

RPRC Update

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Cause for celebration: Unjust spousal deduction to end in 2020

The RPRC applauds the Government's Wellbeing Budget announcement that will see those affected by the archaic "Spousal Provision", finally get their full New Zealand Superannuation entitlement by April 2020.

In the fine print of the 2019 Budget, the Government announced the intention to make entitlement to New Zealand Superannuation (NZS) and Veteran's Pension "reflect society today.... There is no longer a 'principal breadwinner' whose retirement marks the retirement of both partners."

This change will move towards individual entitlement, rather than taking into consideration the circumstances of the partner. From 1 July 2020, the direct deduction of a government-administered overseas pension received by a superannuitant's partner from that superannuitant's NZS or Veteran's Pension will be removed.

"Along with many others, the RPRC has worked assiduously for more than a decade to alert the public and politicians to the grave anomalies in the policy for superannuitants with overseas state pensions," says Dr Claire Dale.

Historically, the policy has reduced a person's superannuation when their partner has an overseas pension. Women have lived and worked all their life in New Zealand and entered into a relationship later in life only to find to their horror that their NZS is reduced, sometimes to nothing, and thus their financial independence is lost. Increasingly, men who marry women with long working histories in other countries are affected as well.

The Spousal Provision has been an enduring source of distress for the 500 or so couples affected and its removal will greatly improve their financial situation.

"Finally this human rights violation will be

addressed," says Associate Professor Susan St John, who was named a Companion of the New Zealand Order of Merit on Queen's Birthday for her services to social policy. "Well-being will be greatly enhanced at very little budgetary cost for this group that has been discriminated against. That is vindication of the huge efforts made over more than 10 years and will be a cause for great celebration."

"We can rest assured that while progress has been slow, finally we are moving in the right direction in improving superannuation policy in New Zealand," says St John.

[View RPRC's 5 June media release.](#)

New Zealand Superannuation: Government gives with one hand, takes with the other

With great pleasure, RPRC and all those 500 or so spouses adversely affected by the section 70 Spousal Deduction welcome the change announced in the 2019 Budget that the law will be changed and the spousal deduction from a partner's New Zealand Superannuation (NZS) will cease to apply from April 2020. The change will not be backdated.

However, applying the same philosophy of 'individual entitlement', the 2019 budget also seeks to close the non-qualified partner provision, whereby an under-age spouse could be included in a superannuitant's entitlement subject to an income test.

[As published by Work and Income on 30 May 2019](#), regarding non-qualifying partners (NQP) of those in receipt of NZS or Veteran's Pension:

From 1 July 2020, if you have a partner and they don't qualify for NZ Super or Veteran's Pension, you won't be able to include them in your payments. Your partner will need to qualify for NZ Super and Veteran's Pension in their own right. If your partner doesn't qualify and is currently included in your payments, you will keep getting this rate unless your circumstances change.

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While the spousal provision affects around 500 people and its removal will cost approximately \$2 million annually, the changes to the NQP provision are expected to affect around 6,300 people by 2022/23, and will save the Government around \$4 million per fortnight!

The Ministry of Social Development also published a [Fact Sheet](#) about this change as part of the Wellbeing Budget information.

Other boosts for seniors in the Budget were miniscule as this [Government press release](#) shows:

The Wellbeing Budget includes three initiatives that will help seniors stay connected and improve their financial position. The most significant is \$7.7 million to upgrade and enhance the SuperGold Card including building a new digital platform for card holders and businesses. The Wellbeing Budget also contains new money for Digital Literacy Training for seniors, and provides for ACC changes that better support working superannuitants who are injured.... "The Budget contains \$600,000 to provide some computer training and skills for those who need it. We want older people to be able to access information and services online, and not miss out. And we want them to have the technology skills to stay in touch with their families." The ACC changes begin on 1 July 2019: older people who are still working and are seriously injured will no longer have to choose between receiving NZS or ACC weekly payments.

Comment on the Wellbeing Budget

Comment on the Wellbeing Budget was published widely, including in [Lifetime Retirement Income news](#). In summary:

The \$15.5 billion set aside to cover NZS payments, the Supergold Card upgrades and ACC changes is described as "Hardly 'transformational'," by Horowhenua Grey Power President Terry Hemmingsen, who adds:

"There was very little for seniors. We were told by the Coalition that we were going to get an Aged Care Commissioner. There's no provision for that to go ahead and it's so disappointing."

