



New Zealand
**DEFENCE
FORCE**
Te Ope Kātua O Aotearoa

FINANCIAL GUIDE

For members of the Defence
community and their families
who may be experiencing
financial pressures

**A FORCE FOR
NEW ZEALAND**

INTRODUCTION

This guide has been prepared for members of the Defence community and their families who may be experiencing financial pressures at any stage.

A member of your household may have lost their job, be facing the loss of a small business or contract work, be unable to work as they must now care for children, be required to accept a reduction in pay and/or hours worked, or any number of other situations.

This guide includes information about the support available to you and your family to help get through this difficult time.

There is a range of organisations, both within NZDF and externally that are available to help.

Contact details for key organisations are set out in Annex A.

BUDGETING

Either temporarily or permanently you may find that your household costs exceed your income (in other words more is going out than coming in).

Choices are to:

You may want to review your household budget to see where costs may be cut. Some of your costs are fixed and cannot be changed without difficulty. However, some expenditure is probably discretionary (e.g. by choice) and provides the opportunity for savings to be made either permanently or temporarily; or

Continue spending, for example, purchasing items on your credit card. You may not be able to sustain this long term, as your debt levels may spiral; or

You may also look to increase household income, by letting out a spare room (if a private rental property or your own home) or doing something similar (assuming you're able to given the national lockdown levels).

BUDGETING SERVICES

If you need help with your budgeting there are a variety of free budgeting services available.

Note, in the current environment it may not be possible to meet with the budgeting service in person. You may be required to engage by phone or on line.

In advance of making contact with the budgeting service, perhaps using the sample household budget template in Annex B:

- Calculate your weekly or fortnightly income after tax (in other words the amount you have to spend); and
- Make a list of all your weekly or fortnightly expenditure (to calculate the fortnightly cost of a monthly bill, multiply by 12 and divide by 26);
- Split your expenditure into two columns, the "fixed" or must pay costs (rent, food, power etc.), and the "discretionary" or nice to have costs (entertainment, Sky TV, alcohol etc.);
- Identify the items the members of your household are prepared to sacrifice either temporarily or permanently to help pay your essential bills.

Refer to Annex A for a list of free budgeting services available to assist you and your family.

BUDGETING TOOLS

There are also a number of free on line budgeting tools available to assist with creating your household budget.

The SORTED budgeting tool <https://sorted.org.nz/tool/budgeting-tool#/welcome> is very useful.

More up to date Microsoft excel suites of products (e.g 2013) also include useful budgeting tools.

MSN Money (previously Money Watch) also includes useful tools.

Otherwise you can draw up your budget on paper – listing all items that must be paid, weekly, fortnightly or monthly, using the checklist referred to under the Budgeting Services heading (*refer to the sample household budget template in Annex B*).

MONEY MANAGEMENT SYSTEMS

This may also be the opportunity to review your household money management systems, to help get your finances onto a more secure footing. Money management systems may include setting up separate bank accounts for payment of key bills, or a rainy day fund for emergencies, or using your phone app or a notebook to record daily expenditure.

MANAGING DEBT

You may be experiencing difficulty making your debt payments at the moment due to a drop in household income. A key thing to do is to add up all your debts and prioritise the order in which they should be paid when you're able. As a rule of thumb, when you're in a position to make repayments, pay the debt with the highest interest rates first unless you are facing a second or third demand for other bills.

If there is credit card debt, you can explore options for moving your card to a lower interest rate bearing account, either through your current bank or another bank. Some banks offer credit cards with zero or low interest rates for the first 6 to 12 months, but please ensure you thoroughly read the fine print associated with such offers.

Above all, avoid withdrawing cash from your credit card. Even higher interest charges are applied to cash advances.

Refer to Annex C for a Debt servicing template to help you list and prioritise your debts.

PAYDAY LENDERS

Payday lenders are alternative entities to banks which lend relatively small sums to help people pay their bills or make a purchase. Interest is usually charged daily and often at very high rates. They should be avoided as much as possible. You might borrow a relatively small sum to pay the power bill and find the debt doubles or trebles before you pay it off, because of the often huge interest rate charges applied.

