

Annuity News

October 2021 No. 104

G	government
S	superannuitants
A	association

Founded in 1920

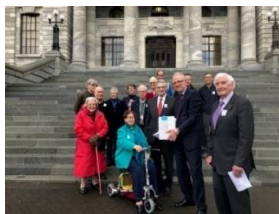


Featuring

News about your Association and what we are up to, as well as many other useful snippets

Call the GSA free on 0800 888 472

Visit us at www.gsa.org.nz



100% CoLA Petition Update

The GSA is disappointed to report that the 2021 Government budget did not include an allocation to address the problem that pre-1985 annuitants do not receive 100% of cost-of-living adjustments. The GSA has been advocating on this issue for some time and the President and GSA Board members have had meetings with the finance minister, but unfortunately, we did not get the result we wanted. The Minister's office

was good enough to come back to us and explained that the Government had to spread its spending across the three budgets of its term. They realised this result was disappointing for the GSA but that it was not the end of the road for this issue and did reflect the pressure on the Government's budget allowances. The GSA Board will keep advocating on behalf of its members on this issue. Background information on this issue is on www.gsa.org.nz/gsa-advocacy/.

Personal data for...

PGI or NPI number
 (This is not a GSA number)

PGI or NPI number

This document contains information about you which is used to provide you with services and to manage the administration of the GSA. This information is held on a secure database.

This is not a legal document. You are strongly advised to make a will and to keep it up to date.

See the GSA member handbook Retirement and your Annuity for further information on:

- 1 Government Superannuation Fund (GSF)
- 2 Personal Annuity Handbook
- 3 Government Superannuation Handbook (GSH)

government superannuitants
 government annuitants
 association members

GSA Personal Data Books

This booklet has been converted into an editable PDF document so you can download the booklet on to your own device, fill out the details and then make it available to family members for future use. It is available under the Members/ Publications and Documents section of our website, in the original format that you can print and then fill in, AND this new PDF editable version (you will need your GSA password to access Publications and Documents). Contact national@gsa.org.nz for your password if you don't have it handy. Physical copies of this booklet (and Retirement & Your Annuity) are available from your local branch (see branch contact details on page 8

Annuity Pay days

	2020	2021	2022
23 Jan	21 Jan	20 Jan	
20 Feb	18 Feb	17 Feb	
10 Mar	18 Mar	17 Mar	
18 Apr	16 Apr	14 Apr	
14 May	13 May	12 May	
11 Jun	10 Jun	9 Jun	
9 Jul	8 Jul	7 Jul	
6 Aug	5 Aug	4 Aug	
3 Sep	2 Sep	1 Sep	
1 Oct	30 Sep	29 Sep	
28 Oct	28 Oct	27 Oct	
26 Nov	25 Nov	24 Nov	
24 Dec	23 Dec	22 Dec	

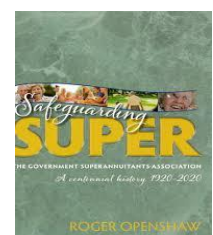
Your GSF or NPI annuity will be paid on these days.

Every fourth Thursday

Annuities Payday Card

We have been receiving some enquiries for the Annuities Payday Card. The printing of this was discontinued some time ago, **however the dates are available on page 8 of this newsletter and future annuity newsletters.** The updated dates for 2021 to 2023 have been added, and they can be cut out and kept for your reference.

Purchase your own copy of this piece of GSA history - You can purchase your own copy of this absorbing account of the work the GSA has done over the past 100 years to protect the government annuities of its members. The cost is \$40 per book plus postage. Please email national@gsa.org.nz or phone 04 472 7006, an invoice will be sent to you and the book posted upon payment. We are already on a third printing of the book; it is proving very popular.



From the President



Hello to all our valued members

I start by warmly welcoming to the Wellington office new Executive Officer Robyn Doherty and new Office Manager/Membership Coordinator, Angelica Doria. We are so grateful that Robyn and Angelica have both joined the team and have quickly learnt/settled into what is required.

In August/September Karen Knobloch and Pamela Arul both left for full time positions elsewhere. I am sure you will all join me in thanking them for the work they have done on our behalf while working in the Wellington office. I wish them well with their new jobs.

A year ago, I reflected on the regret I felt at not being able to launch our Centennial year from Parliament that we had spent a great deal of time and energy planning. A year on and Covid is still playing a very significant part in our day to day lives. This year it has created a delay in being able to hold our annual Council. As you are reading this Annuity News we are hopefully holding, or have just held, the delayed meeting.

