

## Frequently Asked Questions – Work and Income

This information is to answer common questions by individuals affected by redundancy. The questions outlined below have been asked by individuals during group presentations from across many businesses. Whilst there may be slight changes to the policies mentioned in this document, both agencies are available to assist you at this difficult time.

### General Information

#### Can I get help from Work and Income?

YES – we provide “Employment Services” and “Financial Assistance” throughout New Zealand.

On the “Work” side, we can give you advice on how to get ‘work ready’ with CV templates and job search tips, information on where to find work including our own job-board, as well as helping you gain skills through ‘work programs’ that directly links you to jobs with employers. Our Work Brokers can work with you to determine eligibility for programs and to provide support to help get you into employment and/or advice on the skills needed to get the job you want.

On the “Income” side, depending on your personal circumstances, there are several levels of income support available. These include:

- Main Benefit or Pension, for example:
  - Job Seeker Support
  - Sole Parent Support
  - Supported Living Payment
  - New Zealand Superannuation.
- Supplementary Assistance, for example:
  - Accommodation Supplement
  - Disability Allowance
  - Childcare Assistance.
- Emergency Assistance, for example:
  - Recoverable and Non-recoverable Special Needs Grants
  - Temporary Additional Support.

Our Case Managers will work with you to assess your individual circumstances and determine if you are eligible for income support and can then advise how much payments will be and when payments will start.

#### Where can we find Work and Income? / What is the best way to talk to you?

**Ministry of Social Development  
Ground Floor Building 11, Remarkables Park Town Centre, Queenstown**

Open 8.30am to 5.00pm daily except Wednesday which is 9.30am to 5.00pm

**To make an appointment to meet with a Case Manager or Work Broker,  
please call our freephone number – 0800 559 009.**

**Alternatively, you can check your eligibility for financial assistance at <https://check.msd.govt.nz/>**

**General information about our services and benefits can be found on our web page  
[www.workandincome.govt.nz](http://www.workandincome.govt.nz)**



## Applying for a Benefit

### When I apply for a benefit is there a stand down period?

Most weekly benefits have a stand down. This is a period of time where you can't get any money from us. It's usually 1 or 2 weeks after your application is approved.

From 23 March 2020, there will be no stand down period for eight months. More information on this will be available on our website soon.

However, generally people applying for a main benefit will face a stand down period of either one or two weeks, from the day after employment ceased, ie, **redundancy situations where notice is worked out**. The day employment ceased can be different from the last day physically worked as it is the day after any holiday pay, pay in lieu or other payments have been considered.

Person paid to last day at work and receives 1-week's holiday pay:



The **length of the stand down depends on several factors**, such as the person's average weekly income (before tax) in the previous 26 or 52 weeks (whatever gives the best deal to the applicant), and the number of dependent children in their care at any time during that period. Any redundancy will be included in the average weekly income for the assessment of the stand down period.

The **benefit start date** is the day after the stand down ends or the day you apply for benefit (whichever is the later date). It is therefore important that you contact Work and Income as soon as possible after you finish work as it may affect the date you can start to receive financial assistance if you don't find work straight away.

There are different rules for people aged 65 and over applying for New Zealand Superannuation. If you are aged 65 and over, please contact our seniors' team to discuss your situation.

### If we work shifts, we get an extra week's leave - is this counted as leave when calculating benefit start dates?

If this is paid when you cease work, then yes it does. The following is a list of payments used when calculating the date that your employment ceased.

- holiday pay
- pay in lieu of notice
- pay in lieu of accumulated leave
- payments made on the completion of fixed term contracts
- some severance payments (sometimes another name for redundancy).

We can discuss these with you when you apply and when we know more about the make up of any redundancy package.

## About the Jobseeker Support Benefit

### Can I get the Jobseeker Support benefit?

To qualify you:

- must be 18 years old or over if you have no dependent children
- be aged 20 years or older if you have dependent children
- be a New Zealand citizen or permanent resident who normally lives here
- must not be working full time
- be actively looking for a full-time job - 30 hours per week or more is considered full time; and
- able to start work straight away.

If you are unable to work full-time because of a health condition, injury or a disability, you may qualify for Jobseeker Support with a medical deferral.

### If I have money in the bank – will I be able to get a Jobseeker Support benefit?

Jobseeker Support is income tested, not asset tested. Money in the bank is an asset but the interest you earn on the money in the bank is considered income. Any money in the bank may affect your entitlement to extra help such as accommodation assistance and we will need to discuss this with you.

### Does having a partner mean I can't get a Jobseeker Support benefit?

No, but if you have a partner they must be included in your Jobseeker Support application (or any benefit you apply for). They may also need to look for full-time work as follows:

- 30 hours or more per week, if you have no children at home or your youngest child is aged 14 years or over;
- or look for part-time work (15-29 hours per week) if your youngest child is aged 3-13 years of age; or
- work with us to plan for their future if the youngest child is under 3 years.

