



Financial Assistance

In this chapter you will find general information about the financial assistance available to young parents from Work and Income. There is also information about Child Support that caregivers as well as paying parents will find useful. Also, because many young parents struggle financially, you will find some ideas to help you manage money.

Work and Income
can tell you more:
0800 559 009
www.workandincome.govt.nz

Financial assistance for young parents from Work and Income

Are you a resident?

To get income support, you need to be a New Zealand citizen or permanent resident & normally live here. Usually you must also have been here for at least 2 years at one time. Sometimes you can get help if your situation is different.

Can you support yourself?

Whether or not you can get income support usually depends on your income & sometimes on your assets. Work and Income will ask you about your financial situation & for proof of your income, assets & costs.

Do you have a partner?

If you have a partner you need to let Work and Income know as this can affect the amount of assistance you may be entitled to.

How much will you get?

The amount you get varies according to your age, family situation & the type of income support you apply for. Contact Work and Income for details of the current maximum rates.

How do you apply?

The first thing you need to do is arrange a meeting with Work and Income. You are welcome to take a support person along with you to the meeting. At your first meeting, you'll meet

your case manager, who will be your main contact. They'll start by asking about your situation & explain how they can help. After that you'll meet regularly to review how things are going.

your rights

You can ... expect helpful & efficient service from your case manager

You can ... see your file & ask to correct anything that's wrong

You can ... ask for a review if you're not happy with a decision

You can ... get advice from your local beneficiary advocacy group if you feel you have been treated unfairly

What income support can you get when you're pregnant?

Independent Youth Benefit (IYB)

To get an Independent Youth Benefit you'll need to be aged 16-17, without children &

- unemployed, actively looking for work & ready to start a job or training course **or**
- a full-time trainee on an approved training course **or**
- enrolled in, & regularly attending, secondary school **or**
- unable to work temporarily because of sickness, injury, pregnancy or disability.

If you are single you must be:

- unable to live with your parents **&**
- unable to get financial support from them or anyone else.

There must also be a serious reason why you can't live with, and be supported by, your parents. If there has been a breakdown in your relationship with your parents, Group Special Education will usually need to assess the breakdown.

The IYB begins from the beginning of the 27th week of your pregnancy, unless you are suffering from an illness or disability other than pregnancy, or have pregnancy complications that prevent you from being in paid employment. If you are less than 27 weeks pregnant you may be entitled to receive IYB as a job seeker.

Sickness Benefit (SB)

The Sickness Benefit is for people who can't work full time or look for full time work, because of sickness, injury, pregnancy or disability. If you are 16 or 17 you may be able to get a SB on the grounds of hardship if you:

- are 27 weeks pregnant (or earlier if there are pregnancy complications)
- are unable to get any other type of benefit
- have cash assets of, or less than, \$4,300
- are unable to financially support yourself &
- your parents are unable to support you.

Work and Income will assess whether your parents can support you. If there has been a breakdown in your relationship with your parents, usually a family meeting will be called to assess the breakdown.

What income support can you get after the birth of your baby?

If you are getting a SB or an IYB, this will stop when your baby is born & you will need to apply for another benefit as a sole parent. If you don't keep your baby, or the baby is stillborn or dies shortly after birth, payment may continue for up to 4 weeks after the birth.

A 16 or 17 year old sole parent can't receive Domestic Purposes Benefit unless they have been legally married. Your parents are expected to support you until you turn 18.

If your parents are unable to support you, then you may be able to get an Emergency Maintenance Allowance.

Emergency Maintenance Allowance (EMA)

EMA provides income support to sole parents who do not qualify for Domestic Purposes Benefit & cannot receive any other benefit. You may be eligible on grounds of hardship if you:

- are aged 16 & over
- aren't living with the other parent or a partner
- have cash assets of, or less than, \$4,300
- are unable to support yourself &
- your parents are unable to support you.

The Domestic Purposes Benefit (DPB)

If you're a sole parent you may be able to get the DPB if:

- You're not living with the other parent or a partner
- You're 18 or over (or 16 - 17 if you were legally married)

Additional residency criteria for DPB and EMA

If your child was born outside of New Zealand then you will not generally be eligible for DPB or EMA unless other residency criteria are met.

