very carefully before making this type of investment. See module CC109 for details.

In summary, the overall accepted rule in investing for retirement is to build a diversified portfolio – a mix of property, shares and deposits, including money offshore.

7. Some other non-financial points to consider when planning for retirement

7.1. Wills

As circumstances change in your life, particularly when retiring, you should give consideration to what happens to your estate when you die. Therefore, having a will, and continuing to review it every five years, should be part of your plan.

A will is an essential part of any estate plan. It is the primary document for transferring your assets upon death. You should decide who will inherit which assets and when they should receive them, including the orderly continuance or sale of your CrestClean franchise.

In short, a will allows you to:

- Speak when you are no longer able to speak
- Provide for the welfare of family and / or friends
- Pass along your assets as intended
- Arrange for the efficient management of your property

If you die without a will (called dying intestate) your estate will be distributed according to some highly standardised and rigid rules, which may not be what you intended.

7.2. Powers of Attorney

A power of attorney is a legal document that allows one person to act in another person's place.

For retirement and estate planning, you should consider two types of Powers of Attorney, called Enduring Powers of Attorney. An Enduring Power of Attorney is a legal document that gives someone else the authority to act for a person (called the donor) if they are no longer able to make decisions for themselves.

The donor chooses any special terms and conditions such as what the attorney can and cannot do.

The two Enduring Powers you should consider are:

- An Enduring Power of Attorney for Property, which gives authority to a named attorney to make decisions covering money and assets and cannot come into effect before the donor loses mental capacity.
- An Enduring Power of Attorney for Care and Welfare covers health, accommodation and associated care decisions, and comes into effect only if a medical professional decides the donor has become 'mentally incapable' of making decisions regarding their health.

7.3. Health insurance

As you get older the need for medical attention increases.

The public healthcare system in New Zealand gives residents access to free or heavily subsidised hospital care. A health insurance policy can give you (and possibly your family, depending the type of policy you select) access to private medical care, where and when it suits you. You do not have to wait for public services, and if the waiting list in the public system is long, you can have surgery done right away. You can also select the medical professional whom you want to see if you have a preference for a specialist.

The cost of health insurance will depend on the type of cover you select. Shop around and uncover discounts and cover that most suits your possible needs in the future.

Conclusion

Stop procrastinating – start now!

Assessment

To complete this module, answer the details relating to this module in the Logbook.

CC111 Staying Healthy

“The greatest wealth is health.”



Photo by Jony Ariadi on Unsplash

Outline

Staying healthy is the best asset you have – for yourself, your family and your future.

Regular health exams and tests by a health professional can help diagnose problems early, when your chances for treatment and cure are better.

By getting the right health services, screenings and treatments, you are taking steps that increase your chances for living a longer, healthier life. Your age, health and family history, lifestyle choices (i.e. what you eat, how active you are, whether you smoke), and other important factors impact what and how often you need healthcare.

Background

There are many things you can do to maintain a good healthy lifestyle.

A generation ago, people used to see their doctor only when they were sick. Today, preventative health care is becoming commonplace as people become more educated and empowered about their own health. People are looking to lower their risk of various conditions or diseases by maintaining a healthy diet, weight, level of physical activity and having regular medical examinations.

Outcomes

The purpose of this module is to offer suggestions on how to stay healthy.

On completion of this module you will become aware of:

- ✓ The importance of keeping healthy.
- ✓ What you can do to help stay healthy.
- ✓ The importance of regular health checks.
- ✓ Why you should consider health insurance.
- ✓ The need for personal hygiene.

Content

Staying healthy will depend on what you do to maintain your health. And remember, prevention is better than cure.

Regular check-ups with your health care provider can help find potential issues before they become a problem. When you see your doctor regularly, they are able to detect health conditions and diseases early. By getting the correct health services, screenings and treatment you are taking important steps toward living a longer, healthier life.

Having regular checks are an important part of your personal health management at all stages of life. As you age, annual checks are more important.

