



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

28 November 2023

Tēnā koe

On 2 November 2023, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following information:

- *Does the case of receiving Superannuation under NZ residency rules in Part 1 of the Superannuation and Retirement Incomes Act 2001 still mean no deduction of UK State pensions from Superannuation, if yes then fine but if no, when, how and why was this right extinguished?*

In your request you also attached two documents – a copy of the SA8 information leaflet from the UK's former Department of Health and Social Security in 1972, and the Social Welfare (Reciprocity with the United Kingdom) Order 1990.

I firstly would like to address how overseas pensions affect a person's benefit payments (including New Zealand Superannuation) in New Zealand. The Ministry is required to deduct the amount of any qualifying overseas pension a person receives on a dollar-to-dollar basis from their New Zealand benefit. This means that if a person receives a pension from the United Kingdom, their New Zealand Superannuation (NZS) or Veteran's Pension (VP) payments will be reduced by the amount of that UK State Pension or state benefit.

Sections 187-191 of New Zealand's Social Security Act 2018 set out the requirement for the deduction of New Zealand Superannuation (NZS) or Veteran's Pension (VP) payments by the amount of an overseas pension.

In particular, section 189(1) states that: "the rate of the benefit or benefits that would otherwise be payable under the NZ benefits legislation [which includes NZS] to a person affected by the receipt of an overseas pension must be reduced by the amount of the overseas pension as determined by MSD..." A "person affected by the receipt of overseas pension" is defined in section 188 and includes a person who is entitled to receive or receives an overseas pension in respect of either themselves, their spouse or partner, or their dependent.

Sections 189 and 188 were carried over from the previous section 70 in the Social Security Act 1964 (enacted on 10 October 1975).

The underlying principle behind this direct deduction policy is to ensure that all New Zealand residents receive an equitable level of either the full rate of New Zealand Superannuation and Veteran's Pension or a combined amount of NZS/VP and overseas government pension that is at least equivalent to that rate. The policy is there to ensure that people who have lived overseas and in NZ get the same amount of help as people who have lived in NZ only. More information on receiving an overseas pension can be found on this webpage: [Overseas pensions - Work and Income](#)

In certain limited circumstances, the UK State Pension does not affect the rate of New Zealand Superannuation or Veteran's Pension. Under the provisions set out in Article 15(3) of the Social Welfare (Reciprocity with the United Kingdom) Order 1990, you are able to receive both a State Pension and a New Zealand pension in full if you meet all of the following requirements:

- Qualify for New Zealand Superannuation or Veteran's Pension without the assistance of the Agreement; and
- Were a permanent resident of New Zealand on or before 1 January 1970; and
- On or before that date, made contributions to the UK National Insurance scheme while living in New Zealand

The provisions set out in Article 15(3) of the Social Welfare (Reciprocity with the United Kingdom) Order 1990, mean that pensioners from the United Kingdom who were paying voluntary contributions to the UK insurance scheme on and before 1 January 1970 whilst permanently resident in New Zealand and who qualify for a NZ pension without the assistance of the Social Security Agreement, are entitled to receive both a UK pension and NZ pension in full.

Up until January 1968, people living in New Zealand who qualified for a New Zealand pension by virtue of actual residence in New Zealand (that is 20 years) were allowed to receive their New Zealand pension in full in addition to any retirement pension they might be receiving from the UK. People who used residence in the UK to help satisfy the 20 years residence test for New Zealand had their UK retirement pension deducted from their New Zealand pension.

The UK Government advised people in the SA8 information leaflet, to consider paying voluntary UK contributions to improve their UK pension rate if they would be able to qualify for the New Zealand pension on the basis of actual residence in New Zealand.

The position changed in 1969 with the revision of the 1956 Social Security (Reciprocity with the United Kingdom) Agreement. New Zealand informed the UK government that under Section 70 of the Social Security Act 1964, New Zealand pensions would from 1 January 1968 be reduced by the amount of any pension paid under the social security system of another country. This

included UK pensions and it applied whether the New Zealand pension was awarded under a social security agreement or based on actual residence in New Zealand.

However, a concession was included in the new (1970) agreement for those people who, based on the advice the UK government had given, had been paying voluntary contributions to the UK scheme during their period of residence in New Zealand in the expectation of receiving full rate pensions from both countries. Under this concession, UK pensioners who were paying voluntary contributions to the UK scheme before 1 January 1970 (the date the 1970 Agreement came into force) while permanently resident in New Zealand and who qualify for a New Zealand pension without the assistance of the Social Security Agreement, are allowed to receive both a UK pension and a New Zealand pension in full.

More information on receiving United Kingdom pensions in New Zealand can be found on this webpage: [United Kingdom pensions paid in New Zealand - Work and Income](#)

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public. The Ministry will do this by publishing this letter on the Ministry's website. Your personal details will be deleted, and the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with this response regarding information on New Zealand Superannuation, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Ngā mihi nui

Bridget Saunders

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