Hemmingsen also wants to know why employers can scrap contributions to the KiwiSaver funds of workers when they reach age 65 – it seems unfair they should be paid less than younger co-workers. He also pointed out that over 50% of Horowhenua Grey Power members don't have Internet access – partly because of the cost but also the need to upskill that many are simply not capable of. So the Gold Card initiative is largely a waste of time for them.

Associate Professor Susan St John was also interviewed for this article. She expressed her amazement that the Coalition didn't right this wrong of spousal deduction sooner.

"It's a completely unjustified policy and I can't tell you how many hours we've spent lobbying it. Being such a contentious issue, some fanfare and spin would surely have been expected. It is very hard to find any indication of it in the Budget documents, and what is there is fudged in a very ambiguous fact sheet."

Dr St John is afraid it will be a can of worms when the government applies the same philosophy of 'individual entitlement', to close the non-qualified partner (NQP) provision (whereby an under-age spouse is included, subject to an income test, in their partner's NZS).

"Because they're wrapping the spousal provision change in with it, we await the legislation with trepidation. To me, they're completely different policies. However, if the spousal provision does get through, it will be a victory for human rights."

Summit: 2019 Retirement Income Policy Review and You



In March, the [Retirement Income Policy Review terms of reference](#) were released by the Government, and on 26 April the RPRC with the Public Policy Institute and TOR Financial Ltd held a summit at the University of Auckland Business School. Experts examined issues such as the fiscal impact of ageing, the future shape of the age pension in New Zealand, KiwiSaver, intergenerational equity, the changing nature of work, the capacity of the health sector, the health of the financial sector, and lessons for New Zealand from international developments in finance and pensions.

[The presentations from the summit are now available.](#)
[Listen to the audio presentations.](#)

2019 Summit Pack Final contains an outline of the Summit purpose, the Summit Programme, short bios of the presenters, the Terms of Reference for the 2019 Review of Retirement Income Policies, and links to relevant resources.

Session 1 Looking back to go forward is the Welcome and Introduction to the Review by Susan St John (RPRC), a discussion by Michael Littlewood of his experience as a member of the 1992 Todd Task Force and the events up to the 1997 Referendum, and Diana Crossan presents the retirement income framework from 2003 to 2013, while she was the Retirement Commissioner.

Session 2 Ageing population fiscal and health implications begins with Matthew Bell (NZ Treasury) presenting some long term projections and scenarios under an ageing population, then Ngaire Kerse, the Joyce Cook Chair in Ageing Well, discusses how the realities of an ageing population inform the projections. Judith Davey (IGPS) discusses the retirement income eco-system.

Session 3 International overview begins with RPRC Associate and supporter, David Harris (UK) discussing the state of pension play in the UK and Ireland. Nick Sherry (former Superannuation Minister, Australia) then offers a comparison between the Australian and New Zealand retirement systems, and Calvert Duffy (Australia) provides a short overview of the Hayne Royal Commission findings. Scott McMurray (FMA) focuses on the New Zealand conduct and culture review findings.

Session 4 Equity and distribution begins with a discussion around intergenerational and gender equity by Claire Dale (RPRC) and some solutions being adopted internationally. Peter Cordtz (CFFC) focuses on low income populations and retirement issues, and Alex McKenzie (MSD) suggests some emerging trends among older New Zealanders.

Session 5 Ageing Working and KiwiSaver begins with Troy Churton (CFFC) speaking on ageing workers, workplace participation and KiwiSaver, then John Cliffe (AFA) takes a closer look at KiwiSaver, particularly default funds and the regulatory environment. Richard Klipin (FSC) discusses financial service advice, with a close focus on online advice. Susan St John (RPRC) closes the session with a look at the possibilities of and support for safe decumulation.

Session 6 Aspirations and Overview is a short summary of the speech by the Hon Kris Faafoi, Minister of Commerce and Consumer Affairs, stating his hopes and aspirations for ensuring lifelong wellbeing for all New Zealanders. Len Cook, former NZ Statistician and Families Commissioner, offers an overview of and his reflections on, the RPRC & PPI Summit: The 2019 Retirement Incomes Policy Review, and You.

A New Ageing Strategy

Better Later Life He Oranga Kaumātua 2019 to 2034 was released for consultation in April 2019. Minister for Seniors, Tracy Martin said:

This draft strategy... is designed to test our thinking and focus on the priorities for action to help ensure New Zealand is a great place to age.... The proposed areas of focus in the draft strategy ... are having an adequate income and a place to live, feeling socially connected, being able to get around in their community and having access to affordable health care. Some older New Zealanders will need support to achieve these things... The proposed areas of focus in the draft strategy reflect what many people said were important for a better later life. These are having an adequate income and a place to live, feeling socially connected, being able to get around in their community and having access to affordable health care. Some older New Zealanders will need support to achieve these things.

