



27 August 2024

Tēnā koe

Official Information Act request

Thank you for your email of 30 July 2024, following up on your email of 22 May 2024 requesting information regarding the New Zealand Superannuation.

Please accept my apologies for the delay in responding to your request for information.

I have considered your request under the Official Information Act 1982 (the Act). Please find my decision on your request set out below.

For sake of clarity, I will respond to your questions in turn.

- 1. If a person has contributed to kiwisaver for 10 years, and has worked 10 years in New Zealand, will their state pension be reduced when they retire and withdraw from their kiwisaver?*

New Zealand Superannuation is not an asset tested payment, and so the release of KiwiSaver funds will not impact this payment.

However, if a superannuant is receiving an income and asset tested supplement such as Accommodation Supplement or Temporary Additional Support, the release of the KiwiSaver funds will affect those payments. More information on New Zealand Superannuation, Accommodation Supplement and Temporary Additional Support can be found here:

www.workandincome.govt.nz/map/income-support/main-benefits/new-zealand-superannuation/qualifications.html,

www.workandincome.govt.nz/map/income-support/extra-help/accommodation-supplement/qualifications.html, and

www.workandincome.govt.nz/map/income-support/extra-help/temporary-additional-support/qualifications.html.

- 2. As NZ super is reduced when a person receives their UK pension, can you advise when this rule came into effect, and who was responsible for making and implementing this change?*

The direct deduction policy was first legislated in the Social Security Act 1938. The Social Security Act 1938 was introduced by the first Labour Government following the 1935 election. This provided the then Social Security Commission with discretion to reduce the rate of benefit payable by the amount of any overseas government pension received by the beneficiary.

The principle behind the direct deduction policy is that all qualifying New Zealand residents should receive an equitable level of social security coverage. "Equitable" here means having due regard for the interests of both pensioners and taxpayers. This ensures that people who have resided overseas, and who may have entitlement to overseas state pensions, are not advantaged over New Zealanders who have resided in New Zealand throughout their working lives. It also seeks to ensure that people who have resided overseas are able to receive the equivalent of the full rate of a New Zealand benefit or pension, even if they have not resided in New Zealand all their lives.

The direct deduction policy is also underpinned by the "one pension principle", which means that a person should not be able to receive two forms of state financial assistance for the same or similar circumstances. For example, a veteran over the age of 65 cannot get both a Veteran's Pension and New Zealand Superannuation, even though they may meet the qualifying criteria for both.

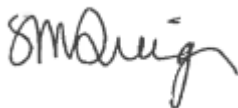
Further information about direct deductions of overseas pensions, including the legislation can be found here: www.workandincome.govt.nz/map/to-or-from-overseas/payments-from-overseas/direct-deductions.html.

I will be publishing this decision letter, with your personal details deleted, on the Ministry's website in due course.

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 my decision on your request, 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

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Magnus O'Neill
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Ministerial and Executive Services