

Working for Families – how 1 April 2012 changes affect New Zealanders

1. Low income one-child family

Lisa is a sole parent. She earns \$30,000 a year and has a 10-year-old child. She currently receives \$148.04 a week in Working for Families tax credits. From 1 April 2012, this will go up to \$152.64 a week – an increase of \$4.60.

2. High income four-child family

Matt and Sarah's family income is \$125,000 per year – right near the top of the WFF scale for a four-child family. They have four children aged 11, 13, 14 and 16. Matt and Sarah currently receive \$38.62 a week in WFF tax credits. From 1 July 2012, as a result of the slightly lower abatement threshold, a slightly faster abatement rate and the fact there is no inflation increase in the FTC rate for 16-18 year olds, they will receive \$25.96 a week – a reduction of \$12.66.

3. Low income three-child family

Michael and Kiri's combined family income is \$40,000 a year. They have three children aged 10, 13 and 16. They currently receive \$280.76 a week in WFF tax credits. From 1 April 2012, this will go up to \$284.88 a week – an increase of \$4.12.

4. Middle income two-child family

Elaine and Mataio's combined family income is around \$61,000 a year. They have two children, aged 8 and 10. Elaine and Mataio currently receive \$116 a week in WFF tax credits. From 1 April 2012, they will continue to receive \$116 in WFF tax credits.

5. Average wage two-child family

Tane and Gemma have two children aged 2 and 4. Gemma is not working and Tane earns \$50,000 a year, about the average wage. They currently receive \$158.56 a week in WFF tax credits. From 1 April, 2012 this will go up to \$161.24 a week – an increase of \$2.68.

6. Average household income two-child family

Mark and Emma's family income is \$77,000 a year – about the same as the average household income and towards the top of the WFF scale for a two-child family. They have two children aged 9 and 11. They currently receive \$54.72 a week in WFF tax credits. From 1 April 2012, as a result of the slightly lower abatement threshold and a slightly faster abatement rate, they will receive \$50.90 a week – a reduction of \$3.82.

7. Higher income three-child family

Ben and Isa's combined family income is \$100,000 a year – near the top of the WFF scale for a three-child family. Their children are aged 2, 4 and 6. They currently receive \$27.45 a week in WFF tax credits. From 1 April 2012, as a result of the slightly lower abatement threshold and a slightly faster abatement rate, they will receive \$21.30 a week – a reduction of \$6.15.

8. Minimum wage four-child family

Jenny and Peter have four children aged 7, 9, 11 and 14. Jenny is not working and Peter earns just over \$27,000 a year, which is about the minimum wage. Jenny and Peter currently receive \$346.61 a week in WFF tax credits. From 1 July 2012, this will go up to \$360.79 a week – an increase of \$14.18.

9. Higher income two-child family

Chris is a sole parent. He earns \$90,000 a year and has two children aged 11 and 16. His income is right near the top of the WFF scale for a two-child family. Chris currently receives \$18.66 a week in WFF tax credits. From 1 April 2012, as a result of the slightly lower abatement threshold, a slightly faster abatement rate and the fact that there is no inflation increase in the Family Tax Credit (FTC) rate for 16-18 year olds, Chris will receive \$7.12 a week – a reduction of \$11.54.

NOTE: All examples assume family income remains constant and that 16-18 year old children do not leave school or training to take up work, leave home or go on a benefit, all of which would end their eligibility for Working for Families.