

# Money Assignment Instructions

GENC3004 Personal Finance

**Please put these dates in your calendar now (with reminders)!**

<i>Start recording transactions:</i>	9.30am* Mon 4 Dec 2017
<i>Money Assignment Checkpoint:</i>	9.30am* Mon 18 Dec 2017
<i>Finish recording transactions:</i>	9.30am* Mon 15 Jan 2018
<i>Money Assignment Due:</i>	9.30am* Mon 15 Jan 2018
<i>Course code to enter into software:</i>	<b>PF17S3</b>

\* All times are Sydney time

- The objective of this assessment is to allow you to observe your spending and earning behaviour so that you can clearly identify where your money is going and how much you are saving each month. You will then use this information to identify areas of possible improvement and create a responsible and achievable budget for your Financial Plan Assignment.
- You are required to monitor your income and expenses using the free 'Snowballing Money' website at [www.snowballingmoney.com](http://www.snowballingmoney.com) or by using the Snowballing Money app developed by the lecturer. The 'Snowballing Money' app is available for Android only (no iPhone version sorry!) and it is available on the Google app store. The data from the smartphone app synchronises with the website and so you can enter transactions at either location and the transactions will be updated across all your devices.
- **Warnings about the Snowballing Money Application.** I developed this application for the course several years ago and since then there has been some changes to the Android Operating System. The Facebook login doesn't work well anymore so it is recommended that you choose the 'Do not use Facebook' option. Also note that on some Android devices, the text may display as white on a white background in some fields. This is a known bug that will be fixed when I next update the application (which is unlikely to be this session).
- You can create a new Snowballing Money account on either the Snowballing Money website or by using the app. You should select the 'Sign up for a new account' option and use your **student email address**. Do not use the Facebook login (it actually doesn't work properly right now on the app anyway).
- You should enter the 6-letter/digit course code indicated at the top of this page ('Course code to enter into software') under your user profile. The course code to be entered is **NOT** GENC3004. It is a code that starts with PF followed by 2 digits representing the year, the letter 'S' and the session number.
- This assignment has worked extremely well within the regular Sessions 1 and 2 offerings but students have experienced some difficulties in Summer Session courses in the past. I recognise that there is a wide variety of circumstances that you might find yourself in over summer including travel or working on-site for an employer. Do the best that you can given your circumstances! If you

believe that there is anything particularly unusual about your situation, then you should let me know about it when you provide your details at the Money Checkpoint (on the course website).

- You should start recording your income and expense transactions at the 'start recording instructions' date listed above. You may also need to enter some transactions from before the start date for any large expenses for which you are now receiving a benefit (such as course fees, your laptop computer or car insurance). For more information, see 'Spreading transactions to smooth them out' below. You are also welcome to start recording transactions earlier than the official start date if you would like to do so (such as at the start of the month) and can also continue recording transaction after the assignment is over.
- There is a **Money Checkpoint** due at the date listed at the top of the first page of this document. You should go to the 'Assessments ... Money Assignment' section of the course website. You should answer the questions at the Money checkpoint including information about your username and situation so that I can mark your assignment at the end of session. You don't need to do anything else at the checkpoint as I will be able to mark your assignment from the server.
- You don't really need to do anything extra for submission at the 'Money Assignment Due' date listed above since I will mark your assignment based on the information that you have provided in the software. You must make sure that all your transactions are entered correctly by the due date because that is the cut-off date for any transactions that are assessable. If you enter transactions after the due date then they will not be included in the assessment.
- No marks or feedback are awarded for the checkpoint but 20% of the maximum mark will be taken away from your final mark if you fail to submit it by the due date. You should put the due date for the checkpoint in your calendar now so that you do not miss it as no reminder will be provided.
- You are responsible for entering your income and expenses into the software early in case you or the website experiences technical difficulties. Do not store your transactions on your local computer and enter them at the end of session since your computer may fail and you may lose your transactions. Also, marks are awarded for regularly entering transactions.