The benefits of living a healthy lifestyle include:

- Reducing the risk of most diseases, including heart disease, stroke and diabetes
- Improving your joint mobility, flexibility, strength, stamina and range of movement
- Helping to maintain flexibility, balance and coordination as you age
- Maintaining bone density, preventing osteoporosis and bone fractures
- Reducing symptoms of stress, anxiety and depression, and improving your mood and sense of wellness
- Improving sharpness and clarity of mind, including memory
- Improving your ability to recover from illness
- Increasing the length of your life
- Improving your productivity by being healthy and more focused on your work

Here is a checklist of things you can do to help stay healthy:

1. Eat right

Eat a well-balanced, low-fat diet with lots of fruits, vegetables and whole grains. Choose a diet that is low in saturated fat and cholesterol, and moderate in sugars, salt and total fat. A healthy diet will give you more energy.

2. Get regular physical activity

This may include walking, sports, dancing, yoga, running or other activities you enjoy. Exercise reduces stress, helps you maintain a healthy weight, and can help you keep your blood pressure and cholesterol at heart-healthy levels.

3. Get enough sleep and rest

Sleep deprivation can lead to reduced brain function, fatigue, headaches and weight loss or gain. Try to stick to a regular sleeping routine.

4. Don't smoke or quit if you do

We have all heard of the many life-threatening risks smoking poses, and even smoking occasionally can still put you at risk for ailments like lung cancer, heart disease and emphysema.

5. Make time for yourself

Take time every day for an activity you enjoy, such as reading, walking, crafts, cooking or listening to music.

6. Drink lots of water

Staying hydrated can help your concentration and keep you from overeating. It also replenishes your body and gives you more energy throughout the day.

7. Drink in moderation if you drink alcohol

8. Avoid caffeine and sugary drinks

If you need an energy boost, try eating high-protein and high fibre foods.

9. Keep medical and dental appointments

Regular appointments with your doctor, dentist and other health providers will help to diagnose problems before they become bigger health issues.

10. Relax

Learn to recognise and manage stress in your life. Do things that make you happy.

11. Watch out for depression

Be vigilant for signs of depression and consult a medical adviser if necessary, sooner rather than later.

12. Take care of business

Adhere to your budget to avoid financial surprises, and keep to your time-management plans to reduce stress.

13. Think positive

Pat yourself on the back for the job you are doing. If you're feeling guilty or angry, take a break.

14. Learn to balance your life with some time for yourself

15. Keep humour in your life

Laughter is good medicine!

16. Avoid drugs!

Personal Hygiene

Personal hygiene is how you care for your body. This practice includes bathing, washing your hands, brushing your teeth and more.

Good personal hygiene habits are directly related to fewer illnesses and better health. Poor personal hygiene, however, can lead to some minor side effects, like people avoiding you due to body odour. They can also lead to more troublesome or even serious issues.

Poor hygiene can also affect your self-esteem. Looking and feeling presentable can give you a confidence boost and a sense of pride in your appearance.

Practicing good body hygiene helps you feel good about yourself, which is important for your mental health.

Types of personal hygiene include:

- Toilet hygiene
- Shower hygiene
- Nail hygiene
- Teeth hygiene
- Sickness hygiene
- Hands hygiene
- Food safety (If in doubt, throw it out)
- Social Distancing

Health Insurance

Health insurance is a way to avoid waiting lists and access better medical care when and where you need it.

In emergency situations (like a car accident for example) the New Zealand public healthcare system usually does a great job. For non-urgent situations such as health issues, medical treatment in the public system can involve long and difficult waiting lists.

With private health insurance, you can access treatment in a private hospital and your insurance company will pay. This means that you will not need to join a public hospital waiting list, and it usually means that you have a wider range of treatment options, hospitals and medical specialists available to you.

There are different health insurance schemes. A good health plan will cover 100% of your major medical expenses, minus any 'excess'. To keep the cost down you can select different policies which may be for limited cover only.

Check insurance covers to find the most economical and beneficial policy that suits your needs.

Mental health

Mental disorders are health conditions that are characterised by alterations in thinking, mood and / or behaviour that are associated with distress and / or impairing functioning.