Important work for this gathering is to elect a new Board. Three of the current Board, Dallas Elvy, Rob Brangwin and Mike Smith have decided not to stand for re-election. I most sincerely thank them for their valued input and work while they have been Board members. Being unopposed for re-election Alan Straker remains as the Vice President and myself as President. Seven members have put their names forward for election to the five Board member positions. I thank them for doing that.

Another important piece of work that the Board has proposed for the Council to consider are a range of changes to the constitution that will give more flexibility for operation in the virtual world we now spend more time living in. Justice for our pre 1985 annuitants re receiving the full cost of living adjustment every year remains as the highest priority for our work and in our relationship with the Government. Our case is accepted as being totally valid. With Covid spending in the front of mind for the Government we are working very hard to convince them that rectifying the completely unfair situation that has existed for so long is also of the utmost importance.

Fortunately, our Branch AGMs were not interrupted this year. It was pleasing to note that Branches which had previously found it difficult to form a committee with strong numbers were able to do so this time. The Board has become concerned that some Branches are barely achieving the minimum number required for a quorum at their AGM. The minimum number for all is 20. However, for our larger branches, we would like to think that a far greater number than that would feel it worthwhile to attend. So next year when the time comes for the AGM of your Branch, members please give serious consideration to attending. In my experience they are very convivial affairs. On that point I would like to express my gratitude to the officers and members of the ten Branches I visited during May and June this year. I thank you all for the warm welcome and fellowship. I will be discussing with the new Board which Branches I will visit at AGM time in 2022.

The GSA continues to be a relevant, strong organisation. Over and over, I am told by members about how important their annuity (GSF & NPF) is, and how thankful they are that they had the foresight to invest in it during their working life.

Kind regards to you all and all the best for the forthcoming festive season

A handwritten signature in blue ink, which appears to read "Tony Hamilton". The signature is fluid and cursive.

Tony Hamilton, President

Double Taxation for Members Resident Overseas

For some time, the GSA has been concerned about the fact that for many members living overseas their Government Superannuation Fund (GSF), and National Provident Fund (NPF) payments may be subject to taxation whereas the same payments if received in NZ would be tax free. This does not affect all our overseas members. Those living in Australia, the Cook Islands, and Canada are not affected. On behalf of those members who are affected, the GSA has attempted to raise the issue with the relevant Minister and with the IRD. The background to this issue is historical. Until 31 March 1990 superannuation payments were taxed in New Zealand at the members' personal tax rates. From 1 April 1990 the payments were exempt from personal tax in New Zealand.

To compensate for this change in taxation policy NZ tax residents incurred a reduction to their existing pension entitlements, known as the "reduction factor". In the case of GSF this was a 30% reduction and for NPF it was 40%. *(For non-resident members who had qualified for a pension by 30 September 1990, a pension reduction factor was not deducted. If these non-residents return to NZ and become NZ tax resident, they too will receive a pension reduction adjustment from the first day qualifying as a NZ resident.)*

In 2019 the GSA asked the IRD to provide a statement advising that members' superannuation payments have effectively been taxed. It was the GSA intention that such a statement might prove useful for overseas members involved in taxation discussions with their relevant local authorities. The IRD has not been willing to provide such a statement, arguing that the reduction factor was not a tax. The IRD view is that the reductions to the pension and annuity payments made in 1990 were not themselves payments of tax and will not ordinarily qualify for a tax credit in the member's country of tax residence. This means although there is the effect of double taxation imposed on these annuity payments, they do not qualify for any tax relief, except for those members resident in the countries with which NZ has a special Double Taxation arrangement.

The IRD has provided the GSA with a comprehensive statement of how double taxation affects members resident in certain countries. We think it might be useful to summarise the IRD statement here.

United Kingdom - UK tax residents are taxed in the UK in full on receipt of each GSF or NPF annuity payment.

United States - The USA tax residents and citizens are taxed in the USA in whole or in part on receipt of either the GSF or NPF annuity. However, the tax rules for pensions and annuities are complex and members who are tax resident of the USA are recommended to obtain their own tax advice.

Cook Islands - The Cook Island Income Tax Act 1997 exempts income from GSF and NPF annuities from tax.

Australia - Since 1 July 2010 the GSF pensions and NPF annuities which are exempt from tax in NZ if received by a NZ tax resident, are also exempt from tax in Australia.

Canada - GSF pensions and NPF annuities received by a Canadian tax resident are only taxed in New Zealand, not in Canada.

As the IRD points out, the number of annuitants affected is not great. We have been consistently advised that the number of people affected is too small to warrant this double tax issue appearing on the agenda for any future "nation to nation" talks. The following table shows the number of GSF and NPF members resident in the UK and the USA. Note that these figures include GSA and non-GSA members.