### **Spreading transactions to smooth them out**

- Most of us find that either our income and/or expenses are quite 'lumpy' as we receive money from our parents, work extra shifts at work or pay for large bills. This can make it really difficult to work out on a daily or weekly basis whether or not we are saving money since the bank account balance bounces around a lot! A key feature of the software is that it spreads each income or expense transaction over a period of time to smooth out these 'lumps'. This gives you a better idea of whether you have genuinely saved money on any particular day or week.
- Each transaction will be turned into a 'per day' amount according to its category to smooth out the expense over the period in which you receive the benefits from that expense. For instance, if you buy some groceries for \$70 then those groceries will be spread out over one week so that it registers as \$10 per day (for 7 days). An electricity bill for \$90 will be spread out over 3 months by default so will be \$1 per day (for 90 days). This concept of spreading also works well for holidays and other large expenses. If you spend \$1,200 on a holiday and you only go on an expensive holiday once a

year, why not spread that expense out over the following year so that you incur \$100 per month? Spreading expenses makes it easier to work out how much you are spending 'on average'.

- Even though each transaction defaults to a certain period of time according to the category selected, you are able to change that period easily yourself on the edit transaction screen.
- You **must** enter transactions for which you receive a benefit between the assignment start and finish date even though you may have actually paid for it earlier than the start date. For instance, if you paid for course fees at the start of session then you should still enter these course fees when you paid for them and split them over the length of the session. If you drive a car and paid for motor vehicle insurance earlier in the year, then you should find out how much you paid (or estimate it) and then spread that transaction over the following year.
- If you are deferring your course fees using HECS then you do not need to enter them. If you or your parents are paying the fees directly then you must include the course fees. If your parent's paid them (or provided you with the money), then you should also include an offsetting income amount to the expense (more on this below).
- Bills should normally be spread 'forwards' after they are paid rather than 'backwards' over the period in which they relate. So if you receive an electricity bill at the start of session that relates to the 3 months prior usage, then you should actually spread it forwards over the following 3 months. If you only spread expenses 'forwards' then there are no unexpected surprises that reduce savings in previous weeks or months.
- If you have recently gone on a holiday then it may be a good idea to also spread that expense so that you are reminded about it. If you usually go away for holidays twice a year then spread the last holiday expenses over 6 months. If only once a year, then spread it over the following year.
- Some students do a significant amount of holiday work (say in December and January each year) to provide for income in session. If this is the case, then it is a good idea to enter that income and spread it over the following year. The main idea here is if your income is 'lumpy', spread it out over the period in which you actually 'use' that income.

#### **For students who are outside Australia while doing assignment**

- You should make sure that you use only one currency for tracking expenses and income (it doesn't need to be in Australian dollars). The software does not currently allow you to record income and expenses in multiple currencies. So pick your home currency and then stick to that.
- If you are travelling to other countries (that don't use your home currency) then you can use the calculator screen to convert the foreign currency to your home currency by dividing by (or multiplying by) the appropriate conversion rate.

#### **For students who are on holiday or doing unusual vacation work**

- This assignment works better when it is offered during the regular university sessions rather than over summer since many students go on holiday or do unusual vacation work (sometimes living on-site).

- If you believe that there is anything unusual about your situation, then you should let me know about it when you provide your details at the Snowballing Money Checkpoint (on the course website).
- Also, remember the objective of this assessment (above in first bullet-point). Do the best you can at recording your income and expenses while on holiday (or working). If you are on holiday (and you only go on one large holiday per year) then you are welcome to allocate your holiday travel, accommodation and food expenses to the 'Holiday' category and spread them over the following 1 year (ie. 365 days).