PAYING RENT

If you are renting a property and experiencing difficulty paying your rent, discuss this with your landlord and attempt to negotiate either a pause on payments, reduced rent for a period, or a delay to the payment date. Your landlord may be prepared to agree to a change to your current arrangements. In most situations the landlord is likely to require you to repay any sums deferred because of your current financial difficulties. It is most unlikely they will grant you a rent holiday.

DEFERRING EXPENDITURE

After you have prepared your household budget it may be necessary for you to seek a delay to the payment of a bill such as your rent, or power bill.

If you are likely to encounter problems in paying a bill, make contact with the provider and seek an extension to the payment date. This is important as lending organisations (whether they are banks or another provider), local councils or power / telecommunications / water / gas companies etc. don't like surprises. They are also more likely to be sympathetic to a request for an extension if advised in advance of your problems.

When seeking an extension to a due payment try and be clear about when you will be in a position to make the payment.

MAKING MORTGAGE PAYMENTS

If you are experiencing difficulty paying your mortgage, you have a range of options available, including:

- Change the structure of your mortgage (e.g. from principal and interest to interest only). This will involve you only paying interest for six months or longer; your regular mortgage payments are reduced and while there is no reduction in principal during the period of the “holiday” a big plus is that there is no increase to the size of your mortgage;
- Seek a mortgage holiday for up to six months – the payments are deferred or paused for the term negotiated, giving you immediate cash relief. However, the cost of the deferral is ultimately added to the value of the mortgage at the end of mortgage holiday - long term, you end up paying more for the mortgage. This means it is typically a last resort;

- Some banks let mortgage holders who have repaid more than the minimum access their redraw facility. Note, you’ll need to break your loan to access this or wait until your fixed rate is up for renewal. This will help re-instate your cash funds when the times comes; or
- Extend the term of your mortgage so that you are paying lower regular payments. This will also give you temporary relief but over time you will end up paying more for the mortgage.

Think carefully about which option you choose, if any, as some will end up costing you more in the long term. The banks are not giving you free money.

To help work through your options in this area, including fully understanding the long-term implications of any choice you make, the NZDF have arranged a preferential mortgage advisory and broking service. Get in touch with them to learn more:
info@milestonedirect.co.nz or
0508-645-378

INSURANCES

When reviewing your budget check that you are not paying too much for insurance or have insurance that you do not require. All NZDF Regular Force and most civilian employees are provided with \$300k life insurance and income protection by NZDF. For many people – such as a young serviceperson with no debt or dependants – this may be all the insurance they need, though for other people this will be inadequate.

If you are temporarily unable to afford your insurance costs, see if you're eligible for a short-term pause in your insurance payments.

Did you know some insurance companies offer short-term relief from ongoing premium payments (“premiums holiday”)? If you're eligible, you'll get to keep your existing level of insurance cover and legitimately won't have to pay for it for a few months' while you get back on your feet.

Cutting or reducing house, contents or car insurance is a false economy and should be avoided at all costs unless you believe you have more insurance than you require. In some regions in NZ it is becoming increasingly difficult to obtain either house or contents insurance. Once a policy is cancelled you may find it difficult to re-establish that insurance.

RATES, POWER, GAS, WATER, PHONE AND INTERNET CHARGES

If you are having difficulty paying these bills check with your provider to see if they are prepared to enter into an arrangement where you delay the payment without having to pay penalty charges or interest. Phone and internet provider SPARK is offering this service and it is likely other providers will be offering a similar service.

Note: You will ultimately need to pay the bill. As with any deferral arrangement payment of the bill is delayed, it is not cancelled.

KIWISAVER OR SUPERANNUATION CONTRIBUTIONS IF YOU'RE STILL EMPLOYED

If you are experiencing financial difficulties and are still in paid employment – such as a serviceperson of the NZDF – you may seek to pause your KiwiSaver contributions for up to one year (savings suspension). This will increase your take-home pay, but it will impact how much you may have when it comes to withdrawing your money.

To do this complete the IRD's KS6 form and submit to your payroll section. If you are a member of NZDF, then scan and email to HRSC Command.

