

Support for bill proposing longer residency to access NZ Superannuation

The University of Auckland's Retirement Policy and Research Centre (RPRC) welcomes the recent bill proposing that residency requirements increase from 10 years to 20 years.

NZ First Mark Patterson's bill was drawn from the parliamentary ballot this week.

Associate Professor Susan St John, director of the RPRC, says that the Centre believes residency should be debated as part of an overhaul of the treatment of people who retire in New Zealand but have spent some of their lives in other countries.

Currently under section 70 of the Social Security Act, a retiree from another country has their entitlement to New Zealand Super offset by any overseas state pension they have. This means their Super is docked the amount of their overseas pension.

"In many cases this is fair," she says. "For example, access to both NZ Super and the age pension from Australia would be wrong.

"But in other cases, the overseas pension is more like KiwiSaver – with contributions made by both the person and government - than a basic state pension, and it seems unfair to deduct it. It can also be unfair when people affected have spent most of their working lives in New Zealand. It is also highly anomalous that if there is anything left over after deduction from the person's own NZ Super, currently the excess is deducted from their spouse's NZ Super.

"People are generally incredulous that we still have such a draconian policy that particularly affects women, but increasingly men, who later in life remarry someone with a large overseas pension," says Associate Professor St John.

"Raising the residency requirement substantially is a sound policy in its own right. But it also allows New Zealand the opportunity to simplify and improve how it treats people with overseas state pensions."

In 2016, the RPRC was commissioned by the Retirement Commissioner to [report](#) to the 2016 Retirement Review on these issues. In that report it was suggested that if the residency was raised to 25 years, any entitlement to an overseas pension from a country without a reciprocal arrangement with New Zealand could be safely ignored.

Research Fellow in the RPRC Claire Dale says that the ageing of the population increases fiscal pressures in pensions and health.

"It is a long slow process to adopt policies that reduce these pressures while enhancing perceptions of fairness," she says.

"The sooner we start acting on issues like residency and section 70 the better."

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