

Significant Financial Hardship Processing Guidelines

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Introduction

These guidelines relate to the processing of Significant Financial Hardship ("SFH") claims by KiwiSaver scheme members. They are intended to give a common basis for assessment, and in so doing minimise the prospect of members moving providers to get a favourable result to their claims.

Whereas "standard practice" guidelines ideally should provide clear, consistent guidance on processing SFH claims, in reality there is no definitive standard process as each claim must be assessed on its individual merits. This means it will always remain possible that different Trustees, on the same information, will reach different conclusions as to whether any particular claim meets the requirements.

These guidelines aim to ensure a consistent understanding of the SFH test and how it operates, and consistency in terms of how SFH is tested and claims are processed.

Definition of Significant Financial Hardship¹

"Significant Financial Hardship" is defined non-exhaustively (see below) in clause 11 of the KiwiSaver Scheme Rules to include significant financial difficulties that arise because of:

- o Members' inability to meet:
 - i. Minimum living expenses, or
 - ii. Minimum mortgage repayments on their principal family residence, resulting in the mortgagee seeking to enforce the mortgage on the residence, or
- o The costs of:
 - iii. Modifying residences to meet special needs arising from members' or their dependents' disability, or
 - iv. Medical treatment for members' or their dependents' illnesses or injuries, or
 - v. Palliative care for members or their dependents, or
 - vi. Funerals for members' dependents.

(See below for more discussion on these issues).

SFH must be assessed as at the time of the application. Prior applications (whether successful or not) may be considered in the assessment, but are not a defining factor.

Dependency

Whether persons are **dependents** for the purposes of this clause (the term is not defined in the KiwiSaver scheme rules) will be determined on a case-by-case basis. In determining whether persons are dependents, the Trustee should consider for example:

- o whether they are dependent on the member for financial support, and
- o the degree of relationship to the member, and
- o what degree of financial support the member habitually provides to them.

However, the dependency concept is not limited to financial dependency and we consider that appropriately evidenced dependency on the member for domestic, personal or medical care can also suffice.

Clause 11(1) grounds are not exhaustive

It is important to remember that the core tests in clauses 10(1) and 10(3) of the KiwiSaver Scheme Rules are:

- vii. whether or not the Trustee is reasonably satisfied that the member "*is suffering or is likely to suffer from significant financial hardship*", and
- (i) whether or not the Trustee is also reasonably satisfied that reasonable alternative sources of funding have been explored and exhausted.

¹ Sourced from KiwiSaver Act 2006, Schedule 1, Clause 11(1)

If both tests are met, then a member can make a withdrawal, though the Trustee has a residual discretion to limit the amount withdrawn to a specified amount that in its opinion is 'required to alleviate' the particular hardship.

The list of SFH grounds in clause 11(1) is not exhaustive. It allows for other causative factors to be considered and is merely a guide. Significant financial hardship must of course be tested objectively and the hardship (actual or likely) must be genuine. However, Trustees must take care not to exclude outright other causative factors which are just as capable as others of resulting in hardship.

To give some simple examples, the costs of medical transport are just as capable (in principle) of resulting in significant financial hardship as medical treatment costs. The same is true of the costs of a caregiver, the cost of disability aids or the cost of modifying a vehicle to meet special needs – none of these grounds is listed in clause 11(1) but each is a potentially sufficient causative factor.

Members with UK pension transfer money in KiwiSaver

Care must be taken whenever a member has transferred an amount from a UK pension scheme into his or her current (or any prior) KiwiSaver scheme. If the member has been UK resident at any time during either:

- the year of the withdrawal; or
- any of the five preceding UK tax years;

then he or she may have to pay UK tax on the amount of money transferred from a UK pension scheme if they withdraw it for SFH purposes.

KiwiSaver scheme providers should be proactive in discussing with those members who have previously transferred amounts from UK pension schemes the risk of incurring a UK tax liability when making an SFH withdrawal. A key reason is that it is not possible for such members to 'leave behind' the UK pension transfer portions of their KiwiSaver balances when making a SFH withdrawal - the UK legislation deems any withdrawal to include *in the first instance* an amount transferred from a UK pension scheme.

1. What constitutes "minimum living expenses"²?

For the purposes of clause 11(1), "minimum living expenses" would usually include the actual and reasonable costs of:

- a. Basic food and grocery items, and
- b. Accommodation (including mortgage repayments, interest, rates and necessary maintenance for the principal family residence), and
- c. Basic clothing, and
- d. Utility services such as power, gas and telecommunications, and
- e. Transportation, and
- f. Fire and general insurances, and
- g. Medical and dental costs necessary for the maintenance of good health, and
- h. School fees (excluding private school fees) and tertiary education costs, and
- i. Expenses in relation to any dependents with special needs, and
- j. Other normal (non-luxury) household items.

Minimum living expenses are assessed in the context of normal community standards across NZ, taking into account regional differences (such as in rent/power costs). To elaborate, they will ordinarily include:

- *Basic food and grocery items.* This would include sufficient quantity and quality of goods to maintain a good nutritional diet for the member and his/her dependents' household and maintain good hygiene. Luxury items would be excluded (see *Otago Nutrition survey on P3),
- *Accommodation.* The actual and reasonable costs of the member's existing accommodation would be included. It would not generally be reasonable to expect the member to move to less expensive accommodation whether rental or owned. This would cause unnecessary expense and further hardship for the member and dependents. Accommodation expenses would also include rates, insurance and necessary maintenance. However, if the accommodation was of such an excessively high standard that changing accommodation was a reasonable alternative source of funding then the costs should not be regarded as within minimum living expenses.
- *Basic clothing needs* would be included. Discretionary expenditure on clothing for the member and/or dependents would be excluded from the definition of minimum living expenses.
- The reasonable cost of *utility services* such as power, gas (very dependent on utility provider and region of NZ) and telecommunications. The reasonableness test can be applied by reference to regional cost variations and the member might be asked to demonstrate what steps he or she has taken to reduce excessive expenditure on these services. Discretionary expenditure on these services would not be caught within the definition of minimum living expenses.
- Actual and reasonable *transportation costs.* This would include the operation and maintenance of an economical, low cost, reliable vehicle and public transport. Potentially excluded from the definition would be more expensive and/or high fuel cost vehicles as the disposal of such items could be reasonably applied to alleviating the financial hardship.
- *Medical costs* for the member and dependents. Discretionary non-essential medical costs would be excluded. The member could be asked to demonstrate that he or she has taken reasonable steps to minimise these costs such as applying for a community services card.
- The reasonable and actual costs of *school attendance.* This would include school fees and activity costs such as sports equipment. However, the member could reasonably be expected to show that excessive expenditure is not being incurred on such items.
- The reasonable costs of general and medical *insurances.*

^{2,3 & 4} Sourced from IRD – Standard Practice Statements, SPS 07/04 July 2007

- The reasonable costs of the purchase and maintenance of *normal and basic household items*. This would be judged by what could reasonably be expected to be found in an average household.
- The reasonable costs of *dependents with special needs*. Members will undoubtedly incur extra costs if they have dependent(s) with special needs. The member may need to work reduced hours or may even be unable to work. The actual costs will generally be offset by grants from various agencies and care must be taken to allocate this income to the purpose for which it has been given.