Any income you or your partner receives may affect the benefit you receive.

### What happens if my partner is working? Can I still receive a benefit?

Yes, however it will depend on your partner's total gross weekly income. Currently, the cut-out point for a couple with no children is \$602.00 and for a couple with children is \$639.00. You may be able to receive Jobseeker Support, but it will be paid at a reduced rate. *Note: Rates are subject to change.*

Please note that you should also discuss with Inland Revenue how your partner's income should be taxed.

### If my partner is working can Work and Income still help me find a job, or is it only for people on a benefit?

Yes, we can still help you. You are welcome to see our Work Brokers for assistance even if you are not receiving a benefit from us.

### If I host an overseas high school student, will their board payment affect my entitlement to a benefit?

No, you can have up to 3 boarders before it will affect payment. A family providing board for an international student, in most cases, is not running it as a business so for benefit eligibility it is treated as a boarding arrangement. *Note as at 31/03/2017, IRD will tax board payments if over \$257 per week.*

## Study or Training

### **If I am training am I eligible to receive a benefit?**

If you are attending an approved training course and can still meet your job search requirements, then you may still be eligible to receive Jobseeker Support. If you intend to attend a tertiary institute such as a polytechnic or university you may be eligible for assistance from StudyLink. If you have a training course in mind, phone our contact centre on 0800 599 009 to find out options available to you.

### **I'd like to study for a year. If I have money in the bank, and my spouse is working, would I be entitled to a student allowance?**

How much Student Allowance you may be entitled to depends on individual circumstance. We recommend you phone StudyLink on 0800 88 99 00 to discuss your situation.

### **Does my redundancy affect Student Allowance if I want to study next year?**

No, but any interest that is earned from the redundancy (money in the bank) will be counted as income against Student Allowance entitlement.

### **If I decided I wanted to train to be a nurse or a teacher, how could StudyLink help me?**

You may be entitled to a Student Allowance, depending on your circumstances. You could also apply for a Student Loan and there are some scholarships available. We recommend you phone StudyLink on 0800 88 99 00 to discuss your situation.

### **My daughter is going to university next year; will my redundancy payout effect her entitlement for a student allowance?**

No, your redundancy payment will not affect Student Allowance for the 2020 study year. If you invest your redundancy payment, then StudyLink would treat any interest or dividends as income to be assessed against the Student Allowance.

### **Are my earnings for this year considered if my child wants to study next year – I will have a larger income this year and my next job may be at a lower rate?**

The Student Allowance assessment uses parents' **current** income at the time the student is studying and receiving a Student Allowance. Therefore, if the parent is working at the time the student applies for Student Allowance in 2020, StudyLink will request evidence of the parent's last 4 weeks gross taxable income (eg payslips, letter from employer). If the parent does not have employment at the time the student applies for Student Allowance, then they would declare 'nil' income on the parent's form. If the parent invests their redundancy payment, then StudyLink would treat any interest or dividends as income to be assessed against the Student Allowance.

*We recommend you phone StudyLink on 0800 88 99 00, to discuss your situation with us. You can also find detailed information on our website [www.studylink.govt.nz](http://www.studylink.govt.nz)*

## Other benefits and assistance

### **What is the criterion for Jobseeker Support benefit with a medical deferral?**

If you are temporarily off work or working at a reduced level because of sickness, injury, pregnancy or disability, we may be able to help by providing Jobseeker Support. When you apply you will need a medical certificate which can be obtained from your doctor, dentist or midwife. Your first certificate can only last for up to four weeks.

### **I'm on the hospital waiting list for surgery and will probably not be able to find alternative employment until after my surgery. Will Work and Income be able to help me?**

You may be eligible for Jobseeker Support with a medical deferral until you have had your surgery. If after your surgery, you do not have employment then we can assist you to find employment.

### **Is my Kiwisaver 'means tested' against superannuation entitlement?**

When you reach the age of 65 you are able to withdraw the funds from your Kiwisaver account so at this point any funds should be included in an income and asset test, but it won't affect your entitlement to NZ Superannuation. If the Kiwisaver money is invested it becomes 'money in the bank' (asset). Interest earned on the money (income) may affect entitlement to extra financial support, ie, accommodation supplement.

### **A note re Holiday Pay ...**

It's important to note that when holiday pay is 'paid out' as a bulk amount when you finish work, it is likely to be taxed at a higher rate – <http://www.ird.govt.nz/calculators/tool-name/tools-t/calculator-tax-rate.html>

This means that you may get less money than you would if you took holidays whilst still in work.

You may need to factor this into your weekly income and expenses for the period when you finish work and before you become eligible to apply for a benefit or get another job.

## Frequently Asked Questions – Inland Revenue

### **I have a company-based superannuation scheme – can I transfer the funds from this scheme into Kiwisaver?**

Yes, you can. Find out how to do this by going to [www.kiwisaver.govt.nz](http://www.kiwisaver.govt.nz). We also recommend you talk to a financial advisor.