Signs and symptoms of mental illness include:

- Sleep or appetite changes
- Mood changes, including rapid or dramatic shifts in emotions or depressed feelings
- Withdrawal in social activities and loss of interest in activities previously enjoyed
- Drop in functioning at work, social activities, sports or having difficulty performing familiar tasks
- Problem thinking, concentration, memory or logical thought and speech that are hard to explain
- Increased sensitivity to sights, sounds, smells or touch and avoidance of over-stimulating situations
- Apathy, lack of initiative or desire to participate in any activity
- Feeling disconnected from yourself or surroundings and a sense of unreality
- Illogical thinking such as unusual or exaggerated beliefs about your personal ability to understand meanings
- Nervousness, fear or suspiciousness of others or a strong nervous feeling
- Unusual behaviour which is odd, uncharacteristic

One or two of these symptoms alone cannot predict a mental illness but may indicate a need for further evaluation. If the symptoms are causing serious problems in the ability to study, work or relate to others it may be time to be seen by a doctor or mental health professional.

For an excellent summary on mental health, you are recommended to read a book authored by Dr Tom Mulholland entitled ***“Healthy Thinking – How to Turn Lemons into Lemonade”***.

Conclusion

Keep regular appointments with your health professional, dentist, optometrist.

Remember prevention is better than cure.

Assessment

To complete this module, answer the details relating to this module in the Logbook.

CC112 Choosing and Managing Your Business Structure

“Before anything else, preparation is the key to success.”

Photo by Green Chameleon on Unsplash

Outline

Choosing the right business structure can have benefits and protections for legal obligations / liabilities, taxation matters and succession issues. It is worth considering the pros and cons of the alternatives before deciding on your legal setup.

Your choice will also affect your administration burden and your ability to raise money. Which structure is best for you will depend on how you wish to run your business, and your plans for the future. For example, you will need to consider if you will want the business to grow, how will you finance expansion and is this a business you will want to sell one day.

Evaluating and choosing the most suitable structure is important as changing structures later can be a costly and time-consuming exercise.

If you are unsure which to choose, you should seek advice from an accountant, lawyer and / or CrestClean Shared Services before you decide.

Outcomes

This module will provide you with the pros and cons for different business structures, including your legal responsibilities as a business owner. It will help you decide on the most suitable structure for your business. Guidance is given on the most appropriate process to keeping business records for legal and income tax purposes.

Background

Setting up a business is generally straightforward depending on the structure you choose. Before you set up your business you should consider whether you want to:

- ✓ Share the responsibilities of owning and managing the business
- ✓ Protect your private assets
- ✓ Split your income from the business
- ✓ Grow or sell your business in the future
- ✓ Seek loans or capital to grow your business

Content

1. Business Structures

Sole trader, partnership and company are the most common types of business structures in New Zealand, but there are other options, including Trusts. Each is considered separately below.

1.1. Sole Trader

A sole trader is a person conducting a business or commercial activity in their own (sole) name.

Advantages:

- A sole trader is simple and involves minimal set up costs and administrative requirements
- You have the sole responsibility of the business
- Start-up costs are low

Disadvantages:

- From a commercial point of view, a sole trader does not have the advantage of limited liability that is available to owners of a company. If a sole trader's business fails, the sole trader will be personally liable for all debts
- As a result of being liable for these debts, your other assets (home, car etc) may be at risk
- It is harder to grow as a sole trader
- It can be harder to obtain finance with the resources of only one person
- Getting loans or investment can be more challenging
- As a business grows, a more sophisticated business or commercial structure may be required
- It is harder to sell as a working business

1.2. Partnership

A partnership is two or more people carrying on a business or commercial activity with a common view to making a profit. The terms of the partnership are normally recorded in a Partnership Deed. Without a Partnership Deed, the business can continue as a partnership but will be subject to the Partnership Act 1908. (Currently there is a Bill before Parliament to modernise this Act.)

A partnership is not a legal entity (it exists as individuals trading together in “Partnership”), the profits and losses of the partnership are attributable to the individual partners, and it is the partners who are responsible for the tax obligations of their partnership.