Church tithing and/or donations may be considered a 'minimum living expense' in certain limited circumstances. Care should be taken to ensure that any refusal of a withdrawal (either wholly or in part) on the basis that (for example) tithing might be either reduced or discontinued does not unlawfully discriminate in terms of the Human Rights Act 1993 on the ground of religious belief.

Over-arching all of this, however, is a holistic assessment of the member's circumstances which should not be overly 'forensic' or literal. If the member can establish, to the reasonable satisfaction of the Trustee, that in a practical sense he or she cannot meet (or is unlikely to be able to meet) minimum living expenses, then the withdrawal should be treated as permissible even if there is some expenditure at the fringes of what the Trustee considers to be a minimum living expense.

2. Mortgage enforcement

The criterion that a member cannot meet mortgage repayments on their principal family residence, resulting in the mortgagee seeking to enforce the mortgage on the residence, requires two tests to be met:

- the member cannot afford to meet the mortgage repayments on the principal family residence; and
- the mortgagee is seeking to enforce the mortgage.

Alternatively, the member must establish that both tests are likely to be met, even if the mortgagee has yet to issue a demand.

In other words, it is not necessary for the member to demonstrate that the mortgagee has issued a notice under Property Law Act 2007 (PLA). However, some evidence that the mortgagee intends to enforce the mortgage is needed, such as a letter from the mortgagee making demand for loan repayment or containing a threat to issue a PLA notice.

If the test can be met, then the assessor will need to determine as a second limb that the member is in fact unable (or is likely to be unable) to meet the minimum mortgage repayments on their principal family residence. Grounds for this determination are purely financial and can best be determined using the member's statement of cash flow.

3. Modification of residence

Have significant financial difficulties arisen (or are they likely to arise) because of the need to make modifications to the residence to meet the special needs of a member or a dependent due to disability? The test is relatively simple. The member needs to establish that:

- the modifications were (or are) necessary or highly recommended by a medical practitioner, and
- a withdrawal is the only practicable means to alleviate the SFH (i.e. other options for funding the modifications, such as an application to ACC, have been exhausted).

4. Medical treatment and palliative care

Medical treatment can be defined as the management and care of a patient or the combating of a disease or disorder.

Palliative care can be defined as treatments designed to relieve pain and distress with no attempt to cure.

Have significant financial difficulties arisen (or are they likely to arise) because of the cost of medical treatment for an illness or injury of the member or member's dependents? There are two elements to the test:

- There has to be significant financial difficulties as opposed to mere financial hardship, and
- The significant financial difficulties must have arisen (or be likely) because of the need to provide medical treatment for an illness or injury to a member or his or her dependent.

Because the grounds are separate from inability to meet minimum living expenses, it is not necessary for the member to demonstrate that minimum living expenses cannot be met.

If significant financial difficulties have arisen because of the cost of palliative care for the member or member's dependents:

- A member may experience significant financial difficulties because of the need to take a decrease in earnings through a lesser paid job or reduction in hours while at the same time experiencing an increase in necessary expenditure.
- The course of terminal illness is very difficult to predict and will change over time. Most medical experts will be reluctant to estimate a timeframe.

For the above reasons a more compassionate approach is suggested. However, it will still be necessary (under clause 13(1B) of the KiwiSaver Scheme Rules) for the person seeking a withdrawal to provide a completed statutory declaration in respect of his or her assets and liabilities.

5. Funeral costs

Have significant financial difficulties arisen (or are they likely to arise) because of the need to meet the funeral costs of a member's dependent? The member will need to establish what those funeral costs are, how they lead to significant financial difficulties, and that they cannot be reasonably met in an alternative manner.

The actual cost of the funeral need not be examined too forensically, as people have different sized extended families and cultural needs. It would likely be unreasonable, for example, to ask whether the member has looked at a cheaper funeral.

Application assessment guidelines³

The Trustee would generally consider events beyond the members' control or unexpected events to include:

- A. the need to repair, maintain, or replace essential items of the members' or their dependents' real or personal property, for example:
 - vehicles if no other reasonable transportation alternatives are available; or
 - major household appliances or items of a non-discretionary nature (for example, washing machines or fridges); or
- B. events such as:
 - accidents involving themselves or their partners or dependents; or
 - naturally-occurring events; or
 - normal wear and tear; or
- C. illnesses, injuries or conditions suffered by members or their partners or dependents that affect their income or cause material expenses including:
 - medical treatment costs for the members' or their dependents' illnesses, injuries or conditions; or
 - special medical or rehabilitative equipment costs for the members or their dependents; or
- D. costs for:
 - modifying residences to meet the special needs of the members or their dependents; or
 - palliative care for members or their dependents; or
 - the members' or their spouses' or partners' pregnancies; or
- E. inflationary factors such as price increases in:
 - basic commodities; or
 - interest rates on borrowings; or
 - residential rents; or
- F. changes in shared living arrangements that cause increases in the members' residential rents or reductions in board payments received by them; or
- G. a relationship breakdown that leads to a reduction of income, a change of living costs, or unplanned one-off expenses; or
- H. members', or their dependents' education costs (excluding private school fees) and related costs if alternative funding is unavailable or not feasible; or
- I. involuntary changes in the members' or their partners' employment circumstances that cause reductions in their household income (for example a reduction in overtime work available); or
- J. a reduction in the member's household income because of voluntary changes in the member's or their partner's employment circumstances for work related or family reasons (for example, reducing work hours to contribute to child rearing or taking redundancy rather than moving to a workplace in a different city).

The Trustee cannot bring moral judgments, after the event, into assessing whether SFH applies. SFH is a test of fact only. Hence, although the Trustee may consider that the member's financial circumstances have changed because of events or circumstances within their control or discretion, because they could have considered the financial implications of these events or circumstances, the test is whether SFH exists at the point of time that the application is made.

The Trustee must treat each SFH request on a case-by-case basis, based on the actual (or likely) financial position at the time of the application, irrespective of how the financial

difficulties have arisen. By the same token, continued spending on non-essential items and/or activities may well be a valid consideration for the Trustee.

Further information:

- A. In the first 12 months of KiwiSaver membership, if the member's financial circumstances are unchanged from when the member first joined KiwiSaver, or since a previous hardship claim, the Trustee may accept that they are suffering, or are likely to suffer SFH, if they show that they underestimated the financial effect that making contributions would have on their disposable income and cannot afford to pay their reasonable living expenses as a result. In this situation the Trustee may suggest that the member consider applying to the IRD for a financial hardship-based **contribution holiday** under section 102(a)(i) of the Kiwisaver Act.
- B. The Trustee is more likely to accept that members are suffering, or are likely to suffer, SFH if their financial circumstances have changed since they have commenced their membership, than if their financial circumstances are unchanged. Changed circumstances would include where their personal disposable incomes have reduced because their:
 - a. Personal income has reduced, and/or
 - b. Living expenses have increased, to the extent that it is no longer financially feasible for them to continue making contributions or they are now in a situation of escalating debt to meet living expenses.
- C. Under clause 10(3)(a) of the KiwiSaver Scheme Rules, the Trustee must look at whether reasonable alternative sources of funding were explored and exhausted prior to the member requesting a withdrawal of funds, as taking funds out of any locked-in superannuation fund should be a last resort. As such, the information provided by the member's budget adviser or accountant (if provided – the considered view is that it should not be compulsory for the member to have seen a budget adviser – except for a second or subsequent application, but if they have done so of their own accord, then the information provided will probably assist in the assessment) should include all steps that they recommend should be taken, or that have already been taken to alleviate their current situation. This will usually include options in addition to, or other than, withdrawing the locked-in superannuation funds. Providing this additional information enables the Trustee to have a better understanding of the additional steps that have already been taken or that will be taken in conjunction with the withdrawal, assisting them to make a quicker decision.
- D. The assessment of whether members are suffering, or are likely to suffer, SFH should not be materially influenced by moral or cultural judgments. However, members continuing to engage in extravagant or lavish lifestyles, or who are continually gambling, when viewed objectively, are unlikely to be regarded as suffering SFH.
- E. The question of what steps the member has taken/will be taking to avoid getting into difficult financial circumstances in future is perhaps a reasonable one, but should not be a determinant in assessing the current status and whether SFH applies.