### **For students who live with their family**

- This assignment is obviously much easier for people who still live at home because your parents are subsidising your true cost of living.
- You should pretend that you are "flatting" with your parents as "flat-mates" and that you are sharing all costs. The goal of doing this is to help you understand how much it would cost if you were to move out of home and pay for these things yourself.
- You should assume that you are renting your room from your parents (either AU\$800 per month or whatever you think is the 'market rate' of rent for your room and the use of the rest of the house). This is an "accrued" cost of "renting" your share of the house from your parents who either own the home themselves or pay rent for it on your behalf. If, like most parents, they are very nice and don't actually charge you this rent, then you should put an offsetting 'income' of the same amount each month as a separate transaction (Personal income ... Gifts received). So if you have a transaction for \$800 in rent for the month (an expense), you would also enter a separate transaction of \$800 gift received (an income). You should enter these transactions on the same date, for the same amount and for the same spread period. This will mean that the net effect on your savings is zero. Why record it if the net effect is zero? It will allow you to see the true cost of living for when your parents stop subsidising your expenses!
- You should also find out all the bills that your parents pay from which you derive a benefit including groceries, contents insurance, electricity, water, telephone, internet, Foxtel and any other applicable bills. You don't need to worry about strata fees, mortgage payments or any other fee that would usually be paid by a landlord and would be reflected in your rent (landlords do not pay for water, electricity etc!). If there are four people in the house then allocate 25% of the bill to yourself or whatever you believe is a "fair" proportion that you would pay with "flatmates". Again, if your parents do not actually charge you for these things, then you should put an offsetting 'income' of the same amount as a separate transaction (Personal income ... Gifts received). So if your share of the food expenses for the week is \$50, then you would put in a Food ... Groceries expense of \$50 spread over 1 week. You would then enter a separate transaction of \$50 gift received (an income). You should enter these transactions on the same date, for the same amount and for the same spread period. This will mean that the net effect on your savings is zero. Why record it if the net effect is zero? As explained above, it will allow you to see the true cost of living for when your parents stop subsidising your expenses!

- Remember that for quarterly bills it is usually best to record it as applying to the following three months rather than the previous three months to which it actually applies. See the note on this above.
- If you regularly use the family car then you should also do some research to find out the costs of running the car (eg registration fees, maintenance costs, insurance etc) and accrue an appropriate percentage to you based on your usage.
- All of these extra 'bills' will make your savings position look really bad. So you should offset the total amount of these bills with a corresponding 'Income ... Gifts received' amount. So if you have total expenses of \$400 for a month that are paid on your behalf by your parents, then it will be offset by an income amount of \$400 for that same month and so the total effect on your savings will be zero.

#### **For students living by themselves or with flatmates**

- You should make sure that you record accrued expenses for all household bills whether or not you received a bill during the recording period. For more instructions, see the above section on 'Spreading transactions to smooth them out'.
- It is okay to divide the bills equally between you and your flatmates. If you have three other flatmates, then it is okay to only attribute 25% of a particular household bill as your own expense.
- If your parents pay for your rent and some other expenses then you should record the amount they pay as an "Personal income – Gifts received". This income will offset your living expenses so you will end up saving zero from the combined transactions. If your parents provide you with a fixed amount at the start of each session then just enter that as an income and spread it over the length of the session (4 or 6 months).

#### **For students who live in College, a Boarding House or other Student Accommodation**

- Students who live in College, a Boarding House and some other Student Accommodation often find that their rent, food, electricity, internet, telephone and other bills are bundled together into one fee. It is acceptable for these students to enter one expense (Boarding fees) that covers all of these bills.
- If your parents pay for these fees then you should record the amount they pay as an "Income – Gifts received". This income will offset your boarding fee expenses so you will end up saving zero from the combined transactions. If your parents provide you with a fixed amount at the start of each session then just enter that as an income and spread it over the length of the session (4 or 6 months).

#### **Marking criteria**

- You should make sure that you have reasonable expectations for your marks for this assessment. You may have received high marks of between 80% and 100% in your other studies. However, high marks like these are rarely awarded for this assessment. An extremely thorough Money Assignment that closely follows the above instructions is usually awarded a distinction (75% to 84%). A high

distinction mark of 85% or above is rarely awarded due to the relatively straight-forward nature of this assessment.

- Marks will be awarded for the following attributes:
  1. **Correctness** – The Money correctly implements the above instructions as appropriate for your situation (such as spreading out-of-period expenses).
  2. **Completeness** – There are no obvious omissions from your expenses based on your situation (such as missing an “Electricity” expense if you live at home).
  3. **Timeliness** – You have entered transactions frequently as they have been incurred. It is expected that you enter expenses at least a few times a week and not all at one time at the end of the month (or right before the assignment is due). You should note that when I mark this assignment I will be able to see the dates that transactions are recorded (and not just the date you manually select for them). Don’t expect to pass if a high proportion of the transactions are entered a few days before the assignment is due!