Advantages:

- Reasonably straight forward documentation
- Profits for the partnership belong to the partners at agreed percentages (as per a Partnership Deed) or equally (as per the Partnership Act)
- Can be easier to obtain finance as you have the resources of at least two people

Disadvantages:

- A partnership (like a sole trader) does not have the protection of limited liability. As a result, your personal assets can be used to satisfy debts incurred by the partnership
- Each partner is liable for all the partnership debts regardless of how much of the partnership they own
- A change in partners or partners interests usually requires the original partnership to be wound up (or sold) and a new (or alternative structure) being created
- Death of a partner will require the dissolution of the partnership
- There can be disagreements among partners when working so closely together

1.3. Company

A company is a separate “legal person” and exists as a legal entity in its own right (which does not apply to a sole trader or partnership). Ownership for a company belongs to the shareholders who subscribe for a given number of shares. The company is managed and controlled by named Directors of the company.

All companies have the same basic elements:

- A company name
- At least one share, one shareholder and one director
- Contact addresses

Advantages:

- The owners of a company have the advantages of “limited liability”. If a company fails, the owners of the company will potentially only lose any outstanding amounts owing on their shares they subscribed for and the money they contributed for those shares
- A company can accommodate multiple owners with differing interests in the business more easily than a partnership
- A company structure is more flexible. Changes in shareholding (and ownership) can be implemented without selling the business or changing the actual ownership of the company assets themselves
- Companies provide a well-recognised and commercially acceptable structure for doing business
- Companies provide a suitable platform from which to borrow money by using the company as the security for a loan
- It is easier to sell a business because it is a separate entity

Disadvantages:

- There are legal and regulatory requirements that apply to companies (eg keeping a Register of Shareholders and Register of Directors, requirements to pass Directors and / or Shareholders Resolutions for certain transactions and to keep Minute Books, produce annual financial statements and to file company returns with the Companies Office). These can be complex, costly and onerous
- The Companies Act 1993 imposes strict duties and obligations on company directors (for example, satisfying the “solvency test” before making distributions to shareholders)
- Companies are regulated to a higher degree than other business structures. The Companies Act 1993 has increased the rights of minority shareholders and imposes liability on directors in certain circumstances
- The benefit of limited liability is often reduced as the individual directors and / or shareholders may be required to provide personal guarantees in respect of company borrowings, trading activities, leased premises etc
- As a Director, you may encounter some risks and liabilities if you do not follow your duties

1.4. Other Combinations

There are any number of other business structures that can be created, including the use of Trusts. It is advisable in these situations to obtain independent legal and / or accounting advice as these can become very complicated and need to be set up very carefully.

2. Managing Your Business

Just like owning a motor vehicle, which requires regular payments for servicing, warrant of fitness tests, registration and insurance, businesses require costs to keep them operating. These include producing annual financial reports, filing returns with Inland Revenue, preparation of budgets, and obtaining other financial advice. While you may wish to retain your own accountant, be aware CrestClean Shared Services can provide some of these services. Data produced by CrestClean Shared Services are easily transferable to your accountant to be incorporated with their own records.

Here are a few of the obligations you have as a business owner.

3. Calculating your Annual Net Profit

The net profit of a business is measured by adding the total income and deducting business expenses and other deductions. You need to keep records of your expenses and income and understand what types of costs count as business expenses. Payments of a private nature cannot be claimed as an expense and should be recorded separate to the business information.

4. Income

Income is pretty clear. It is what you receive from CrestClean and is fully supported with detailed documentation.

5. Deductible Expenses

Expenses (or costs) that can be offset against your income can be described as “expenses necessarily incurred in the production of that income”. In other words, they are payments made that would not have been made if you were not in business and relate directly to the business.

There are a few payments you might assume could be classified as an expense but are not, and conversely there may be others you did not realise are legitimate expenses.

Some payments appear to be necessary for business but are deemed private. Here are a few examples that must be treated very carefully when calculating net profit:

- Costs of getting into business, such as a lawyer’s bill and the cost of creating a limited liability company
- Spectacles
- The debt repayment portion of hire purchase, finance lease or other loans

The above costs are either considered to be personal or costs to put you in a position to do business, as opposed to doing it.