[View more.](#)



Changes announced to KiwiSaver

Commerce and Consumer Affairs Minister Kris Faafoi announced that to help consumers make better decisions about their savings, their annual KiwiSaver statement will now show their projected savings for retirement and the likely weekly income. KiwiSaver providers will have to use a standard formula and assumptions for calculating projected retirement savings, to ensure all providers take the same approach.

“By making this information easily available New Zealanders will be able to see whether they are on track for the kind of retirement they want or whether they need to make changes to their savings. They will also receive information about the steps they can take to increase their savings – because we want people to have the best retirement possible.” [View more.](#)

The Financial Markets Conduct Amendment Regulations 2019 require annual statements sent to KiwiSaver members from 2020 onwards to include retirement savings and income projections. The projections will be calculated using consistent methodology and assumptions. [View more.](#)

“Since 2016, officials from MBIE, the Financial Markets Authority and the Commission for Financial Capability have been working together to improve the information KiwiSaver providers are required to disclose to their members in their annual statements. This collaboration also resulted in the introduction of the requirement for KiwiSaver providers to disclose to investors the total dollar fees they have charged them throughout the year,” said Mr Faafoi. [View more.](#)

As published in the NZHerald on 11 June 2019, Inland Revenue announced that 450,000 people have been paying the wrong prescribed investor rate on their portfolio investment entity (PIE) investments which include KiwiSaver, and 120,000 letters had been sent to people advising them of the issue. The majority are believed to have overpaid tax, and the tax rules on KiwiSaver funds means, unlike income tax, the money does not have to be paid back. However, those who have underpaid will receive a tax bill.

[View more.](#)

PensionReforms

There are now 793 reports by 1,031 authors from 238 institutions that have PensionReforms' abstracts. The reports cover 71 countries (and country groups) and are indexed (and searchable) by 175 topics.

Two recent reports that look at what other countries do deserve attention:

Social Protection for Older Persons – Nepal:

Nepal's Senior Citizens' Allowance costs just 0.7% of GDP (in 2018). It delivers a Universal Pension that tackles poverty and vulnerability, raises the status of old people and helps poor households. Other poorer countries should watch and learn. [View more.](#)

Labor Force Attachment Beyond Normal Retirement Age – United States:

A 2018 report estimates the effect on workplace participation decisions of changing the US Social Security benefits (increasing benefits; reducing contributions or benefits such as by increasing the pension age). Unsurprisingly, there is likely to be a direct impact on workers' 'retirement' decisions. [View more.](#)

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Productivity Commission inquiry: Technology and the future of work

Will workers be replaced by machines? How will working arrangements change? A Productivity Commission issues paper presents four scenarios to consider the future impacts of technological change.

Blogs, written by Commission staff to generate ideas and promote debate for the inquiry, welcome robust, respectful and insightful comments. Comments are moderated prior to posting.

Recent blogs include:

[The future of volunteer work](#)

21 June 2019, Dave Heatley

What does economics say about volunteer work? What might change in a more-automated future?

[Girl bosses and skills to beat job-killing robots](#)

5 Jun 2019, John MacCormick

GirlBoss NZ urges us to take a strong gender perspective in our inquiry.

[Are 'dumped' workers pressured into 'rebound' jobs in NZ?](#)

30 May 2019, Tim Maddock

Are fast rates of re-employment always a good thing?

[The gig economy – flexible but tricky to measure](#)

27 May 2019, Tim Maddock

It is hard to find a discussion about the future of work without some reference to the emergence of the so-called gig economy.

[Is the future of work happening now?](#)

20 May 2019, Nik Green

Many people worry about the impact of new and emerging technologies like robots and artificial intelligence on the number and quality of jobs.



Smart cities are age-friendly cities

Dr Claire Dale, Newsroom Opinion, 14 May 2019

In response to Jamie Morton's article, '[Auckland Smartens Up Its Thinking](#)', outlining his notions of our smart city potential, I raised an issue not being addressed: the urgent need for New Zealand's cities to be made age-friendly. Some findings from co-supervised research on age-friendly environments, by University of Auckland Summer Scholar student Nancy Chen, follow.



'Age-friendly' means having services and structures that meet the needs of whole communities, and are inclusive of our aging population. It means providing environments that are able to adjust to the loss of function and other adversities that we experience at different stages of our lives, but particularly in our later years.