The SFH Application Form should not be used in cases of Serious Illness, because Serious Illness allows withdrawal entirely as of right (see below).

Assessing SFH is not (of itself) investment advice, so no consideration of that aspect is necessary.

Income from a family trust or business

If family trust or business income is shown as a source of income in either the income or bank statements, then that should be a flag for the Trustee to perhaps ask for further information. Business income and/or income or other distributions from a family trust will in many cases be legitimate potential sources of alternative funding potentially available to the member.

In any case, it is likely that further information may be required from the member in respect of the income or capital potential of these entities.

If the presence of a trust is indicated (in which the member is a beneficiary), the proper approach

for the trustee is to check that the member has sought funding from that source. Unless there are exceptional circumstances, looking through to the trust is not necessary. Even if the trust has significant assets, and the member is a trustee and/or beneficiary, if the trust has declined a request for assistance for any reason that is usually the end of things.

Court orders

The main reason we would have a request for an early withdrawal resulting from a Court Order is a Relationship Property settlement. In the case of a formal Court Order, the member will have to pay the amount stated in the court order. This is set out in the Court Order and will usually make reference to the actual product (the requirements for superannuation accounts are prescribed in Section 31 of the Property (Relationships) Act 1976: Orders in relation to superannuation rights). The Provider needs to be supplied a certified copy of the Court Order to enable you to act on it. If the Court Order clearly refers to the member's KiwiSaver scheme and the amount ordered to be paid does not exceed the member's accumulation, then the Trustee must give effect to the order: KiwiSaver Scheme Rules, clauses 7(1) and (2).

In many cases, the couple may agree what the settlement is, and may not go to court. Generally in these situations the requests would be need to be reviewed under the significant financial hardship provisions - if the payment of the settlement amount would put the customer into SFH, this should be stated in the summary section.

Bankruptcy - Official Assignee

Under the KiwiSaver Act, there is no specific provision that permits the Official Assignee (OA) to withdraw a KiwiSaver member's account balances in the situation where a member becomes bankrupt. In these instances, the OA stands in the shoes of the KiwiSaver member in relation to his/her assets whilst the member is bankrupt. Any dealings/instructions we have or receive in relation to the bankrupt KiwiSaver member or his/her account must be from the OA, not the member. If the OA is wanting to access the member's account balances while the member is a bankrupt then the withdrawal must fall within one of the permitted early withdrawal grounds set out in the KiwiSaver Act (significant financial hardship, serious illness, permanent emigration).

Note that bankruptcy, of itself, does not automatically amount to significant financial hardship once bankruptcy has been adjudicated. Entry or pending entry into the No Asset Procedure (see <http://www.insolvency.govt.nz/cms/personal-insolvency/what-is-the-no-asset-procedure>) or the prospect of a Summary Instalment Order (see below) under the Insolvency Act 2006 are likely to be consistent with a finding of significant financial hardship, but are not conclusive factors.

The OA may liaise with the bankrupt member to get the member to make a significant hardship withdrawal. This withdrawal must follow the normal process, in that the member must apply for the withdrawal, and the withdrawal request must meet all of the requirements (statutory declaration, statement of assets and liabilities, etc.). It may be appropriate to seek further information from the OA as how funds released would be applied to relieve the member from the significant financial hardship being faced. If the Trustee considers that the member meets the criteria for a SFH withdrawal, then any withdrawal payment must be made to the OA or in accordance with the OA's instructions.

It might be appropriate to check at www.insolvency.govt.nz as to whether the member has been adjudicated bankrupt or otherwise.

Summary Instalment Orders (SIOs)

SIOs are frequently one of the causes/developments that lead to seeking help from the family budgeting service, and also applying for SFH benefits from KiwiSaver. For an explanation of SIOs, see

<http://www.insolvency.govt.nz/cms/summary-instalment/sio-frequently-asked-questions>

SIOs are granted by the OA and mean that in most/many cases the member is heading for bankruptcy, but not there yet. The application is forwarded to the OA who assesses the case and if approved for SIO, passes the case to a personally appointed supervisor or one approved by MED.

The information required in the application is:

- *Your full name and address*
- *A completed Statement of Affairs*
- *Details of goods you own*
- *Names and addresses of all people you owe money (your creditors)*
- *What your income and expenses are*
- *The amount you owe each creditor and what for*
- *A statement that you will pay your creditors in full, or*
- *A statement saying what percent of your debts you will pay (e.g. you may say you can pay 80 cents for each dollar owed). If your creditors have agreed to accept less than full payment, be sure to put the agreement in your application.*
- *The total amount of the weekly or other instalments you will pay*
- *The name and address of your proposed supervisor, or*
- *Your written reasoning explaining why you think a supervisor is not necessary*
- *Whether any debts are secured and the value of the security*
- *Whether any debts are guaranteed by someone*
- *If you are employed, your employer's name and address.*

The Official Assignee will assess your application and order that you pay your debts by instalments (or otherwise) according to your circumstances. You may need to come to some agreement with your creditors about the amount to be repaid. When making an order the Official Assignee may make other orders covering:

- *Your future earnings or income*
- *Goods that you own (some may need to be sold to help pay your debts).*

The application form is very detailed, much more than providers will want, but it is nevertheless instructive to look at it

[http://www.insolvency.govt.nz/cms/pdf-library/Summary instalment order and SOA.pdf](http://www.insolvency.govt.nz/cms/pdf-library/Summary%20instalment%20order%20and%20SOA.pdf)

The familybudgeting.org spreadsheet and the summary installment order ("SIO") application are very similar. The only 'extras' in the SIO are:

- *reparations*
- *pet costs*
- *prescriptions*
- *holidays*
- *entertainment*

If the member has already completed the SIO form, then that should be sufficient and perhaps replace the SFH financial requirement, so long as supported by the relevant documents.

An 'approved' SIO will almost certainly be a SFH, but the SFH might also be asked for by the supervisor/OA as part of the processing of a SIO and even the avoidance thereof.