5.1. Revenue and Capital Expenditure

Most businesses have both revenue and capital expenses:

- Revenue expenses are generally items used in the day to day running of the business. They can be for things like stationery, rent and power. You can deduct these expenses in tax returns
- Capital expenditure are for capital assets kept for longer than a year. These can include computers, vehicles and plant and equipment. You can only claim a portion of this cost (called depreciation) over the years when these assets are helping the business generate income

5.2. Motor Vehicle Expenses

All costs of your CrestClean vehicle can be claimed against your income.

5.3. Home Office Expenses

If you use part of your home for business, IRD will accept a claim for a portion of the costs. The portion is worked out as a percentage of certain home costs.

The standard costs would be:

- Rates
- Insurance
- Interest on mortgage
- Power

A few things to note:

- If the business uses the garage, include this as part of the area used for business
- Substitute rent for interest on mortgage etc if you do not own the house
- Keep all records of the costs claimed
- If your business is a company, the home office-related invoices will not be made out to it. In this case, claim reimbursement from the company because you are one of its employees

5.4. Telephone and Internet Costs

If you run your business from home, you can claim a deduction of 50% of the rental of a telephone landline if this is also your private line.

The total cost of a business mobile phone can be claimed.

If you run your business from home and have an internet plan for both business and private use, you can claim part of this as a business expense. You can decide how to work out the business proportions, but it needs to give a fair and reasonable result. You must also meet normal record keeping requirements.

5.5. Business Expenses

Ensure that you pay all business expenses through your business bank account. For other small items, keep a notebook.

Do not be tempted to pay yourself an expense allowance. IRD gets concerned that not all of it will be spent on business costs – they prefer actual expenditure.

5.6. Depreciation

Capital expenditure relates to purchasing assets that will be used in the business for more than one year. These are called Fixed (or Long Term) Assets. These assets lose value over time as they get older and “wear out”. The loss of value is called depreciation. Businesses claim a proportion of this depreciation loss each taxable year as a deductible expense at rates established by IRD.

5.7. Entertainment

This is complicated. If you want full details on claiming entertainment you can obtain a booklet from IRD.

6. Employing Staff

You can hire staff to help run your business. If you do hire staff, you will need to register with Inland Revenue as an employer and meet several obligations.

There are many obligations you must abide by when employing staff. You are dealing with their entitlement which must be treated correctly. Correct payments need to be made to the employee (including paying no less than the minimum wage) and to the Inland Revenue Department. Rights to holiday pay, sick leave, maternity leave etc must be treated carefully as they are rightful entitlements of employees. Care must also be taken to ensure the health and safety of staff.

Correct records and processes are necessary in case your business is investigated by Employment New Zealand.

CrestClean Shared Services provides thorough processes to ensure you meet all your commitments to an employee, which includes:

- Assistance in registering as an employer with IRD
- Minimum employment standards training, which covers:
 1. Employment Agreements
 2. Permanent and casual employment relationships
 3. Eligibility to work in NZ
 4. Minimum wage / living wage
 5. Paying wages and making lawful deductions
 6. Rest and meal breaks

7. Entitlements to holiday pay and leave
8. 90-day trials
9. Redundancies and restructuring
10. Employment relationship problems
11. Keeping compliant employment records
12. Payroll software – CrestClean has approved Smartly as their payroll software of choice. This software includes:
 - Online learning resources
 - Employment forms, templates and guides
 - Tools and calculators
 - Record keeping checklists
 - Auditing services and self-check materials
 - Payroll and training calendars
 - News / industry updates
 - Helpdesk support

Franchisees are encouraged to use payroll software that has been checked for compliance by CrestClean's inhouse payroll specialists. (Smartly)

7. Income Tax Responsibilities

Knowing your business structure is important when setting up your business, to ensure you understand your obligations when it comes to registering for a New Zealand IRD Number, business name, tax and KiwiSaver requirements.

There are several payments that need to be paid to Inland Revenue usually at varying dates. Penalties are added if your payments are late or delayed. Therefore, it pays to have an accounting system to keep accurate records.

The two most important examples of important payment dates to remember relate to income tax (either for Provisional Tax or Terminal Tax) and GST (usually payable every two months but can be every six months). An annual Accident Compensation (ACC) levy is payable well after the end of each financial year.

If you engage staff there are more taxation responsibilities such as the payment of PAYE, Sick Pay, Paid Parental Leave, KiwiSaver and more.

