Ministry's concern for overseas state pensions welcomed

The Ministry for Social Development’s latest briefing to the incoming government has been praised for highlighting critical issues on the treatment of overseas state pensions.

“It is very pleasing to see at long last the interpretation of Section 70 of the Social Security Act that can see a married retiree deprived of all or part of their New Zealand Superannuation because of their spouse’s overseas pension is noted as ‘a policy issue that could be addressed’,“ says Associate Professor Susan St. John, of the Retirement Policy and Research Centre.

“New Zealand Superannuation is an individual entitlement and the use of the martial unit to reduce a spouse’s pension is arbitrary and unfair.”

In 2013, the Research Centre ran a forum that summarised the broad inequity and inconsistency of current policies and offered some options for the way forward. “It’s hoped that the MSD’s briefing now opens up the opportunity for dialogue and actual policy changes.”

In some cases, overseas state pensions that look similar to KiwiSaver can be offset against New Zealand Superannuation. The Ministry’s briefing notes that there is a far greater movement of people between countries than 20 years ago and thus an ever growing number of retirees are affected by the deduction policy.

The briefing also highlights the urgent need to review social security agreements, especially with Australia.

“It is a fiscal black hole for the future as more people from Australia retire in New Zealand and access the universal pension.”

The Retirement Policy and Research Centre will hold a forum in December that further explores equitable treatment of overseas pensions.

For further reading

- [Overseas pensions: a fairer future (5 December)](
- [Ministry of Social Development: Briefing to the Incoming Ministers (October 2014)](
- [Overseas Pensions Forum: Justice delayed (June 2013)](

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