It is important to note that when you take a savings suspension your employer contribution to KiwiSaver also ceases. You do not receive this by way of salary. You may also lose access to the annual Government Contribution, previously known as the tax credit.

If you're a member of the SSRSS (State Sector Retirement Savings Scheme) you may also seek to pause contributions for a period. To do this contact your SSRSS provider for the necessary form, complete and submit to the HRSC payroll section. Again, a reminder that if you suspend your contributions, the employer contributions also cease.



ALTERNATIVE SOURCES OF FUNDS

If it appears your financial problems are likely to persist it may be necessary for you to explore options for obtaining additional funds to supplement household income.

Government Support Packages

In early 2020 the Government announced a variety of support packages, targeting employees, the self-employed or contractors who may be experiencing financial hardship arising from Covid-19.

Check the Government websites to ensure your partner or other family members are receiving their maximum entitlements.

<https://covid19.govt.nz/business-work-and-money/financial-support/>

If you have a family, it's worth checking to see if you're eligible for Working for Families Tax Credits:

<https://www.ird.govt.nz/topics/working-for-families/how-working-for-families-works>

Partial withdrawal if a member of the DFSS Category A or C (Defence Force Superannuation Scheme)

If a member of the DFSS Category A or C you may also be eligible for a partial withdrawal of funds.

To apply for a partial withdrawal, download form DFSS DF7 (Benefit Payment Form) from the HR Toolkit, complete and submit it to Mercer.

You will be required to provide proof of identity and a statement showing the bank account you wish to have the funds paid into.

If you are unable to obtain the form from the HR Toolkit, contact Mercer on 0800 333 787.

Withdrawal if a member of the NZDF FlexiSaver Scheme

If a member of the NZDF FlexiSaver Scheme you may withdraw funds from that scheme.

To do this obtain FS05 Withdrawal Form after signing into your online account at:

www.nzdf.superfacts.co.nz, complete and submit it to Mercer.

You may also be required to provide proof of identity (if you haven't done so before) and a statement showing the bank account you wish to have the funds paid into.

If you are unsure of your membership number or how to locate the withdrawal form, contact Mercer's team on 0800 333 787.

Financial Hardship withdrawals – NZDF KiwiSaver Scheme, other KiwiSaver schemes, DFSS & SSRSS

Depending on which scheme you contribute to and whether you are experiencing significant financial hardship you may also apply for a financial hardship withdrawal.

You will need to supply all relevant information relating to your financial situation, including total household income and outgoings (expenses), assets (e.g. house, car) and liabilities (e.g. credit card debts, mortgage). You will also be asked to submit a copy of your payslip and recent bank statements.

In the case of the NZDF KiwiSaver Scheme or the DFSS (Defence Force Superannuation Scheme), the decision maker for a financial hardship withdrawal is the Supervisor of the schemes, Trustees Executors Limited. Please note that the NZDF is not the decision maker.

To submit a financial hardship application, contact your KiwiSaver scheme provider, obtain the necessary form and submit it to the provider, not to the Benefits cell or HRSC payroll.

Members of the SSRSS (State Sector Retirement Savings Scheme) may apply to withdraw funds on the grounds of significant financial hardship, or they may also withdraw funds from their voluntary account up to twice per year.

NZ Army

NZ Army military personnel have access to hardship grants through their Non – Public Funds (NPF).

Army Non-Public Funds (NPF) Loan Scheme

NPF loans are made IAW the provisions set out in DFO(A) Vol 8, Part 1, Chap 10. Loan application procedure is available at:

<http://org/l-ags/pages/HR/Welfare/npf-home.aspx>

Army Central Welfare Fund (ACWF)

ACWF benevolent assistance, including hardship provisions, are set out in DFO(A) Vol 3, Chap 3, Sect 12. Applications are made through command and qualifying criteria is available at:

<http://reference/army-publications/dfoavol/Chapter%2008%20-%20Welfare/Section%2012.doc>

All applications are to be emailed to: ArmyCentralWelfareOffice@nzdf.mil.nz

RNZN

RNZN military personnel have access to hardship grants through their Non – Public Funds (NPF).