Knowing these key payment dates is important so they can be included in budgeting for cash flows and profit.

Whatever structure you decide on, at the end of each financial year you must complete a tax return and submit it to Inland Revenue. Different rules apply to how a sole trader, partnership, and a company and its shareholders pay tax.

As a sole trader you pay tax on the profit (after allowable expense deductions) at progressive individual tax rates.

A partnership does not pay income tax as a business. It treats all the income as belonging to the partners, who pay income tax on their share. At the end of each financial year the partnership must complete a tax return and each partner needs to complete an individual tax return. These are then submitted to Inland Revenue.

The partnership is not liable for income tax as the profit must be fully distributed to the partners. Partners will pay tax on their share of the partnership profits (plus any other sources of income, if any) at progressive individual tax rates.

A company pays tax on its reported taxable profit at a flat rate of 28c in the dollar. A salary can be paid to shareholders involved in the business. If the company distributes part or all the profit (after the payment of salaries) to its shareholders, shareholders will pay income tax on the dividend. They may, however, get tax credits from the company in the form of imputation credits to help them meet their income tax obligation.

8. Keeping Accurate Financial Records

As you can see you must be very careful on what you can claim as expenses from your income. Keeping detailed and accurate documentation of all your transactions is the key. This provides your accountant / adviser / CrestClean Shared Services the information to produce correct financial data for you, as a businessperson, and the IRD.

One of the most popular accounting software providers is Xero. It is not expensive, is Cloud based (which means your records are automatically backed-up), is linked to your bank records and automatically produces regular reports.

CrestClean Shared Services uses Xero software and can prepare:

- Financial Statements
- Tax – IR 3s (Personal income tax), IR7s (Employer's Return of Employees), IR526 (Tax credit claim for Donations)
- Bi-monthly trading updates with P&L information for the year to date compared to last year's figures. This gives you a snapshot on how your business is doing compared to last year

For a sole trader / partnership CrestClean Shared Services can provide:

- Application for sole trader or partnership IRD Number (if required)
- GST Registration with IRD
- Linking you with Crest's Tax Agency via IRD Online Services
- Completion and filing of two-monthly GST Returns
- Deduction from CrestClean Contract Payment of GST owing and payment of this to the IRD on your behalf
- Completion of Annual Business Financial Statements
- Completion of Annual Tax Returns, as well as individual Tax Returns for Business Partners
- General Business Support and Assistance with Financial matters
- Assistance with PAYE registration (CrestClean cannot help you file PAYE returns or calculate wages; however, we can point you in the right direction)

For companies CrestClean can provide:

- Two monthly GST and inclusion in bi-monthly reporting packs
- Financial Statements at year end
- Trial Balance at year end to give to your own accountant

Your own accountant can still:

- Set up your company including the incorporation of the company
- Set up any voluntary tax payments / provisional tax
- Year end tax return for the company
- Annual Companies Office returns

9. Additional References

Here are some websites for further information:

- Business.govt.co.nz
- Companies.govt.nz
- IRD.govt.nz
- Employment.govt.nz

10. Conclusion

Prior to starting a business, obtain as much advice as you can. Talk to people you know who have started companies or who advise business owners.

The more preparation you do the more the chances of your business becoming a very successful investment for you.

You are not locked into one structure forever. A lot of businesses start out as sole traders or partnerships and grow into companies. However, there will be costs and time involved in changing.

So, carefully considering the most appropriate business structure, (and seeking professional advice on this) is a good step forward for your business future.

11. Assignment

After reading this module complete a thorough review of your business. Make changes to improve your business to ensure you are claiming all legitimate expense deductions against your income. Check that you are compliant for income tax purposes.

If in doubt, seek advice from your accountant or financial advisor or take advantage of the services provided by CrestClean Shared Services.

Assessment

To complete this module, answer the details relating to this module in the Logbook.

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Investment Warnings

We would like to draw your attention to the following important investment warnings.

- (i) The value of properties, shares and investments and the income derived from them can go down as well as up;
- (ii) Investors may not get back the amount they invested; losing one's shirt is a real risk;
- (iii) Past performance is not a guide to future performance.