

# Working for Families

## Targeting families in need



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National is improving the Working for Families scheme, which offers tax credits to help families get ahead.

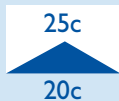
### OUR POLICY

Our changes will help those who need it most by better targeting low-income families, reducing costs, and making the scheme sustainable into the future. The following changes will happen gradually over the next seven years.

**Dropping the abatement threshold** slightly to \$35,000 (compared to \$36,827).



**Increasing the abatement rate** slightly to 25c in the dollar (compared to 20c).



**Aligning Family Tax Credit** payments for children aged 16 years and over, with the payment for children aged 13 to 15.



### Targeting low-income families

A number of families higher up the Working for Families scale will receive a little less, or will no longer qualify. Lower income families will generally get more support. About 280,000 families will receive higher payments next year.

### Reducing costs

Working for Families will cost almost \$2.8 billion this year – roughly twice what it cost in 2005/6. That kind of growth is not sustainable. Our changes will save \$448 million over four years. This will free up funding to help us improve frontline public services and reduce borrowing.

### What the changes mean for families

#### LOW-INCOME FAMILY ▲ \$14.18 a week better off

Jenny & Peter earn \$27,000 a year. They have four children aged 7 to 14. From 1 April 2012, they will get a weekly tax credit of \$360.79 compared to their current tax credit of \$346.61.

#### AVERAGE FAMILY ▲ \$2.68 a week better off

Tane & Gemma earn \$50,000 a year. They have two children aged 2 and 4. From 1 April 2012, they will get a weekly tax credit of \$161.24 compared to their current tax credit of \$158.56.

#### HIGH-INCOME FAMILY ▼ \$12.66 a week worse off

Matt & Sarah earn \$125,000 a year. They have four children aged 11 to 16. From 1 April 2012, they will get a weekly tax credit of \$25.96 compared to their current tax credit of \$38.62.

### YOUR FAMILY

Inland Revenue will contact Working for Families recipients in February 2012 to inform them of their likely entitlement for the 2012/13 year.

To find out how your payments might be affected, visit [www.ird.govt.nz/wff-tax-credits/](http://www.ird.govt.nz/wff-tax-credits/)



### Letting you decide

The changes will happen over the next seven years. We're giving voters all the information they need to make a choice at this year's election.