RNZN Non-Public Funds (NPF) Loan Scheme

The preferred process is through the chain of command to the appropriate person in RNZN:

*LT Siammone Ponchianguang
Siammone.Ponchianguang@nzdf.mil.nz*

RNZAF Welfare Fund Loans

RNZAF military personnel and permanent civilian personnel employed by RNZAF and who are members of the RNZAF Welfare Fund are able to apply for loans through the RNZAF Welfare Fund.

Loan requests are to be submitted as follows:

RNZAF

Through Command to the Base Welfare Fund Chair

RNZAF Base Auckland
SQNLDR Andy Armstrong

RNZAF Base Ohakea
SQNLDR Sean Willis

RNZAF Base Woodbourne
SQNLDR Kerry McKee

The Service Welfare funds are also a potential source of funds for NZDF members or their families having to borrow money.

OTHER MATTERS

Resources relating to money management

The Force Financial Hub provides a range of resources relating to money management. These resources include:

Milestone Direct Ltd
(NZDF's preferred financial advice and mortgage broker service) – Podcasts and information bulletins – google Milestone Direct

Mercer NZ Ltd
(manager of NZDF Savings schemes) – webinars and articles about the operation of the investment markets and the impact on the NZDF Savings Schemes

Milestone/Mercer Podcasts

Spotify: open.spotify.com/show/6v9uunpSzwbmlU2B03Ujvx

YouTube: youtube.com/channel/UCySIV9GeE2MBsHR36v-UQdw/videos?shelf_id=0&view=0&sort=dd

Facebook: facebook.com/MilestoneDirect/videos/

Apple Podcasts / iTunes: podcasts.apple.com/nz/podcast/financially-fighting-fit-nz/id1531995910

There are also a wide range of external resources and tools, generally on line and free, including:

- *MSN Money*
- *Money Hub*
- *Sorted*
- *The main banks operating in NZ*
- *Podcasts supplied by NZ financial commentators Frances Cook, Mary Holm, Hannah McQueen and Australian Scott Pape (The Barefoot Investor)*

Gambling

Sometimes when we are dealing with a range of life stressors, including financial worries, we can be tempted to seek solutions or distraction through behaviours such as gambling and overuse of alcohol; however chances are these will make our issues worse in the longer term.

While the media will occasionally make reference to the student who spent his last \$5.00 on a lotto ticket only to win \$1m, that is very rare indeed. The odds of winning a large prize are more than 1 billion to 1. Large prizes only accumulate because thousands of people each week spend \$30.00 plus on Lotto tickets and do not win anything.

For most of us, it is better to spend that money on paying off a bit more debt to help strengthen our financial position.

The Government has recognised the uptake in online gambling during recent lockdowns. What does this mean? There are many people in the same situation – but gambling is not the answer.

If you have turned to gambling as a solution / distraction or are impacted by the harmful gambling of another household member, most NZDF services have support for you as well. *Refer to Annex A for contact details.*

House Buying

If you are buying a house soon contact your bank or mortgage broker. Even though we are in uncertain times banks are still providing mortgages for new house purchases or mortgage renewals.

ANNEX A

Organisations available to assist

The NZDF is committed to its members during this time of uncertainty and has the following internal and external organisations on-hand to assist.

Non Public Fund Grants and Welfare Fund Loans

NZ Army

Applications to be emailed to:
ArmyCentralWelfareOffice@nzdf.mil.nz

RNZN

LT Siammone Ponchianguang
Siammone.Ponchianguang@nzdf.mil.nz
021 212 2224

Welfare Fund Loans

RNZAF

Through Command to the Base
Welfare Fund Chair

RNZAF Base Auckland

SQNLDR Andy Armstrong

RNZAF Base Ohakea

SQNLDR Sean Willis

RNZAF Base Woodbourne

SQNLDR Kerry McKee

RNZN Naval Community

Organisation

HMNZ Naval Base

Private Bag 32-901

Auckland 0744

Toll free: 0800 NAVY HELP

(64) 9 445 5314 (Akl)

nco@nzdf.mil.nz

RSA (Returned and Services Association)

0800 693-348

enquiries@rsa.org.nz

Mortgage broking & financial advice

Milestone Direct Ltd, NZDF's preferred financial advice service

0508 645 378

info@milestonedirect.co.nz

NZDF Savings Schemes

Mercer 0800 333 787; nzdf@mercerc.com; www.nzdf.superfacts.co.nz

SSRSS

AMP

workplaceadmin@amp.co.nz

0800 800 267

ASB

retire@asbbank.co.nz

0800 272 738

Budget services

MoneyTalks

NZ wide, Free Helpline
0800 345 123 – Text 4029
help@moneytalks.co.nz

Budget Mentoring Services

There are 150 services available
NZ wide, google Budgeting,
Family Services Directory.