### **Changing jobs during you're a 'Savings Suspension' (previously Contributions Holiday)**

If you change jobs during your Savings Suspension, you'll need to show your new employer your savings suspension notice. If you cannot locate your savings suspension notice, deductions are required until you get a replacement letter from Inland Revenue. Any deductions made during this period won't be automatically refunded – you will need to contact Inland Revenue if you want them to be refunded.

### **With KiwiSaver, you must be in the scheme for 12 months before you can have a Savings Suspension. If we're made redundant before we've been in the scheme for 12 months, do we still have to contribute?**

We'll consider granting you an [early savings suspension](#) if you're experiencing, or likely to experience, [financial hardship](#). An early savings suspension is one taken within the first 12 months of contributing. The default period is three months. We may give you a longer savings suspension because of your circumstances. You can apply for an early savings suspension by calling us on 0800 549 472 (0800 KIWISAVER). You'll need to provide evidence to support your application.

### **If I get another job and I don't want to join up with KiwiSaver, what do I do?**

When you start a new job, you are automatically enrolled in KiwiSaver and deductions will be made from your pay. You can't opt out until you've been in your new job for two weeks (14 days), but if you decide to opt out you must do this within eight weeks (56 days) from the day you started your job. If you don't opt out in this timeframe, you'll remain a KiwiSaver member and deductions will continue to be made from your pay.

### **I heard that after 6 months with KiwiSaver I can no longer opt out. Is this correct?**

Yes, the opt-out period is from day 14 to day 56 after starting a new job. If you don't opt out in this timeframe, you'll remain a KiwiSaver member and deductions will continue to be made from your pay.

### **What about if I'm over 60 years of age? When can I opt out of KiwiSaver?**

You become eligible to withdraw your savings (including the government kick-start and member tax credits) as a lump sum when you qualify for NZ Superannuation (currently age 65). If you joined KiwiSaver between the ages of 60 and 65, you'll be able to access your savings after you've been a KiwiSaver member for five years.

### **What rate will my redundancy be taxed at?**

Redundancy pay is considered income. Redundancy payments are taxed at a flat rate, based on your expected yearly income.

If you receive a redundancy payment, or don't work a full year, your yearly income may be higher or lower than expected. This means you may get an income tax refund at the end of the tax year or have some more tax to pay.

Student loan repayments are deducted from redundancy payments. If you're struggling to meet your student loan repayment obligation, contact IRD as soon as possible to discuss your student loan options. ACC earners' levy and KiwiSaver contributions are not deducted from redundancy payments.

Working for Families Tax Credit entitlements are based on your yearly family income. If you receive weekly or fortnightly payments, contact Inland Revenue as soon as you know your income is changing so we can make sure you receive your correct entitlement.

Child support is based on your income from previous years. This means the amount you receive or pay may not change right away. But if your income drops by 15% or more, or if your assessment doesn't reflect your current situation, you should contact Inland Revenue as soon as possible to discuss your child support options.

For more information about how redundancy payments are taxed and how it may affect your entitlements, please visit <http://www.ird.govt.nz/yoursituation-ind/redundancy/>

### **Do I still have to pay into KiwiSaver if I'm not working?**

If you cease working you won't be required to make compulsory payments towards KiwiSaver. You can make voluntary payments though. Deductions will start up again once you start any new employment. If you become self-employed you will need to talk with your provider and work out the minimum payments.

### **Our redundancies will affect family assistance. If I get a job that pays less than I get now, will I need to notify Inland Revenue?**

It's in your best interests to notify Inland Revenue of any income changes in each financial year as it will affect your entitlements.

### **11 years ago, when I was made redundant I got a big tax bill. Is this likely to happen to me again?**

It would be unlikely because your employer will have the required information about redundancy tax rates. If you receive other sources of income (eg, self-employed income) - please note all income is considered collectively - so your redundancy may be taxed a higher rate. More information can be found at <http://www.ird.govt.nz/forms-guides/keyword/wff-tax-credits/ir1009-guide-redundancy.html>

### **How do we ensure the ACC levy is not charged on our redundancy?**

Your employer will be aware that ACC Levy is not charged on your redundancy payment.

### **Does the 12% student loan repayment go on top of the tax on my redundancy payment?**

Yes.

### **If I have a year off work, does this affect the tax I pay?**

The amount of income you receive in the financial year will determine what tax you will be expected to pay.

### **If I want to transfer the bulk of my super scheme here to Kiwisaver, can I do that?**

Yes, you can, but we suggest you talk to a financial advisor if you want to do this.

### **Is our superannuation taxed?**

Your superannuation is taxed each financial year. You should have received a statement from your scheme provider advising you what interest you earned and how much tax you paid on it. Providing you elect your correct Investor Rate with your provider, these amounts do not need to be declared in your tax return or Personal Tax Summary.

Any amounts withdrawn from your Kiwisaver (or other Superannuation Funds) are tax free. This could be in the form of a lump sum or annuity.