Persons authorised to take statutory declarations

The list of such persons on the best practice application form is limited. This list is more complete and is sourced from the [Oaths and Declarations Act 1957 No 88](#):

- a person enrolled as a barrister and solicitor of the High Court; or
- a Justice of the Peace; or
- a notary public; or
- the Registrar or a Deputy Registrar of the Supreme Court; or
- the Registrar or a Deputy Registrar of the Court of Appeal; or

- f. a Registrar or Deputy Registrar of the High Court or a District Court; or
- g. some other person authorised by law to administer an oath; or
- h. a member of Parliament; or
- i. a person who—
 - i. is a fellow of the body (incorporated under the Incorporated Societies Act 1908) that, immediately before the commencement of the Oaths and Declarations Amendment Act 2001, was called the New Zealand Institute of Legal Executives; and
 - ii. is acting in the employment of the holder of a practicing certificate as a barrister and solicitor of the High Court; or
- j. an employee of the New Zealand Transport Agency, authorised for that purpose (by name, or as the holder for the time being of a specified office or title) by the Minister of Justice by notice in the *Gazette*; or
- k. an employee of Public Trust, constituted under the [Public Trust Act 2001](#), authorised for that purpose (by name, or as the holder for the time being of a specified office or title) by the Minister of Justice by notice in the *Gazette*; or
- l. an officer in the service of the Crown, or of a local authority within the meaning of the [Local Government Act 2002](#), authorised for that purpose (by name, or as the holder for the time being of a specified office or title) by the Minister of Justice by notice in the *Gazette*.

(Note that no appointment is needed to see an official at the District Court, so this might be attractive to claimants).

JPs are listed in the telephone book.

What should not be considered Significant Financial Hardship⁴?

Financial difficulties that arise because the members are (for example):

- a. Engaging in excessive social or entertainment activities, or
- b. Unable to continue the current rate of mortgage repayments on their principal family residence if those repayments exceed the minimum or where refinancing the mortgage to reduce repayments is a reasonable alternative.

Whether Tertiary Education costs are 'minimum living costs' needs to be interpreted according to the circumstances of each individual case.

Useful sources of information that will assist application assessment

Otago University Annual Nutrition Cost Survey

Otago University annually survey the costs of providing an adequate level of nutrition across NZ, by region, with a new survey being completed in early March each year. For a summary of the 2014 costs, see Appendix 2. See also;

For the full survey, giving details of how the costs are determined, and a history of those costs annually since 2005, see Table 4, 5 & 6 in the Information Package for the users of the New Zealanders Estimate Food Costs 2014 at:

<http://www.otago.ac.nz/humannutrition/otago072804.pdf>

The Information Pack also gives the non-food 'moderate' weekly expenses of a family of 4. – See Appendix 3 for the 2014 estimate.

Note that it takes some 12+ months for the survey to be issued. Inflation in food costs should be allowed for between the last survey date and the current time. At the date of drafting this guide, food prices were up by 0.7% over the 12 months to August 2014. – Source:

http://www.stats.govt.nz/browse_for_stats/economic_indicators/prices_indexes/FoodPriceIndex/HOTPAug14.aspx

It is up to each Trustee to determine whether to use this or any other survey in determining a level of minimum living expenses.

Budgeting Services

Two excellent spreadsheets for budgeting and debt scheduling prepared for the Citizens Advice Bureau in their budgeting advisory services that could be used are available at:
<http://www.familybudgeting.org.nz/>

Government Assistance Programmes

Appendix 1 gives a complete list of all Government Assistance Programmes. A perusal of the bank statements will most likely show whether the member is receiving any such benefits, but will not reveal if an application has been made to receive a benefit, but not yet commenced. If it is apparent that the member would probably be eligible for one or more benefits, it is reasonable to either ask them to apply, or notionally assess the benefit expected to be available. This is an alternative source of assistance and must be explored before the SFH claim can be determined.

Retirement Expenditure Guidelines

These Guidelines are prepared and periodically updated by the Financial Education and Research Centre at Massey University in partnership with Workplace Savings and others. The latest copy of the Guidelines (as at 1 April 2015) is dated August 2013 and can be downloaded [here](#). While this Survey relates to persons who have already reached age 65 (and are therefore entitled to full withdrawals from their KiwiSaver scheme balances as of right) it still provides a very useful benchmark for what people need to spend to live at a no-frills level.

The roles of Trustee and Managers are distinct

Under the KiwiSaver Act 2006 the party responsible for deciding whether the grounds for making a SFH withdrawal are met is the Trustee of the scheme in question.

The role of the Manager is in practical terms to marshal the necessary paper work and to submit the application to the Trustee. Managers can make recommendations to their Trustees as to whether or not they consider a claim should be accepted (and we understand most do) but it is Trustees who must decide SFH claims based on their own independent assessments of the evidence.

Trustees must be reasonably satisfied that the member in question is actually suffering from, or is likely to suffer from, significant financial hardship (as defined in the KiwiSaver Act) before permitting a withdrawal. In making this decision a Trustee is entitled to request, and in real world terms must request, that the information provided to them is verified.

While Managers and Trustees will of course be sympathetic to the plight of members they have no overarching discretion enabling them to relax/bend the rules in this regard.

Process for the Manager

The Manager should:-

- acknowledge receipt of the application and give the member a clear outline, at the outset of the process, as to how the claim will be assessed and an expected (or typical) timeframe for assessment, on the stated assumption that all the necessary documentation is received with the initial application;
- review the application to ensure that it has been completed correctly, that the necessary supporting documents have been supplied, and that the statutory declaration has been sworn correctly;
- if all is in order, forward the application to the Trustee for decision (together with a recommendation if the Manager considers this appropriate);
- if the initial assessment reveals deficiencies, contact the applicant requesting the additional information, additional supporting documents and/or corrective measures – in this regard:
 - the Manager needs to have disciplined internal processes to ensure follow-up occurs and that (dependent on the timing of the member's response) queue management processes are initiated; and

- the Manager should keep an adequate record of all steps taken to gather additional information;
- re-assess the application and if all is now in order, forward the application to the Trustee for decision (with any recommendation);
- if there remains an information shortfall, or if errors in the application have not been rectified appropriately, recommence the communication loop; and
- if all is then in order, forward the application to the Trustee for decision (with any recommendation).

Each Manager should also maintain:

- robust follow-up processes to ensure that the Trustee is turning applications around in terms of the relevant service level agreement; and
- robust and suitably sensitive member communication protocols to inform the applicant of the Trustee's decision.

Process for the Trustee

While Trustees will of course be sympathetic to the plight of members they have no overarching discretion enabling them to relax/bend the rules in this regard.

When Trustees receive a Significant Financial Hardship withdrawal request, it should be dealt with as quickly as possible, considering the urgency involved. The timeliness of this consideration will be particularly important in situations where the member is applying on the basis of their inability to meet minimum living expenses, or because of a need to meet an immediate or near-term cost such as medical treatment or funerary expenses.

If the member has not established significant financial hardship (actual or likely), communication with the member needs to be considerate and helpful. The member should be informed of what further options may be available to him or her, such as any other potential grounds for withdrawing funds and the fact that they can complain to a disputes resolution scheme.

