

# Incentive Saver Newsletter

May 2024



*A budget is people telling their money where to go  
- instead of wondering where it went.*

Hi everyone.

Note: A number of people have asked for the newsletter in PDF form so they can print it off. I will attach a word document each month.

Last month I wrote about the car loan at 29.95% interest and said that was high. New record this month, 49.95% on a personal loan for a car! The 2K loan cost just on 4K. That's a big ouch. So be careful out there folk. Look out for your family and friends.

**Loud Budgeting** – who knew there was such a thing! Evidently it is a Tik Tok trend where you prioritize your budget out loud. Instead of overspending or making up an excuse to skip going out with friends, you simply tell them you don't have the money or don't want to overspend or that you want to save money.



## **Money Matters Talks** (Arranged in conjunction with Shirley Community)

### **Wise Up – The Ins and Outs of Contracts. Knowing Your rights.**

Edward from Community Law will lead a session on what to look for in contracts ie Hire Purchase agreements, rentals and employment. Bring your questions.

**When:** Wednesday 8th May

**Where:** **Park Centre** The room behind the Shirley Community Café at 17 Acheson St Shirley.

**Time:** **10.30am** talk starts. **10am** morning tea.

### **Upcoming Sessions**

**5<sup>th</sup> June – Dress for Success** – will talk about ways they can assist job seekers








*Note: If you're an Incentive Saver then attending a talk counts as a session*

## Newsletter Topic - Tax

This month my topic is tax. Now before your eyes glaze over stick with me. Someone commented recently that it wasn't worth doing a second job because of secondary tax. Before you make your decision have a look at how we are taxed. I'll keep it simple.

Imagine our tax system works like filling 5 buckets of water (buckets of money actually). You must fill the buckets in order.

1 10.5%	2 17.5%	3 30%	4 33%	5 39%
				
Up to \$14,000	\$14 – \$48,000	\$48 - \$70,000	\$70 – \$180K	\$180K +

Here's an example.

1. Emma gets a part time job and earns \$10 000 a year.  
All her money fits into Bucket 1 so she pays 10.5% tax.
2. Emma starts working fulltime and now earns \$40 000.  
Her money fills Bucket 1 with the overflow going into Bucket 2. Emma will pay 10.5% on \$14 000 and 17.5% on \$26 000
3. Emma gets a (well deserved) promotion.  
She now earns \$100 000. This money fills Buckets 1, 2, 3 and some of Bucket 4. Emma is thrilled to learn she will NOT pay 33% tax on all her income because the same rules apply. She will pay
  - 10.5% on \$14 000
  - 17.5% on \$34 000
  - 30% on \$22 000
  - 33% on the remaining \$30 000.
 Go Emma!



**Back to that second job.** A person earning \$70 000 for 1 job and someone earning \$70 000 for doing 2 jobs will pay the same tax.

### Note:

If you start a second job you will choose a secondary code based on *your expected total yearly income*. These tax codes help you to pay the right tax throughout the year so you don't end up with a large tax bill at the end of the year. IRD will keep track. At the end of the financial year (end of March) if you've paid too much tax IRD will give you a refund. If you haven't paid enough tax IRD will send you a bill.

## Incentive Saver information

Want to start saving and want more information about the Incentive Saver Scheme?

### Guild St Community Housing Tenants

Thurs 2 May from 10.30 – 11.30

### Aratupu Preschool Parents

Mon 6<sup>th</sup> May from 1.30pm

Tues 7<sup>th</sup> May from 9am



## Snippets

**Saving Tip:** Unlink your debit card to online shopping sites – make it harder to buy things!

### Arrears/Debt

Currently in NZ the 3 main areas people are getting into arrears are:

- Mortgage (high interest rates)
- Personal loans
- Buy Now Pay Later i.e. After Pay, Laybuy, etc



## Winter Power Payment

For those of you wondering when the Winter Power payments start it's the 1<sup>st</sup> May.



- Time period: 1 May till 1 October
- How much: \$20.46 single. Families \$31.82
- If paid weekly the payment will be a part payment in the week of 6<sup>th</sup> May. Full payment week of 13 May.
- NZ super - your first payment will be a part payment on 7<sup>th</sup> May.

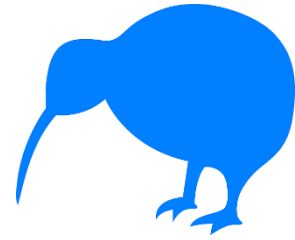
Full payment on 21 May. Couples are paid \$31.82 and it is paid to 1 person in the couple (generally the person with the lowest client number)

## Consumer NZ has named the best and worst Kiwisaver providers in 2024

**Note:** This is for customer **satisfaction**. The article did point out that the 3 best Kiwisaver providers also had above average results for investment returns.

**Best:** Simplicity, Generate, and Milford

**Worst:** BNZ, ANZ, ASB, Westpac, and AMP



## Resources

### My Fridge / My Fridge Food App

A financial mentor was raving about this app. You apparently tick the ingredients you have at home already and it sends you free recipes using those ingredients (I assume it does other tricks as well). If anyone has used it and got any tips let me know.



Disclaimer: I haven't used it. My husband probably wishes I was more interested in such things!

NEVER EVER  
EVER  
GIVE UP!



## Happy Saving!

Thank you also to those of you who spread the word about Incentive Saver amongst family, friends and clients.

If you are interested to know more about the Incentive Saver scheme or want your name added to the newsletter list just send me an email

Linda Smith Financial Mentor [lindas@mmsi.or.nz](mailto:lindas@mmsi.or.nz)

If you no longer wish to receive newsletters from me please reply with "unsubscribe" in the subject line.