



Do not hesitate to contact National Office about any questions you have or things you are trying to work out.

These questions and answers are based on a selection from members' questions.

Useful websites for finding out more:

Government Superannuation Fund: <http://www.gsfa.govt.nz/members/faq/>

Work and Income: <https://www.workandincome.govt.nz/eligibility/seniors/index.html>

Age Concern: https://www.ageconcern.org.nz/ACNZ_Public/Residential_Care_Common_Questions.aspx

Q. *I qualify for New Zealand super soon. I'm trying to work out what effect getting Government Superannuation Fund income will have on my NZ super entitlements.*

A. GSF payments will have no effect on NZ Super because the GSF does not count as income for tax purposes. Any other income received, however, may well effect the tax being paid on NZ Super.

Q. *Can I cease my contribution, start to receive my annuity and continue to work?*

A. You cannot receive your annuity while still in your current job. You need to have a break in employment. This can be as little as overnight, for example starting a new contract the next day.

Q. *I am contemplating retirement and am considering the capitalisation option. Your advice?*

A. Capitalisation is handy if you need an immediate injection of cash. However, it means that you will accept a reduced annuity for the rest of your life. In very rough terms the lump sum is approximately the difference between your full annuity and the reduced annuity over about 12 years. You are effectively losing money after 12 years. You can work out a best course of action that suits your circumstances.

Q. *I am a member of the GSF fund. I will be retiring [date]. My employment terms and conditions have a facility where I would receive 6 months' salary upon retirement having completed over 40 years' service. My questions are these:*

- If I were to take the 6 months retirement monies as a lump sum on 30 June, how would this impact on my GSF?***
- Could I start receiving the GSF straight after having received the 6 months lump sum?***
- If on the other hand, I decide to receive the 6 months retirement allowance in fortnightly instalments, does this mean that I would continue to pay the GSF contribution for another 6 months after [date]?***
- If I receive the 6 months retirement allowance in fortnightly instalments after [date], does this mean that I won't be eligible to receive the GSF until after the 6 months has elapsed?***

A. Datacom response to GSA member: "We refer to your query regarding the date your entitlements would commence, we can confirm that if you ceased your current government service position as at [date] this would be your last day of duty. It is an agreement between the member and the employer to whether contributions are paid on outstanding leave owed after retirement.

If you agree to pay contributions on the leave, your last day of paid service would be the day after the leave ends and therefore entitlements will commence on this date.

If you did not wish to pay contributions on the outstanding leave, your entitlements will commence the day after your last day of duty. We require confirmation from your employer's payroll office of

this date and will request this information once you advise us whether or not you would like to pay contributions on the 6 months leave.

There is no disadvantage if the leave contributions are paid in a lump sum payment or fortnightly.

Q *Is my Government Superannuation Fund considered a "personal superannuation" or "private pension" by Work and Income and Local Authorities and, if so, how will it impact on my eligibility for assistance (for example Disability Allowance, subsidies for St John's medical alarms, rates rebates)?*

A Yes, your annuity is a "personal superannuation" or "private pension" and must be declared as income. Work and Income rules are that if you receive New Zealand Superannuation and a private pension, only half of your private pension counts as income. If you do not receive New Zealand Superannuation and you get a private pension, they must include the whole amount of your private pension as income.

The 50% rule comes into play only when a person is assessed as needing full time residential care. Medical alarms are funded by MSD through the Disability Allowance under a different interpretation of income in which the total income is taken into account.

The **only** circumstances where the GSF Annuity is not required to be taken into account is for tax purposes.

Q *If I apply to WINZ Senior Services for a Community Services Card would my GSF annuity form part of our total income?*

A Yes. Work and Income rules are that if you receive New Zealand Superannuation and a private pension, only half of your private pension counts as income. If you do not receive New Zealand Superannuation and you get a private pension, they must include the whole amount of your private pension as income. The **only** circumstances where the GSF Annuity is not required to be taken into account is for tax purposes. This subject is well covered by Age Concern on their website (https://www.ageconcern.org.nz/ACNZ_Public/Residential_Care_Common_Questions.aspx).