Exercising Discretions - General Principles⁵

Trustee - exercising discretions

- A. Must consider – either to exercise or decline to exercise;
- B. Exercise discretion in each case on its own merits. Fundamentally money is being held on trust for the member, subject to the terms of the Act and the scheme's trust deed;
- C. Must act in good faith – consider only relevant factors (e.g. member's financial circumstances, responsibility for dependents);
- D. Disregard irrelevant factors (e.g. member has threatened to go to media, or got themselves into financial difficulty through foolish or 'immoral' behaviour, but continuing spending on such may well be a different matter);
- E. No need to give detailed reasons – however full notes of factors considered should be maintained, and it is best practice to provide the customer with a reason their application is declined. Those reasons are best couched at a high level e.g.
 - Trustee was not satisfied that your circumstances satisfied the statutory test for significant financial hardship, or
 - Trustee was not satisfied that reasonable alternative sources of funding had been explored and exhausted.
- F. Offer to review if customer has information that was not provided with original application if deemed appropriate.

A Trustee must not fetter its discretions:

- It must decide each case on its merits.
- It may use guidelines but not rules.

⁵ Taken from SPS 07/04

- It must act consistently in process terms.

Any dispute as to the application will, in the first instance, be directed to the relevant Dispute Resolution Service (*DRS*). Different Trustees will have different DRSs depending on their industry classification. DRSs may not necessarily apply a strictly legal interpretation that the Trustee decision is 'unchallengeable' if they have considered all relevant information. Hence our recommendation that complete notes should be kept of the process and information gathering, even if the specific deciding factor in turning the application down is not so noted.

Assessment Guiding Principles

Review and process SFH requests quickly – many applications are situations of immediate hardship, illness or personal grief.

Basis of claim Every SFH claim must be evaluated on a case-by-case basis but in accordance with the KiwiSaver Scheme Rules.

Keep the customer informed - Your role should include keeping the customer informed regarding progress. If an application does not meet the grounds for withdrawal, communication with the member involved needs to be considerate and helpful. The member should be informed of what further options are available to them, such as any other potential grounds for withdrawing funds and the fact that they can complain to a disputes resolution scheme.

Keep file notes – You should keep notes on conversations with the customer (and advisers where applicable). This just means you are clear on when the customer/adviser was contacted and the information provided. This information assists with any complaints and makes it clear when contacts have been made and what discussions took place. It is a good idea to do brief file notes (these should be just bullet points of what was discussed) including the time and date of the conversation.

Also update the member's record for the product so the Contact/Call Centre (or other teams) can see what's happening with the case.

Keep notes on calculations, steps taken to gather information and all factors taken into account when making decisions – In a practical sense these note-taking and record-keeping responsibilities will be shared as appropriate between the Trustee and the Manager. It is important that if the case is reviewed at some point, any reviewer can understand the information on which it was based, how that information was gathered (see *Process for the Manager*, above) and the factors that the Trustee took into account in reaching its decision. It is not necessary for the Trustee to note the actual reasons or thought processes as to why it came to the actual decision.

Check with any Financial Adviser (where appropriate) - Financial Advisers are usually aware of situations where a member is requesting an SFH withdrawal. Where the Adviser has been involved in the completion of the forms, they sometimes put in a statement supporting the withdrawal.

If the Adviser is not aware an SFH withdrawal application is being made, they may check with the member (if allowed by the member) if additional information is required. As a general rule, it would be desirable to get information from the Adviser via phone or email (use cell phone numbers as this is probably the fastest way to contact an Adviser). Advisers will generally say if they want to get involved or not.

Your role is to check with the Adviser and note that you have contacted them. If they want some time to contact the customer ensure you provide a deadline – this should be 24 hours or less. Any information provided should be noted on the member worksheet if by phone – a copy of emails should be put with the withdrawal request.

Any declined SFH application is best dealt with directly by the Manager – Financial Advisers can inform a member where a request has been accepted.

Member communication

All communication with the member involved needs to be considerate and helpful.

- It is probably not best practice to facilitate SFH application 'self-service'. Managers, please don't make your application forms available on your KiwiSaver (or other) website.
- Preference should be to have potential applicants contact your product "call centre" to access an application form.
- This process enables the potential applicant to ask your trained product specialists questions about the application process, but more importantly it facilitates the giving (by your call centre staff) of information necessary to complete the application form and to clearly indicate what the supporting information/documentation requirements are.
- Please encourage your "call centre" staff to give indicative processing timings to applicants. Turn-around timings should include what happens when:-
 - (i) correctly completed application (supported with all the required additional information/documentation) is received, including trustee processing time;
 - (ii) a partially completed application (supported with all, or some, of the required additional information/documentation) is received which requires further dialogue with the applicants;
 - (iii) a partially completed, or incorrectly completed, application (supported with only some, or none, of the required additional information/documentation) is received which requires further dialogue with the applicants, and where the applicant has to furnish you with more documentation.
- If you run a SFH application queue management system, which can result in an application being relegated in the queue for any reason, please ensure your call centre staff are trained to help the applicant understand those ramifications.
- Be prepared to be up front with applicants about how and when you will communicate with them concerning the processing of their application. We suggest that you should have clearly defined communication protocols which determine when you will use:-
 - (i) verbal communication (including telephone);
 - (ii) text communication;
 - (iii) email communication;
 - (iv) surface mail communication.
- If a 'full' withdrawal is approved, the Manager on behalf of the Trustee should communicate this to the applicant (in the manner determined by your own communications protocols) confirming the amount withdrawn and how and when the amount will be disbursed;
- If a withdrawal is only partially approved (under clause 10(3)(b) of the KiwiSaver Scheme Rules the Trustee "may direct that the amount withdrawn be limited to a specified amount that, in the [Trustee's] opinion, is required to alleviate the particular hardship"), the Manager on behalf of the Trustee should sensitively communicate this to the applicant (in the manner determined by your own communications protocols) giving high level reasons why only a reduced amount will be released, and confirming the amount withdrawn and how and when the amount will be disbursed;
- In the event of a 'declined' decision, the Manager on behalf of the Trustee should sensitively communicate this to the applicant (in the manner determined by its own communications protocols) giving high level reasons why the claim has been declined. Additionally, the member should be informed of what further options are available to them, such as any other potential grounds for early withdrawal of funds; and
- Members should also be reminded, in that event, of the fact that they can complain to the Trustee's disputes resolution scheme provider. This will be important (and the member should be given that DRS provider's contact details) whenever for example:
 - (i) there is any unresolved difference of opinion between the Trustee/Manager and the member as to whether the withdrawal sought should have been permitted, or
 - (ii) the member is unhappy with any aspect of the procedure followed by the Trustee or the Manager.

