



THE UNIVERSITY
OF AUCKLAND

BUSINESS SCHOOL

Retirement Policy and
Research Centre

Overseas Pensions Forum

A fairer future?

6 December 2014

The RPRC



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**“Policy should be based on clear
principles and be simple and
transparent”**

Outcomes of this forum

- **Not all expectations will met**
- **Neither the RPRC nor the HRC are the government**
- **A further step towards a rational solution**

Maze of issues and complaints

- **Discrimination on marital status is at one end**
- **The odd person thinking they should get 2 full basic pensions is at the other**

**Section 70 affects
64,622 or 11% of retirees**

Deductions save approximately \$240m



One pension principle

- **A person generally only receives the equivalent of one state pension**
- **New Zealand uses direct deduction for New Zealand Superannuation**
- **Other countries use proportional payments to achieve the equivalent of one state pension**

RPRC 2013 Forum

Dr Andrew Smith: expert in o/s pensions:

- The current NZS rules produce windfall gains for some lucky people while they discriminate against others when there are **no sound policy reasons** for doing so.
- Current rules reflect poor policy design, historical anomalies, short-term fiscal considerations, SSC grandfathering issues and political reluctance to revisit NZS issues.
- **Time for a comprehensive review!**

Setbacks and bright spots

April 2013 Rejection of calls for review of section 70



**Briefing into pension eligibility
and entitlements, including
portability**

Report of the Social Services Committee

Select committee report

11th April 2013

"The New Zealand Labour Party, the Green Party, and New Zealand First are of the view that the information received confirmed that an inquiry was warranted.

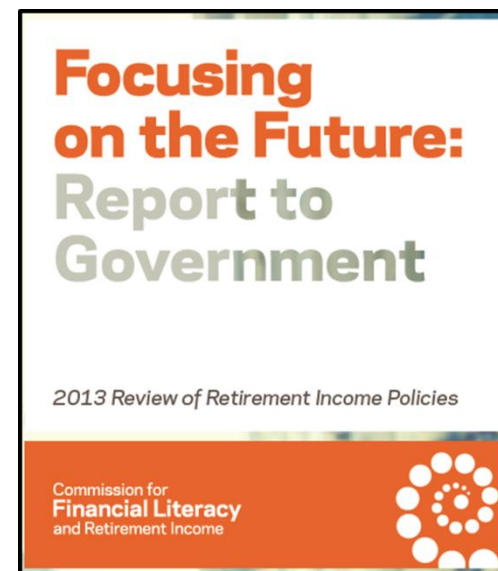
The majority of the committee, while sympathetic to the anomalies in the system, decided not to initiate an inquiry.

Prevailing fiscal constraints were also a consideration in this decision."

Section 70 issues- what is new?

2013 The Retirement Commissioner said

1. No spousal deduction should apply
2. More information and explanation behind international pension scheme classifications



Government response June 2014?

- The need for change is signalled in the Ministry of Social Development's [Briefing to the Incoming Government](#).

“The principles behind this policy are sound, but it is still unpopular with other countries and with those affected by it.

“There are policy and technical issues related to this policy that could be addressed. For example, one of the most unpopular aspects of the policy is that, **where one partner of a couple has an overseas state pension that is more than their New Zealand Superannuation, the excess amount is deducted from the New Zealand Superannuation entitlement of the other partner.**”

Progress on the Vivienne Engler case

- Taken to the Human Rights Commission
- The Office of the Human Rights Proceedings is considering whether to take her case
- 15 months have passed....

Why are we bothering?

RPRC activity

- 3 Forums 2010, 2013
- Working papers
- Press releases
- Lobbying
- Academic articles
- Newspaper articles

[Susan St John and Claire Dale:
Pension injustices tarnish
retirees' golden years](#)

Press Release August 2014

[Policy must change on
overseas pensions](#)



Challenge to use of relationship status in welfare in the 21st century



12th December 2014

The complexities of
'relationship' in the
welfare system and
the consequences
for children

“The design of New Zealand Superannuation is a beacon light..... The spousal deduction under section 70 for those with partners with overseas pensions, however, must be abolished.”
CPAG 2014

Today's Contentious subject

- Chatham House rules
- **Cannot address individual cases**