Q. *I applied for a subsidy for a St John's medical alarm. Work and Income counted my full GSF annuity as income and declined my application because my income was over the threshold. I thought they only counted 50%?*

A. The 50% rule comes into play only when a person is assessed as needing full time residential care. Medical alarms are funded by MSD through the Disability Allowance under a different interpretation of income in which the total income is taken into account.

Q. *I am applying to the City Council for a 'Rates Rebate'. The relevant forms require a list of income, which includes NZ Super and 'Personal Superannuation'. Does our GSF Annuity count as 'Personal Superannuation'? Previously, in an application for Residential Care Subsidy (for my wife), WINZ counted only half of the Govt Super as income.*

A. Your GSF annuity must be declared as income. The rules for rates rebates refer to "Personal Superannuation" and your GSF annuity falls into that category. The only time you do not have to declare your annuity is for tax purposes. On all occasions when claiming subsidies or rebates, the annuity counts as income. The rules for Residential Care are slightly different, in that only 50% of the annuity is counted as income.

Q Will my entitlements for Work and Income support be affected by the death of my spouse?

A This is a question for Work and Income. It is possible when your income is re-assessed following the death of your spouse that there may be an impact on your entitlement to support from MSD.

Q. If an annuitant assigns 50% of their annuity to their spouse and then goes into a care facility, will their spouse have their payment reduced?

A. No. Both the member and the spouse continue to receive their full entitlements. The member keeps his/her 50% share. The assignee has a separate annuity under the assignment and this is payable to them for their lifetime. However, MSD guidelines make it quite clear that 50% of annuity payments to both partners would be taken into account when assessing the eligibility for a care subsidy. The spouse would still be entitled to receive 50% of the member's full residual entitlement on the death of the member.

Q. My partner and I are not married and nor are we in a civil union. How can I protect my partner's entitlement should I pass on before he does?

A. You do not have to be married or in a civil union for him to be entitled to a surviving spouse annuity should you die first. Datacom, on behalf of the GSFA will need to satisfy themselves of the nature of any relationship at the time of death. It is worth noting that the Property (Relationships) Act 1976 provides a legal definition of de facto relationships. In determining whether two persons are "living together as a couple", the following circumstances can be considered:

- duration of the relationship
- the nature and extent of the common residence of the relationship
- whether or not a sexual relationship exists
- the degree of financial dependence or interdependence between the parties
- ownership, use, and acquisition of property
- degree of mutual commitment to a shared life
- care and support of children
- performance of household duties
- reputation and public aspects of the relationship.

Q. I am concerned that I am being taxed on my late husband's British Army pension. If his was a NZ Army pension I understand that there would be no tax.

A. This is correct, however, there is a reason for this. Prior to 1990 all NZ pensions were taxed as income. In 1990, the government changed the rules and made the government pensions (including the NZ Army scheme) tax exempt. At the same time, however, the government reduced the annuities by 30% to compensate for this change. So, in effect, all government pensions, which include NZ Army pensions, have the equivalent of a 30% tax deducted at source. On the other hand, your late husband's British pension has had no reduction applied to it, so it is seen as taxable income by the Inland Revenue Department.

Q. I receive a GSF annuity as well as a small one from NPF from a short-term employment. I note frequent references in GSA newsletters about CPI adjustments, but I have seen no such thing in my NPF annuity over 12 years. I received a letter this year which said that the state of funds did not allow any inflation adjustment for the current year. Is that correct?

A. Yes. Members of the NPF Direct Benefit Plan receive COLA (these are the annuitants eligible to join GSA). Members of the National Provident Pension Scheme do not. Both schemes have annuitants only as members, and there are no contributors.