New Zealand, like most of the rest of world, is undergoing a demographic shift that will result in almost a quarter of our population being older than 60 within the next 30 years. There are many approaches to creating age-friendly environments that range from improving physical infrastructure such as buildings, footpaths and public transport to an emphasis on the quality of social relations that promote social participation. The World Health Organisation's Global Age-Friendly Cities and Communities (AFCC) Project, with a membership of more than 600 cities, focuses on age-friendliness as one of the most effective policy approaches for responding to demographic ageing.

In line with WHO's AFCC model, New Zealand's Health of Older People Strategy (2002) renamed the Healthy Ageing Strategy in 2016, states that an ideal community is one in which "older people live well, age well, and have a respectful end of life in age-friendly communities". There is an international consensus that partnerships between local authorities, public health professionals, academics, designers, architects, community and voluntary support organisations, and older people themselves are a crucial dimension to building age-friendly communities.

On 10 July 2018, the Environment and Community Committee of Auckland City resolved to join the World Health Organisation Global Network of Age-friendly Cities and Communities. (The press release is available [here](#).) Membership of that global network requires more than just an announcement in the media, so it was good to see that in April 2019 Auckland Council announced meetings to be held around the city to discuss improvements to outcomes for older Aucklanders.

A truly smart city is age-friendly. And 'age-friendly communities' are better for all ages. We need to start creating our age-friendly environments now as the cost of falling behind in preparing for and supporting an ageing population is too great to ignore.

[View the full NewsRoom article.](#)

Media, presentations and contributions

March 2019, Professional Pensions, David Harris, RPRC Associate quotes RPRC in [New insights into Antipodean pensions](#).

2 April 2019, Policy Commons Blog on panel presentation '[Equality for some: the challenge of poverty in Aotearoa NZ](#)' at NZ Law Society at University of Auckland Law School, chair: Associate Professor Terasa Dunworth, 31 July 2018: Max Rashbrooke, Harry Fatu Toleafoa, Shiloh Groot and Susan St John.

5 April 2019, NZHerald Brian Fallow quotes Susan St John '[Child-poverty targets tougher to reach](#)'

5 April 2019, DailyBlog, Susan St John writes '[Paying too much to keep us warm?](#)'

21 April 2019, Daily Blog Susan St John writes '[Grasping the chance to do it better](#)'

30 April, IdeasRoom, Susan St John writes '[CGT is dead - time to act on alternatives](#)'

26 April 2019, RPRC summit. The 2019 Retirement Income review and You, University of Auckland Business School. Susan St John presents Decumulation.

26 April 2019, RPRC Summit: The 2019 Retirement Income review and You, University of Auckland Business School. M.Claire Dale presents '[Intergenerational and gender equity](#)'.

2 May 2019, GoodReturns, Susan St John writes '[NZ missed the boat on decumulation](#)'

2 May 2019, RadioNZ, Mary Holm quotes RPRC and Susan St John in '[Your Money](#)'

14 May 2019, Newsroom, M.Claire Dale's OpEd '[Smart cities are age-friendly cities](#)'

20 May 2019, Newsroom Week in Review, Susan St John: '[What I wish Sepuloni had said on welfare](#)'

20 May 2019, Senior Watch, M.Claire Dale's '[Smart cities are age-friendly cities](#)' | NewsRoom.

21 May 2019, TVNZ1 series 'What Next?' M.Claire Dale interviewed in [Will we live forever?](#)

22 May 2019, NewsRoom Susan St John says [Media must interrogate menacing privacy breaches at MSD](#).

30 May 2019, Spinoff Susan St John writes [Creditable but not good enough](#): Wellbeing Budget 2019: The great Spinoff hot-take roundtable.

31 May, 8 and 11 June 2019, Poverty and Justice, Judges conferences, Susan St John presents Keynotes, Christchurch and Wellington.

3 June 2019, NZHerald, Queen's Birthday Honours, Susan St John awarded [Companion of the New Zealand Order of Merit](#).

4 June 2019, Scoop, Susan St John and M.Claire Dale [Unfair superannuation partner rule finally dropped](#).

5 June 2019, DailyBlog, Susan St John writes '[Break open the Champagne](#)'

9 June 2019 Newsroom Susan St John writes '[Wellbeing budget quietly rights a wrong](#)'

12 June 2019, Stuff.co.nz, Susan Edmunds quotes Michael Littlewood and Michael Chamberlain in '[Can New Zealand's superannuation age remain at 65?](#)'

15 June 2019, Juno Magazine, Winter Edition 2019, Diana Clement quotes M.Claire Dale in 'The baby-boomer crisis', pp. 31 – 33.

21 June 2019, Daily Blog, Susan St John writes '[Housing is a mess. Stop messing with solutions](#)'



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