Burnham Camp

FAMILY Works

Attn Sarah Taylor
027 531 8048
saraht@psusi.org.nz

Linton Camp/ RNZAF Base Ohakea

Money Talks

0800 345123 or Text 4029

General Welfare Enquiries

P/North City Council Welfare

Helpline 0800 725 678

Philomel

David Washer

budget.david@gmail.com

Trentham Camp/Messines/ JFHQNZ, Torrens House

Christians Against Poverty (CAP)

Life controlling habits

0508 227 333

Free debt help

0508 227 111

Gambling Addictions

Gambling Helpline

0800 654 655 or Text 8006

Salvation Army Oasis services

0800 53 00 00

ANNEX B

Sample household budget template

Income

	You – P/F	Partner – P/F	Total – P/F	Total P/ Month
Net salary (after deduction of tax, ACC, Child support payments and KiwiSaver)				
Other income (e.g bank interest or Working for Families payments)				
Total				

Budget

Fixed – no flexibility	Item	P/F ¹	P/Month
	Mortgage		
	Rent		
	Rates		
	Vehicle 1 – registration		
	Vehicle 2 – registration		
	Vehicle 1 – insurance		
	Vehicle 2 – insurance		
	House insurance		
	Contents insurance		
	Other insurances (e.g life, income protection)		
	Medical insurance		
	Credit card payments		
Total			
Must Have	Groceries		
	Electricity/gas		
	Water		
	Vehicle 1 – petrol and other running costs		
	Vehicle 2 – petrol and other running costs		
	Clothing for household		
	School fees		
	Internet/cell phone for self		
	Internet/cell phone for partner		
Total spend			

¹ Some household bills like rates or power are received monthly. To calculate the fortnightly cost of an item, multiply by 12 and divide by 26.

Discretionary – Nice to Have	P/F	P/Month
Daily coffees		
Take aways		
Sky sports/magazines		
Other Entertainment		
Lotto/gambling/alcohol/cigarettes – household		
Gaming		
School outings		
Vet Bills		
Hairdresser and cosmetics		
Misc spending money - self		
Misc spending money - partner		
Misc spending money - kids		
Presents		
Saving (in addition to KiwiSaver or super)		
Holidays		
Internet/cell phone for children		
Total Discretionary Spend		
Total Fixed, Must Have and Discretionary Spend		
Difference between total income and total spend		

ANNEX C

Debt servicing sheet

Name of debt	Total amount owing	Interest rate payable	Monthly Minimum Payment Due



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This booklet contains general information service provided by HQ NZDF. Because the information is general in nature, it may not be relevant to individual circumstances. Before making any investment, insurance or financial planning decisions, you should consult a professional adviser. You should not do, or refrain from doing, anything based on the information provided in this document without first obtaining professional advice from a financial adviser or other suitably qualified professional. HQ NZDF believes the information in this document is correct, on the date this document was last updated. However, HQ NZDF are not liable for any loss or damage incurred by any person as a result of any error in any information, opinion or recommendation in this material (whether due to the negligence of HQ NZDF or otherwise). The information provided and services described in this document are only intended for persons within the New Zealand. HQ NZDF does not accept responsibility for the compliance of this information with the law of any other country. The material published in this document is general in nature and is not intended, nor capable of being, personalised financial advice or advice on any specific problem or situation. Nothing in this document is, or should be taken as, an offer, invitation or recommendation to buy or sell any investment or insurance product without first obtaining professional financial advice regarding its appropriateness to your personal circumstances.



www.nzdf.mil.nz/families/financial-hub