

Summary of Total Money Management Review Phase One

Five key concepts we found out from phase one of the Total Money Management (TMM) review

Observations showed that Custodial TMM is not necessarily a BFC-focused tool

Long-term/indefinite intervention for those who may not be able to learn to be sustainably financially literate.

Custodial TMM meets BFC's *ultimate goal* of:

- improved well-being of people, their family and whanau
- improved opportunities and life outcomes for tamariki
- improved social and economic inclusion

Most custodial TMM referrals come from Support Workers.

TMM is heavily administrative (and requires a lot of resource) and a lot of responsibility is placed on providers

Some TMM practices were more streamlined and efficient than others:

- The older the systems were that providers used was proportionate to the [additional] time spent on monitoring transactions and reconciling accounts.
- Managing someone else's everyday finances requires trust and integrity.

Legislative compliance is complex and requires comprehensive expert advice.

There is evidence that Standard TMM can be applied as a BFC tool

*Temporary intervention for people who have the **ability to learn** to build financial capability.*

Observing success through someone else helps to build self-efficacy.

TMM is a tool to micromanage people's finances in order to teach good financial habits and gradually transition accountability as skill and confidence grows.

Standard TMM is voluntary and is NOT for everybody.

Standard TMM can be claimed in the BFC session funding model.

Standard TMM is a tool that could be used as part of financial mentoring / Kahukura services.

TMM is effective at keeping clients housed in warm homes with full bellies

Many people and whanau end up with BFC providers when they are drowning in debt and:

- on the verge of eviction
- about to get their power disconnected
- need food (or declined a food grant).

When people have those three things in their lives sorted, they have better mental capacity to be able to think about the long-term e.g. employment

TMM is a tool that gives providers more bargaining power to negotiate with creditors

Temporarily taking one thing (e.g. finances) off someone's plate can give them a mental reprieve so that they can take control of their lives

Poverty causes people to have lower thinking capability which leads to reduced reasoning abilities that causes poor spending choices.

Mental health issues and financial difficulties are inter-related challenges that tend to operate in an ongoing cycle.

The cycle of scarcity can cause an inability to see long-term opportunities.

Temporary TMM can improve parents' mental bandwidth to become financially literate and pass on or demonstrate good financial habits to their children.



**MINISTRY OF SOCIAL
DEVELOPMENT**

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