Assessment Guidelines (Examples only)

Financial	Supports Application	Works against Application
Car	Required for work No cheaper/public alternative Repair/replace sole car (for work)	Multiple cars owned Wishes to replace (working) vehicle Large/expensive make/model
House/Property	Family home Repairs necessary Upgrade due to changed circumstance (e.g. fitting wheelchair ramp) Has investigated refinancing mortgage	Investment property Holiday home Mortgage/house value far exceeds member's income/needs 'Renovations' desired (as opposed to repairs) No investigation into refinancing mortgage
School Expenses	Annual (public) school fees Uniform costs Stationery costs	Private school fees 'Unnecessary' school trip/camp expenses proposed
Credit Card debt	Building up from paying essential daily expenses	Ongoing 'luxury' purchases
Food/Groceries	Less than \$100 per week, per person in household	More than \$100 per week, per person in household
Telecommunications: - Landline - Broadband - Mobile phone	Reasonable costs Broadband access (of itself) generally acceptable as a minimum living expense	High costs
Sky TV subscription	Generally does not support application, however may support if applicant is from an area not serviced by digital TV via Freeview.	Generally does not support Application
Life insurance	Life insurance is condition of mortgage (with favourable rates)	Unusually high levels of life insurance disproportionate to obligations
Superannuation/ KiwiSaver	Contributions suspended	Contributions continuing
Childcare	Usually taken at face value to support application	Usually taken at face value to support application
Gas/electricity/ water	Usually taken at face value to support application	Usually taken at face value to support application
Bus/train/petrol	Usually taken at face value to support application	Usually taken at face value to support application Use of a large vehicle (with no good reason) may mean that petrol costs are inflated
Hire purchase payments	Being used to replace broken and necessary item (e.g. washing machine)	Being used to purchase 'luxury' item (e.g. plasma TV) Being used to replace working and necessary item (e.g. wanting a newer washing machine)
Clothing	Less than \$50 per person per month	More than \$50 per person per month
Medical Expenses	Usually taken at face value to support application	Usually taken at face value to support application
Bank Account balances	Balance is less than one month's expenses	Balance is more than one month's expenses (or transaction history shows transfer to other accounts not detailed in SOFP).

Some rules of thumb

The member may not yet be suffering (or likely to suffer) SFH if:

- The member’s circumstances haven’t changed; or
- The member hasn’t had a professional look at their budget (but the general view is that this is not a requirement, at least for the first SFH application).

The member may be suffering (or likely to suffer) SFH if:

- The member’s justifiable expenses exceed income; or
- Liabilities are more than 3 times income; or
- The member spends more than 30% of their income on housing; or
- The member’s justifiable expenses have increased, but their income hasn’t;
- The member’s income has decreased, but their (justifiable) expenses have not decreased; or
- The member has incurred (or needs to incur) a large, one-off expense – brought about (in the latter case) by circumstances beyond their control.

The member is almost certainly suffering (or likely to suffer) SFH if:

- The bank has presented the member with an arrears notice for arrears on their mortgage.

Assessment Decisions (examples only)

More likely to be SFH	Less likely to be SFH
Burial costs for a dependant	International travel for a relative’s funeral
Bank demanding overdue mortgage payments	Purchasing an investment property
Repairing the sole family car so that the ‘breadwinner’ can get to work	Buying a new car
A new baby and reduced work hours for the breadwinner/s	Private school fees need to be paid
Essential repairs to the house – e.g. leaking roof, bathroom repairs	Home renovations – i.e. adding on a sun-deck, upgrading the kitchen
Change of job or lowering of hours/overtime leads to a lower income	Big increase in expenses after buying a holiday home
Drives a 20 year old car	Drives a 2 year old car
Change of circumstances leads to higher costs – e.g.: divorce/separation	No change in circumstances but more is being spent
Member is off work for six months, recovering from an accident	Member wants (non-essential) cosmetic surgery
The member is made redundant	The member is changing jobs or leaving a job to study (their choice)

Scenario Examples

Approved Applications:

Anna:

Anna's fridge develops a fault beyond repair. She has to purchase a replacement fridge on hire purchase as she has no discretionary funds available to her to make the purchase outright. Anna makes a SFH application to allow her to pay for the new fridge. In this instance, the Trustee accepts her application and allows a withdrawal to cover the cost of the purchase of a new fridge, because she needs money to cover one of her necessities of life.

Jane:

Jane lives in shared accommodation with two other flat mates and does not own the house. One of Jane's flat mates moves out and Jane has to pay an increased share of the rent with the other remaining flat mate until a replacement flat mate is found. In the past, it had taken up to three months for another flat mate to be found. Jane makes a SFH application. In this circumstance, the Trustee accepts the SFH application and allows a nominated amount to be released from the locked in account to cover the additional amount required for the three months because Jane's increased living expenses mean she is otherwise likely to suffer significant financial hardship.

Rick:

Rick was recently made redundant and has taken a job with a different employer at a reduced salary. Rick makes a SFH application to allow him to repay existing debts and reduce his living expenses to a sustainable level. In this circumstance, the Trustee may accept the request because the reduction in employment income is directly related to Rick's previous redundancy. The Trustee may choose to allow a nominated amount to be paid out to reduce overall debt to a manageable level. Payment of the total amount held may not be approved if the amount held is greater than that required to reduce debt to a manageable level.

Roger:

Roger, a member, makes a significant financial hardship withdrawal request and provides financial information that discloses he is paying a relatively high life insurance premium. The Trustee requests further information and discovers that Roger is required to hold a life insurance policy at that level as a condition of his mortgage on the principal family residence. Roger would be unable to obtain a lower interest rate from another lender without this same condition. In this circumstance, the Trustee is satisfied that the life insurance premium is integral to Roger's minimum living expenses and accepts the significant financial hardship withdrawal request.

Further examples:

This section will be populated over time

The following case was given as meeting SFH conditions as below in the IR SPS 07/04 (S92):

Jack: Jack is an aerobics instructor who has been a KiwiSaver member for three months. Jack is paralysed in a car accident and is now confined to a wheelchair. Jack makes a serious illness refund request. In this circumstance, the Trustee is satisfied that Jack is *totally and permanently unable* to work as an aerobics instructor, the only job for which he is suited because of his experience and training. The Trustee accepts the significant financial hardship refund request. This is notwithstanding that Jack may be able to perform other roles with his employer.

This was the appropriate outcome, but Jack's withdrawal application should have been treated and processed as Serious Illness (not SFH) based. He was entitled to a Serious Illness withdrawal (including his Crown contribution amount) entirely as of right, with hardship issues not relevant.

IRD gave the following two examples in their guidelines that were cast as examples of applications that would be declined:

Terry: Terry installs a swimming pool for recreational reasons and secures finance to pay for it. Terry makes a SFH application because he can no longer meet his personal expenses from his disposable income. In this circumstance, IRD suggested that the Trustee should decline Terry's application, as Terry's increase in living expenses relates to an unnecessary discretionary event, that is, the swimming pool purchase. (IIR SPS S117)

Jessica: Jessica, as a member, makes a significant financial hardship refund request and provides evidence of her assets and liabilities. Jessica has recently financed some luxury goods including a large plasma television and state-of-the-art home theatre system which she cannot sell without breaching the hire purchase agreement. In this circumstance, IRD took the view that the Trustee would consider that Jessica can meet minimum living expenses and therefore decline the significant financial hardship refund request. (IIR SPS S85)

However, the Trustee must not be led by these examples into thinking that moral judgments about *past* profligacy/wastefulness can found a refusal of the claim – in each case the member may have been extravagant/foolish but still as a matter of fact may be suffering (or likely to suffer) SFH and so needs to be assessed on the usual grounds (though continuing 'luxury/wasteful' spending is a different matter).

Our view is that the application should only be approved if reasonable alternatives for funding the existing commitments have been fully explored or exhausted, and there is no way of getting out of the 'luxury' financing commitments. It would usually be reasonable to expect someone to forfeit a luxury good or service that is subject to unaffordable financing if no financial penalty arises beyond loss of the good or service.