Is there any help for sole parents who don't qualify for DPB or EMA?

People who don't qualify for the DPB or EMA, may apply for some other type of income support on hardship grounds.

Your personal development and employment plan

If you are getting the DPB or EMA, you're required to draw up a Personal Development Plan. This involves thinking about & writing down the steps you'll take to prepare to re-enter the workforce when you're ready & able to work. Your case manager can help you.

What if both parents share custody of the child?

Usually only one parent can get a DPB or EMA, & you'll be asked to apply for Child Support from the other parent. So if you share the care of your child, it could affect your benefit.

Is there any extra financial help?

There are several ways that Work and Income may give you extra help with costs. These are assessed on your individual circumstances, income & assets. Your case manager can give you more details. Extra help may include:

- **Accommodation Supplement** helps with rent or board costs or outgoings on your own home (including mortgage repayments, rates, house insurance & essential repairs). You won't qualify for an Accommodation Supplement if you have a tenancy agreement with Housing New Zealand - you'll qualify for an income-related rent instead. For more details see Chapter 7 *Where To Live*.
- **Childcare Subsidy** helps pay for childcare costs for pre schoolers under 5 years (or under 6 if you get a Child Disability Allowance for them). Work and Income can help towards the cost of up to 9 hours of childcare a week for each child and up to 50 hours a week if you're working, on an approved course or you're ill.
- **OSCAR (Out of School Care & Recreation) Subsidy** is for children aged 5 to 13 years. It helps towards the cost of care before & after school & during the school holidays while you're working.
- **Disability Allowance** helps towards the costs you or your child has because of a disability. It can help pay for things like regular visits to the doctor or hospital, professional counselling, medicines or travel.
- **Child Disability Allowance** helps if you're caring for a disabled child at home. It doesn't depend on your income or costs. The child must have a serious disability & need constant care & attention.
- **New Employment Transition Grant**
If you have a dependent child, you may be able to get a New Employment Transition Grant to help with your costs if you lose income in the first six months of working. Ask Work and Income for details.

Family Support

Work and Income pays Family Support on behalf of the Inland Revenue Department for dependent children if your main income is a benefit & your total gross (before tax) income is below \$20,356 per year.

Help for hardship or emergencies

There is a Special Benefit if you have unusual circumstances & need help with essential living costs for a time. A Special Needs Grant may be available for one-off urgent costs like food or medical treatment, & there are repayable grants & advances for items like furniture where a need is immediate & essential.

Community Services Card (CSC)

If you're receiving an income-tested benefit you automatically qualify for a Community Services Card. This reduces your costs for doctor's visits & prescriptions. If you have a child under 6, you'll automatically get a subsidy on doctors' fees – with or without a CSC. For more information call the Community Services Card centre free on **0800 999 999**.

You may also qualify for a **Pharmaceutical Subsidy Card** if you or your child need a lot of prescriptions each year. You can find out more about this card by talking to your pharmacist.



Home help

In some situations, Work and Income can pay for home help, if you've just had a multiple birth, have a domestic emergency or need domestic support with things like laundry, housework, cooking or childcare. Your income & assets must be under a certain limit (unless you've had a multiple birth).

How does extra income affect your benefit?

Work and Income look at all the other income you get from any source. If your total goes over a certain amount your benefit is reduced. Your benefit won't be affected by the first \$80.00 a week of income (before tax). If you're getting DPB, EMA, Widows Benefit or Invalids Benefit, income between \$4161-\$9360 a year (\$81 & \$180 per week) will reduce the benefit by 30 cents for every dollar received & by 70 cents for every dollar received from \$9361 a year (\$181 per week).

If you are getting DPB, EMA or Widows Benefit, you may also be able to earn up to \$20 a week more than these limits if you need to pay for childcare because you're working.

For other benefits such as SB, Unemployment Benefit (UB) or IYB, your benefit will reduce by 70 cents for each dollar received over \$80 per week.

