



News

Have you reviewed your client's budget lately?

From 1 October your client will benefit from personal income tax cuts. In contrast, GST will increase from 12.5% to 15%.

The personal tax reductions should help offset the rise in GST. However, a temporary additional payment will be made to some groups to compensate for this increase.

How will your clients be affected by these changes? Is their budget ready for the increase?

How best can they use the money? Can they reduce their debt more quickly or will it help them purchase more food?

It's the ideal time to review your client's budget and see exactly how the changes are going to impact them.

Hardship Payment Changes

From 27th September the following changes will take place:

- Food Grants - if a client has a payment card and they have food grant money available they can ring the 0800 number and can apply over the phone for the first two grants over a 12 month period.
- For a third hardship request, clients will need to meet with a Work and Income Case Manager and will be required to complete a compulsory budgeting activity.

- Clients on the DPB with children under 6 years old (letters already sent) will need to work towards employment.
- Changes in Canterbury, due to the Earthquake, are being postponed in until 1 March 2011.

See: www.msd.govt.nz/about-msd-and-our-work/newsroom/factsheets/future-focus/hardship-payments.html. For an MSD example of this and other links, please see <http://www.cbnz.org.nz/training-resources/>

Visit: www.cbnz.org.nz

Auckland Training Day

- * *Empowering Clients.*
- * *What happens to debt after separation?*

Sat 16 October, 2010
Rosebank Peninsula Church
212 Rosebank Road
Avondale
Auckland



Presenters:
Alana Billingham (Skillset) &
Andrew Clemow (Gaze Burt)

Contact Sarah@cbnz.org.nz or
021 208 1121 or
Ken@christianassisttrust.org.nz
09 820 3220

NEW ADVISOR TRAINING IN AUCKLAND!

APPLY NOW!

30 Nov to 2 Dec

Registrations by
2 November, 2010

Sarah@cbnz.org.nz
021 208 1121

Top 10 Tips for Buying!



Having spent nearly all my working life in sales, I thought

I'd share some buying tips or "tricks of the trade" to pass on to clients.

Retail therapy is a favourite pastime for many Kiwis and can provide some short-term gratification. But what do your clients really need to know before they empty the contents of their wallets?

Bigger ticket items, such as TVs, home appliances, cars, houses etc., need to be purchased with a clear head. It's easy to get caught up in the emotion and the pressure from the sales person. Successful Sales people can easily read a buyer's signal and will make the most of any opportunity to "close the deal".

If clients are borrowing money to make the purchase, then they need to make extra sure they *really* need it and *can* really afford it. Remind them too that if they have debts already, even if they pay cash at the time, they are still using 'borrowed money'. It only takes a minute to get into debt, but can take literally years to get out of it!

My **Top 10 Tips** to pass on to clients (and ourselves!) when shopping for those bigger items are:

1. Play it cool . Don't tell the sales person you love it straight away or you'll have to pay full price!
2. Tell them you are shopping around – you're more likely to be offered a better deal!
3. Don't be fooled by comments like, "It's the last one left" - I've heard that one for years!
4. Negotiate with the decision maker. You're more likely to get a better deal from the boss or store owner than a store sales person.
5. Don't be afraid to offer what you feel it is worth – be fair but firm. Put the ball in their court. Never say what you are prepared to pay up to, as that 's where the best offer is likely to be!
6. If you are financing, work out the overall cost. A discount on the goods may be irrelevant if you end up paying higher interest and fees.
7. Be careful of loan insurances, extended warranties and loan fees. There are plenty of consumer

protection laws to cover yourself to avoid the need of an extended warranty. Loan fees are only to cover the finance company for actual costs associated with the loan. These costs may be sold as only a few extra dollars per week but can be expensive when you add up the total cost.

8. Do your homework and sleep on it. Think – "do I really need it?"
9. Be careful with loyalty programmes. You may need to spend a lot of unnecessary money at the same store to receive a small discount later on.
10. Check stores online – you can do so much without even visiting the store. Very quickly buyers can get in tune with the market. Shop, compare, set a budget then stick to it. When you visit the store don't get side tracked from your original intention.

Remember - "A bargain is something you don't need at a price you can't resist"

Simon

Simon Tierney
Jubilee Budget Advisory Service
Ltd, Invercargill

SIO - FAQs

The Insolvency and Trustee Service put together some answers to *Frequently Asked Questions*. Here's a few of them.