Further useful examples with input provided by the Trustees:

Type of Expense	Comments
Excessively high accommodation costs	<p>Is it recommended that these applications are declined or that they should be paid a reduced amount?</p> <p><u>Trustee response:</u> The general consensus is that we wouldn't decline an application on the basis of excessively high accommodation costs. One factor to be taken into consideration is that the member's financial situation before hardship may have been adequate to service these costs.</p>
Vehicle costs	<p>Does this include the purchase of a basic vehicle if required for work? If so, what is an acceptable amount?</p> <p><u>Trustee response:</u> All parties agree that the purchase of a required vehicle is acceptable provided the member gives sufficient evidence to support this requirement. We all agree that the approval amount will range between \$3,000-\$5,000.</p>
Mortgage Enforcement	<p>Should investment property arrears be excluded in all instances?</p> <p><u>Trustee response:</u> The general consensus is that mortgage enforcement on an investment property should presumptively be excluded. However, each case must be considered on its merits, as the circumstances will vary.</p>

Funeral Costs	<p>Could these be considered before the death of a member or dependent of a member if the expected date of death is imminent?</p> <p><u>Trustee response:</u> The general consensus is that this is not a common occurrence and we all agree that in these situations the member should be applying on the grounds of serious illness if it is his or her expected death. The 'is likely to suffer' test would in principle enable such a withdrawal to be made if it was a dependent's death that was imminent though. We agree that we will consider on a case by case basis with appropriate evidence.</p>
Contributions Holiday	<p>It is stated on page 16 that contributions should be suspended – It could be argued that the member will be in a worse position later in life with the loss of employer/Government contributions.</p> <p><u>Trustee response:</u> All applications will be considered in the context of whether the member has explored and exhausted all reasonable alternative sources of funding. However, in most cases the SFH applicants have substantial arrears or shortfalls and suspending a member's contributions will not make a great difference to the member's financial position.</p>
Court orders	<p>Under the KS act – a court order is required to settle a Relationship Property Agreement ("RPA"). If the member can apply through SFH to settle an RPA (without a court order) then this will be the preferred option to reduce costs. Typically the member would be put in a position of hardship as cash assets would have already been reviewed when the RPA was agreed.</p> <p><u>Trustee response:</u> The view on these situations is that we would seek legal advice before approving or declining an application on these grounds. As the hardship grounds listed in the KiwiSaver Scheme Rules are not exhaustive, this could well found a successful withdrawal application if we are objectively satisfied that, as a matter of fact, the member is suffering or likely to suffer SFH.</p>
Broadband	<p>There is no way of knowing if the member requires broadband for work or education. It could be argued that this is a necessity for most households.</p> <p><u>Trustee response:</u> These costs will usually be included as a minimum living expense.</p>

Gambling	<p>Should “known” gamblers be declined even if they appear to meet the normal criteria based on the fact that it is unlikely that any funds released will be used for their intended purpose?</p> <p><u>Trustee response:</u> All applications will be assessed on the information that has been provided. If the member is eligible for a withdrawal we will not decline this application due to a member’s gambling problem. We will in some cases suggest that arrears relating to minimum living expenses are paid directly (with the consent of the member).</p>
When a member can prove that they have insufficient income to meet minimum living costs	<p>For how many weeks should this shortfall be paid?</p> <p><u>Trustee response:</u> All parties agree that a 13 week pay-out for a shortfall will be paid. This aligns with the WINZ standard stand-down period for payment of the unemployment benefit.</p>
Should petrol/maintenance costs be considered if there are 2 vehicles in a household if both vehicles are required for work?	<p><u>Trustee response:</u> All parties agree that we will still consider approving an application where the cost of running two vehicles is included as a minimum living expense.</p>
Occasionally, member’s partners refuse to supply any evidence to support an application.	<p>Should these be declined in all instances?</p> <p><u>Trustee response:</u> All applications in this situation will require the member to provide evidence relating to the total household income and expenditure for the member and spouse/partner.</p>
Luxury items purchased on Credit cards or hire purchase	<p>In most instances, these items will have been purchased many months ago. We’re unable to tell how funds were spent in the past.</p> <p><u>Trustee response:</u> All parties agree that we cannot refuse to consider covering the minimum payment due (or arrears) on a credit card based solely on why the costs were incurred (e.g. if we cannot clearly identify that the charges related to minimum living expenses). We all agree that if we are objectively satisfied that, as a matter of fact, the member is suffering or likely to suffer SFH then a withdrawal may well be permitted.</p>
Many applicants have debt with a collection agency e.g. Baycorp that they wish to pay off.	<p>Should it be made clear on the application form that generally, this will not be approved under SFH? Should it also be stated that funds cannot be used to simply pay off or reduce debt? Many applicants struggle with the idea of having KiwiSaver savings, but also debts.</p> <p><u>Trustee responses:</u> <i>Trustee 1 comments:</i> Debts with debt collection agencies and Baycorp are not automatically part of minimum living expenses. The member will have options to make suitable payment arrangements for these debts. We are aware of instances where Baycorp have accepted payment arrangements of as little as \$5 per week. Additionally, after seven years the debt with Baycorp</p>

will be removed regardless of whether it has been paid.

Trustee 2 comments: We usually pay out for debts with the collection agency, especially if they are at the stage of legal action or are unable to come up with some sort of payment arrangements with the debt collectors.

Appendix - 1

Government Assistance Programs

[Accommodation Supplement](#) - a weekly payment which helps people with their rent, board or the cost of owning a home.

[Advance Payment of Benefit](#) - if you are getting a benefit and have an immediate need for something essential you may be able to get an advance payment of your benefit. WINZ generally pay the supplier for the goods or services you need (e.g. appliances, furniture, bedding, rent or school uniforms). You'll need to pay WINZ back but may be able to do this in instalments.

[Assistance to transition into employment](#) - (before 1 July 2014 called Transition to Work Grant) helps people with the costs of moving into a job.

[Away from Home Allowance](#) - a weekly payment which helps carers with the living costs for 16 or 17 year olds who are living away from home while on a tertiary or training course.

[Child Disability Allowance](#) - a fortnightly payment made to the main carer of a child or young person with a serious disability.

[Childcare Subsidy](#) - a payment that helps families with the cost of pre-school childcare.

[Civil Defence Payment](#) - a payment for people who have been evacuated due to a civil defence emergency to help with the costs for accommodation food, bedding and clothing.

[Community Costs](#) - a weekly payment which helps people in a short-term residential treatment programme meet their essential ongoing costs in the community.

[Community Services Card](#) - can help you and your family with the costs of health care. You'll pay less on some health services and prescriptions.

[Disability Allowance](#) - a weekly payment for people who have regular, ongoing costs because of a disability, such as visits to the doctor or hospital, medicines, extra clothing or travel. A weekly payment which helps people who are caring for someone at home who needs full-time care.

[Domestic Purposes Benefit Sole Parent](#) - a weekly payment which helps sole parents with one or more dependent children.

[Early Learning Payment](#) - a payment which with the costs of Early Childhood Education for children aged 18 months to three years who are from families enrolled in selected Family Start or Early Start Programmes.

[Emergency Benefit](#) - is assistance that may be paid to people who cannot support themselves and who do not qualify for any other payments. Please contact us for more information.

[Emergency Maintenance Allowance](#) - is assistance that may be paid to sole parents who do not qualify for any other payments. Please contact us for more information.

[Employment Transition Grant](#) - a weekly payment which helps some people who have completed an Invalids Benefit employment trial.