Preparing for the workforce

Work and Income offers a wide range of services to help you enter or re-enter the workforce. Your case manager can tell you more about these. **For example:**

- **Training Incentive Allowance** helps with the costs of work related study if you receive DPB, EMA or Invalids benefit. Your study should be New Zealand Qualifications recognised. You may be able to get help with things like fees, textbooks or childcare.
- **Getting ready for work** workshops offer practical advice, interview techniques, preparing a c.v & more.
- **Gaining work experience** job introductions & opportunities to take part in community projects.
- **Finding a job** Work and Income lists job vacancies & helps to find jobs that may suit you.

Family assistance

If you're working & on a low to middle income & you have dependent children, you may qualify for Family Assistance from Inland Revenue. To find out more about Family Assistance call Inland Revenue on 0800 227 773. Have your IRD number handy.

Information about Child Support

Child Support is money paid by parents not living with their children (e.g. the father of your child), to help support those children. The money paid goes towards looking after the child or children. It's collected by Inland Revenue Child Support.

Who must apply for Child Support?

If you're on a sole parent rate of benefit (e.g. DPB) you must apply for child support. The application is done through Work and Income. If you receive a benefit & don't apply for child support, your benefit may be reduced by \$22 per child. This rule doesn't always apply. For more information read the section on Paternity in Chapter 10 *Legal Information*.

What if you aren't on a benefit?

If you aren't on a benefit you can either have your own agreement with the other parent, or ask Inland Revenue to collect child support on your behalf. Contact Inland Revenue to request an application form, either by phone or by downloading a copy from the website.

the application process

Step 1: An application for child support is made

Step 2: Once the paying parent's details are known, Inland Revenue uses a standard formula to work out how much child support must be paid & tells both parties

Example: A paying parent's income is \$30,000. The paying parent is single & is liable for 1 child:

1. Paying parent's taxable income: \$30,000
2. Take away Living Allowance for a single paying parent of \$12,226.00 = \$17,774.00
3. Multiply by % (depends on number of children & how often the paying parent cares for them) x 18% (1 child)
4. Divide into 12 monthly payments = \$226.60

Payments

The paying parent has 30 days from the date they receive their first notice of assessment, to make their first child support payment. Payments are due on the 20th of each month.

Note: \$5 or 10% (whichever is greater) late payment penalties apply to any late or unpaid child support payments. An extra 2% penalty for each extra month the payment is unpaid.

Caregivers

As a caregiver you'll receive payments on the 7th of the month as long as the paying parent has paid by the 20th of the month before. Money collected for caregivers receiving a benefit is used to help pay for that benefit. If payments are more than the benefit, the excess is given to the caregiver.

Caregivers must provide the following for the application:

- bank account details
- caregiver's details
- child or children's details
- verification of the child or children's date of birth
- proof of paternity (if relevant)

this could be:

- a full birth certificate naming the parents
- Paternity Order
- Adoption Order
- written acknowledgement from the father
- step-parent declaration

A full birth certificate is required to verify a child's date of birth. If you don't have one, then a copy of the child's passport or a short birth certificate may be accepted.

It's really important that you include all the documentation that's required. If Inland Revenue receives an incomplete application, they will let you know & then give you up to a week to provide the rest of the documentation. If an application is declined (e.g. the required & correct documentation wasn't provided), Inland Revenue advises Work and Income & your benefit is then reduced by \$22 per week per child.

Annual assessment

- **Works out the amount of child support paying parents need to pay for the current year**
- **Notices of assessments are sent to all paying parents in February & March**
- **Paying parents need to check the information & let Inland Revenue know if the information is incorrect**

administration review

A review can occur if the amount of child support the caregiver receives, or the paying parent pays, is questioned. Either caregiver or paying parents can apply if they feel the assessment is based on incomplete information or special circumstances haven't been taken into account. There are 10 grounds for review & an independent person acts as the review officer. For more information contact Inland Revenue Child Support.

Shared care

If the paying parent shares the care of the child, they will pay less child support (but not below the minimum – currently \$56.40 per month). Shared care is where both parents care for the child ‘substantially equally’ – this means the paying parent cares for the child or children for 40% of the nights in a year (146 nights). A person can share care even if they have the child for fewer than 40% of the nights – for example if they make significant contributions in other areas like day care.

