

<b>Future Problem Solving New Zealand - Problem #2 - 1999-2000</b> <b>Middle/Senior Division Future Scene - Financial Security</b>
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Huki and Kathryn Rensar and their children Armin, 12, and Roxanne, 17, are holding a family conference to discuss their present financial state.

The parents are both have university degrees and have had flourishing careers as well-paid employees of New Zealand's most successful genetic engineering company, EnGen. Both children plan to attend university and earn advanced degrees.

While in university, Huki and Kathryn had student loans and good holiday jobs. They used some of their holiday pay to invest in stocks and bonds through the Internet. They figured that by investing \$10,000 compounded at 9% interest in their early twenties, by the time they reached 65 they would have \$450,000. Even if the government funded old-age pension fails, this investment plus their superannuation from their employer would provide a secure and comfortable retirement. At first, the family lived in a modest home and was careful with their expenses.

EnGen was spectacularly successful in recent years, and the Rensars have prospered with the company. They have also done well with online trading by concentrating on high-risk investments rather than more stable investments like blue-chip stocks and money market funds. Also, saving has always been a lower priority for them, especially with the continuing low interest rates, although they do have some money saved toward Roxanne's university expenses. EnGen is located in an affluent Wellington community, and many people here lead expensive lifestyles. The parents' high salaries and success with the stock market made them feel confident that they could live a good lifestyle and still provide a good retirement for themselves.

Two years ago, in 2018, they bought one of the lavish, new "smart homes" with many of the cutting-edge robotic systems. Among other purchases in the last year, have been aero-cars for both the parents. They have also fulfilled a lifelong dream and cashed in their life insurance policy to pay for a week's vacation orbiting the Earth in the brand new Sheraton Spaceotel.

Armin spends much of his life on-line and has been persuaded by a group of friends who he has been communicating with but has never met, to set up an on-line business, buying and selling collectible late 20th century Pokemon toys. He will need to invest \$3000 to help start up this business. His parents will lend him \$1500 to be repaid with 10% interest over two years. He will also use the \$1500 in his savings account which came from his holiday job working at his uncle's bungee-jumping business.

Roxanne finds it hard to save much money although she is aware of her needs for university next year. Over the last 20 years the interest on student loans has been progressively reduced, but she will still need to find money for fees and living expenses. She has had several holiday jobs, but being a teenager these days is very expensive with huge pressure being brought to bear through holoadvertising for young people to follow the many fads promoted by marketers in an increasingly competitive market. Her latest purchase, a four-person hoverboard, has taken most of her accumulated savings.

Recently, high-risk stocks have taken a beating, causing the Rensar's to lose income. Monthly bills take most of their combined resources.

Two months ago serious problems were found with some of EnGen's genetically engineered products. Pending lawsuits threaten to bankrupt the company, destroying the employee superannuation fund. EnGen is laying off 75% of its employees, including Huki and Kathryn. The family members must draw on their strengths to decide how to deal with the financial problems that will impact all of them.

Help the Rensars to consider their situation by using your FPS skills. As a team, discuss the situation and generate challenges that caused this situation as well as the challenges that result from it. Select an underlying problem. Generate a list of possible solutions, select criteria to evaluate these, and develop your action plan.