[Flexi wage](#) - helps people getting government assistance who want to start up their own business

[Funeral Grant](#) - help with some of the funeral costs of someone close to you who has died.

[Guaranteed Childcare Assistance Payment](#) - if you are under 19 and have a child under five, and are in full-time education, training or work-based learning, you may be able to get the Guaranteed Childcare Assistance Payment (GCAP) to assist with the cost of childcare

[Home Help](#) – a payment which helps carers or parents with things like laundry, housework, cooking, childcare or parenting skills.

[Invalid's Benefit](#) a weekly payment which helps people who are severely limited in how much work they can do.

[Jobseeker Support](#) - helps people find work and provides them with a weekly payment

[Live Organ Donor Assistance](#) a payment which helps people who are donating a kidney or liver tissue for transplant within New Zealand with loss of income and/or childcare costs.

[Modification Grant](#) a payment which helps people with disabilities pay for workplace changes or equipment that makes it easier for them to stay in or get work.

[New Employment Transition Grant](#) a payment which helps people who are no longer on a benefit and who can't work because of sickness or a breakdown in childcare arrangements.

[New Zealand Superannuation](#) - is a fortnightly payment for people aged 65 and over.

[Orphan's Benefit](#) – a weekly payment which helps carers supporting a child or young person whose parents have died or can't be found, or can't look after them because they have a long-term illness or incapacity.

[Out of School Care and Recreation \(OSCAR\) Subsidy](#) – a payment which helps families with the costs of before- and after-school programmes, and school holiday programmes.

[Re-establishment grant \(Special Needs Grant\)](#) - a payment to help people in specific circumstances re-establish themselves in the community.

[Recoverable Assistance Payment Grant](#) - a payment which helps people pay for something they need urgently when they have no other way of paying for it.

[Residential Care Loan](#) - many people going into residential care want to keep their home.

[Residential Care Subsidy](#) - if you need long-term residential care in a hospital or rest home, you may be able to get a Residential Care Subsidy from the Ministry of Health.

[School and Year Start-up Payment](#) - is a payment to carers of someone else's child to help with the costs that mostly happen at the beginning of the year, in particular pre-school and school-related costs such as clothing, school fees and stationery.

[Seasonal Work Assistance](#) - helps seasonal workers who are no longer getting a benefit and have lost wages because of work missed due to bad weather.

[Sickness Benefit](#) - is a weekly payment which helps people who aren't currently working, or are working less hours, because they are sick, injured, disabled or pregnant.

[Social Rehabilitation Assistance](#) Social Rehabilitation Assistance is a payment which helps people who are in a residential social rehabilitation programme and their benefit isn't enough to meet the fees.

[Sole Parent Support](#) - helps single parents and caregivers of dependent children get ready for future work, supports them to find part-time work and provides financial help through a weekly payment.

[Sole Parent Support Study Assistance](#) - extra recoverable assistance is available for clients who are receiving Sole Parent Support and who are undertaking study at level 4 or above.

[Special Disability Allowance](#) - a weekly payment for people who have a spouse or partner who is in a hospital or rest home (for at least 13 weeks) or who is getting a Residential Care Subsidy.

[Special Needs Grant](#) - a payment which helps people in certain circumstances to pay for something when they have no other way of paying for it.

[Special Needs Grant – Long Acting Reversible Contraception](#) - is available to help with the additional costs of accessing subsidised long-acting reversible contraception (including removal)

[Special Needs Grant International Custody Dispute Payment](#) - a weekly payment for parents with limited financial support who are involved in an international custody or access dispute over the care of their children.

[Supported Living Payment](#) - is assistance for people who have, or are caring for someone with a health condition, injury or disability.

[Temporary Additional Support](#) - a weekly payment which helps someone who can't meet their essential living costs from what they earn or from other sources.

[Training Incentive Allowance](#) - an allowance which helps people with some employment-related training costs.

[Training Support](#) - a payment which helps disabled people or people with ill health attend training or other activities that make it easier for them to get work or stay in work.

[Transition to Work Grant](#) - a payment which helps people with the costs of moving into a job.

[Unsupported Child's Benefit](#) - a weekly payment which helps carers supporting a child or

[Widow's Benefit](#) - a weekly payment which helps women whose husbands or partners have died.

[Working for Families](#) - is a package designed to make it easier to work and raise a family

[Young Parent Payment](#) - is a weekly payment which helps young parents aged 16-18 year olds

[Youth Payment](#) - is a weekly payment which helps young people aged 16 or 17 who can't live with their parents or guardian and aren't supported by them or anyone else

Source <http://www.workandincome.govt.nz/individuals/a-z-benefits/>

Appendix - 2

University of Otago - Weekly costs (\$) of a balanced diet in 2014

Centre	Diet type		
Auckland	Basic	Moderate	Liberal
Man	68	91	109
Woman	58	77	92
Adolescent Boy	71	95	114
Adolescent Girl	59	78	94
10 yr old	50	66	79
5 yr old	42	56	68
4 yr old	33	44	53
1 yr old	32	43	51
Hamilton	Basic	Moderate	Liberal
Man	64	85	102
Woman	54	72	86
Adolescent Boy	67	89	107
Adolescent Girl	55	73	88
10 yr old	47	63	75
5 yr old	40	54	64
4 yr old	31	42	50
1 yr old	31	41	49
Wellington	Basic	Moderate	Liberal
Man	69	92	110
Woman	59	78	94
Adolescent Boy	72	96	115
Adolescent Girl	60	80	95
10 yr old	51	68	81
5 yr old	44	58	70
4 yr old	34	46	55
1 yr old	32	41	51
Christchurch	Basic	Moderate	Liberal
Man	71	95	114
Woman	61	76	97
Adolescent Boy	75	99	119
Adolescent Girl	62	82	98
10 yr old	53	70	85
5 yr old	46	61	73
4 yr old	36	48	58
1 yr old	32	42	51
Dunedin	Basic	Moderate	Liberal
Man	67	89	106
Woman	57	76	92
Adolescent Boy	70	93	112
Adolescent Girl	58	77	93
10 yr old	50	66	80
5 yr old	43	57	69
4 yr old	34	45	54
1 yr old	32	42	51

Data sourced 1st week in March 2014. Food inflation costs since that date should be allowed for.

Source: <http://www.otago.ac.nz/humannutrition/research/food-cost-survey/otago057919.html>

Appendix - 3

University of Otago – Survey of Non-food essential costs

Items that are included in the 'personal care' and 'cleaning products and other household supplies' categories are described below:

Personal care includes soaps, oral toiletries, hair products (including colour and perm rinses), hair pins/curlers/adornments, razors and blades, brushes (hair/body/tooth), manicure needs, toilet paper, sanitary needs, baby toiletries, infant needs, disposable babies nappies and nappy liners, perfumes, deodorants, shaving creams, bathing products, make-up, toners and fresheners, nail preparations, skin preparations.

Cleaning products and other household supplies includes household cleaners and cleaning materials, laundry products, air fresheners, pest/insect killers, kitchen wraps, matches, fire starters, straws, candles, rope, paper towels, and rubbish bags.

"Moderate" 2014 estimated weekly costs on **non-food items** for a family of four (2 adults, 2 children) is \$ 40.70

Source: <http://www.otago.ac.nz/humannutrition/otago072804.pdf>
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