Change of circumstances

If you are receiving or paying child support, it’s important that you let Inland Revenue know of any changes in your circumstances, for example:

- coming off or going onto a benefit
- changes in any of your personal details
- if the child or children enters or leaves your care
- if you are in a new relationship & caring for other children

Exemptions – Prison inmate or long-term hospital patient

You can apply for an exemption from paying child support only during a long-term stay in prison or hospital. Long term means a continuous period of 13 weeks or more. You must apply for the exemption before you come out of prison or hospital.

For more information
contact Inland Revenue
Child Support

Toll Free

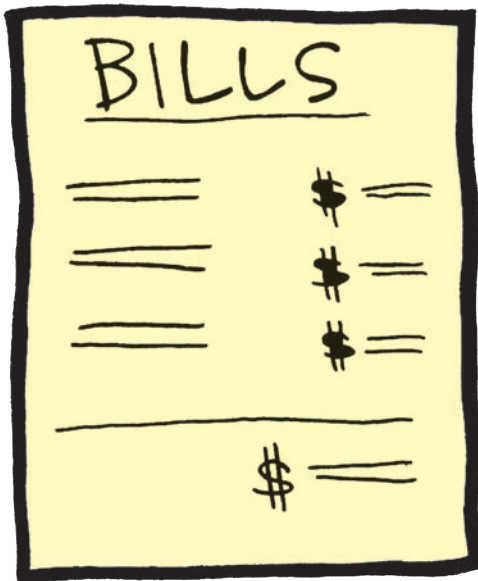
0800-221 221

Toll Free phone available:
8am to 8pm Monday to Friday,
9am to 1pm Saturday

www.ird.govt.nz/childsupport/

Budgeting & money management

Being a young parent on a low income is usually a financial struggle. Learning the art of budgeting & money management can make life a little easier.



Working out your budget!

Keep a notebook and write down **EVERYTHING** you spend **EVERY DAY** for a month. Include all living costs (e.g. rent, groceries, electricity, insurance, doctors), as well as everything else you spend (e.g. clothes, entertainment, videos), lay-bys, gifts, costs of running a car, bus fares, hire purchases, sports, childcare. Be honest & realistic. Now you should have a figure of how much it cost you to live for a month.

Subtract this amount from your income. The balance should equal zero or hopefully more. This means you've got enough to cover your expenses. If you end up with a negative balance (less than zero), you don't have enough income to cover your costs. Basically you've got 2 options. Either increase your income (e.g. make sure you're getting all that you're entitled to from Work and Income, or get a part-time job). Or, look at what areas you spend money on that aren't vital to your family's survival. Can you cut out some of your costs (e.g. trips to the dairy, cigarettes) & be thrifty with others (groceries, electricity, entertainment, clothes). **Sometimes small changes can make a difference.**

How to save!

It's tricky to save when it's hard to make ends meet in the first place. The aim is to get to a point where some money can be banked, even if it's just a little.

You have to find a reason to save – pick something that you're excited about, e.g. your child's birthday, clothes for next winter, a holiday to visit a relative. Spend some time thinking about & 'researching' your reason to save. For example, gather information on different birthday venues. Doing this helps to remind you why you're NOT going to spend any extra money.

Even if it's a small amount, figure out how much you can afford to put away each pay, after you've paid your bills. Set up an Automatic Payment to take it out of your account the same day as your pay goes in. Put it in a high-interest savings account that doesn't have easy access (e.g. no eftpos card). This way you have your living money in one account & your savings in another. It's also a good idea to set up Automatic Payments for things like rent to go out on your payday, so then you can never get behind by accidentally spending it. **Take out enough money to cover milk & bread, transport, videos etc for each week & only spend what's in your wallet. That way, what's left in your account is strictly for bills & emergencies.** You also save on eftpos transactions this way.

handy hints

*Learn to make or do things yourself.
It's fun & you save money.*

*Limit yourself to one hire purchase
at a time.*

*Spending? What you & your kid(s) need
comes before what you want.*

*Don't borrow money unless
it's an emergency.*

In debt? Go visit a free budget advisor.