- **How long does it take for an SIO application to be processed?**

If the application is complete then the turnaround time is usually 48 hours.

- **Do creditors usually object to applications?**

No – the current rate of objection is about 5%, and most of those are not upheld. It is the Official Assignee who decides whether a SIO application is accepted.

- **What is the current rejection rate for applications?**

About 22% - mainly because either a budget advisor did not assist and the repayments are unrealistic, or because the application was filed manually and is not complete.

- **How long does a SIO Order last?**

The normal term is 3 years, but they can apply for up to 5 years, or an SIO may be paid during a lesser term e.g. 1 year if there is the ability to

repay debts in full sooner than the 3 year term.

Does the debtor have to repay the full amount owed?

No – the higher the percentage the more likely creditors are to agree, but there is no limit on the percentage that the debtor can apply for e.g. 10%.

- **Do Orders appear on the public bankruptcy register?**

No – there is a separate register just for SIOs, and only current ones are displayed.

- **Can an Order only be made where a debtor has a regular income source?**

No – Orders can be made on any basis – e.g. to cover seasonal workers or self-employed people, or may include asset sales as well as repayments from income.

- **Is interest earned on SIO funds held by the Official Assignee?**

Yes – and the interest is added to the funds held on behalf of the debtor, which helps to offset the commission.

Online Scams

The Office of Consumer Affairs has highlighted a number of online scams including: Mystery Shopper; McDonalds Survey Scams; Tax Refunds; NZ Banking Association telephone satisfaction surveys, Charity and Report Scams.

Many bogus emails suggest that clients will be eligible for a tax or bank fees refund but in order to receive it clients need to forward their bank account or credit card numbers.

These emails should be ignored, deleted, and reported to the Consumer Affairs' Scamwatch.

GST rise impact HPs and Lay-bys

Will clients' pockets be impacted if they have items on hire purchase agreements or lay-by?

- **Hire Purchase:** Clients will be charged the GST rate that applied when the contract was signed. So, if they signed before the increase, the purchase price should not be impacted by the rise.
- **Lay-by:** The purchase price of an item won't be affected by the increase if the client makes the **final payment on or before 30 September 2010**. But if they make the **final payment on or after 1 October**, the 15% GST rate will be **applied to the whole purchase price**.

Earthquake: Tax Relief for Canterbury Region

Working for Families Tax Credits

Working for Families Tax Credits entitlements are based on a person's yearly family income. Your entitlement may change if your family income has been affected by the earthquake. You can update your estimated family income at www.ird.govt.nz "Secure online services". You can claim your Working for Families Tax Credits either

weekly, fortnightly or at the end of the tax year. You can change how often you receive your payments at

www.ird.govt.nz "Secure online services".

Child support

If you have trouble making child support payments please call us on 0800 221 221.

If your income has reduced because of the earthquake you may need to re-estimate your income to reduce the amount of child support you pay. Please call us on 0800 221 221 if you're in this situation.

KiwiSaver contributions holiday

You may be able to take a KiwiSaver contributions holiday.

The contributions holiday can last from three months to

five years. You can apply for a contributions holiday at www.kiwisaver.govt.nz (keywords: contributions holiday)

or by calling us on 0800 549 749.

For more information see: www.ird.govt.nz *Forms and Guides*.



CBNZ conference
21 & 22 May 2011
Christchurch

Mark it in your diary!
 More details to come.

Budget Advisor's Training

<p>Wellington New Advisor Training From 30 October 2010</p>	<p>Christchurch New Advisor Training From 16 October 2010</p>
<p>Wellington Ongoing Training 11 October 2010</p>	<p>Contact Paul at paul@kingdomresources.org.nz Phone: 03 332 1700</p>
<p>Contact Brian at agape.budgeting@paradise.net.nz</p> <p>Phone: 04 477 3000</p>	<p>Auckland New Advisor Training From 30 November 2010</p>
	<p>Contact Sarah at sarah@cbnz.org.nz</p>



CBNZ Newsletter published by CBNZ, c/o Kingdom Resources, P.O. Box 33285, Christchurch.

Feedback/enquiries to Sarah Malin at sarah@cbnz.org.nz or 021 208 1121

Every effort has been made to ensure the accuracy of information published in this Newsletter, which has been produced by CBNZ Inc. CBNZ does not accept responsibility for anyone else relying on the information contained herein.

Visit: www.cbnz.org.nz