Country	GSF	NPF	Total
UK	134	22	156
USA	43	5	48
Total	177	27	204

We are not able to list the tax arrangements for all the countries where our members might be resident. We assume that the arrangements for countries not listed above are like those that apply in the UK and the USA since we are unaware of the existence of any special arrangements apart from those with Australia, the Cook Islands, and Canada.

Reminder – GSA subscription increase from 1 April 2021

As you may already be aware, at the Council meeting in September 2020, a subscription increase was approved, to take effect from 1 April 2021. The new subscription rates are \$2.50 per annuity pay day, or \$32.50 if you pay your subscription annually. If you are paying your subscription via your annuity, this increase will take place on the payday of 15 April 2021.



Get involved with the GSA!

We reiterate our call for members to get involved with their local branch. Our branch committees need new members to keep providing local services and events to GSA members and they are very keen to welcome new people. Branches are the heart of the GSA and an important link between members and National Office.

We know that our members are busy with their everyday lives, but branch committee duties are not onerous or time-consuming, and are a great way to network with fellow members, showcase your own skills and experience, and learn some new skills along the way.

To register your interest, please phone your local branch (0800 888 472) or email them (branch email addresses are on page 8 of this newsletter).

It is as important now, as it has ever been, to maintain our branch structure so that GSA members are represented nationally.

New Executive Officer for the GSA – Robyn Doherty



I was very pleased to accept the role of Executive Officer of the Government Superannuitants Association. I am happy to continue the good work of the previous Executive Officer, Karen Knobloch.

This is an exciting time for the organisation with changes and challenges up ahead, however we continue to hold our members as central to our operations and continue to look after the interests of them and their annuities. With New Zealand still grappling with intermittent Covid restrictions and lockdowns, this continues to challenge us in our day-to-day operations at National and Branch level, but due to the level 4 lockdown last year, we know that we can still operate the organisation effectively from home if needed.

I would like to thank the GSA Board, Office Manager Angelica Doria, and the Branches, for their continuing support of me in this role.

GSA membership numbers - September 2021



As at mid-September 2021 GSA membership totaled 24,002, comprising 525 pre-annuitants, 424 pre-annuitant spouses, 12,581 annuitants, 6639 annuitant spouses, and 3,833 surviving spouses.



Protect Your Spouse/Partner Annuity Rights

We strongly encourage you to ensure your spouse/partner also becomes a member of the GSA, by being listed as a spouse/partner member on your membership. This is at no extra cost so you can both enjoy the benefits of GSA membership!

Having your spouse/partner listed under your membership, will assist them if you pre-decease them. The GSA provides vital information to them regarding your GSF/NPF annuity and in dealing with Datacom. This assistance helps make a difficult time in their life less stressful and guides them in what they need to do. However, if we don't know you have a spouse or partner, we are unable to help. If you haven't already done so, please call 04 472 7006 or email national@gsa.org.nz.

Issues with joint banking arrangements for couples and advice from the Banking Ombudsman

Earlier this year, two of our branches alerted the National Office and Board to articles published in The Herald which detailed the negative experiences of bereaved spouses, in the wake of the death of a partner, when dealing with banks and either joint banking arrangements or joint credit cards.

The Banking Ombudsman, Nicola Sladden responded to these articles and had some good advice for any couples who have these types of banking arrangements:

This year, the Banking Ombudsman Scheme has heard from a few older people concerned about access to banks and bank accounts, particularly as branches have closed and cheques have been phased out.

It's common for people to have shared financial responsibilities and it's important to notify the bank as soon as possible after someone passes away. Signing authorities and powers of attorney will no longer be valid, and a bank can only take instructions from someone authorised to act on behalf of the estate. Banks will freeze the customer's individual accounts, and joint accounts will usually be transferred to the remaining account holder's name.

The loss of a loved one is a really difficult time, and banking challenges are the last thing people need. We received over 70 complaints last year about deceased customer accounts, and some related to misunderstandings about who can access accounts and how.

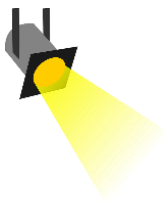
Complications can arise when one person is the account holder and the other a signatory. Signatories will no longer be able to operate the account. If you have questions about your banking arrangements, contact your bank to ask about who owns, and who can access the account. If there is debt on the account, consider seeking guidance and planning for that now to avoid future complications.

There are many other options for banking, including online, by phone, mobile apps, and by direct debits or automatic payments. If you need help, we advise the best place to start is by contacting your bank and asking what support they are providing.

Banks are committed to helping to meet the needs of older people, and people with disabilities. Most banks have a priority phone service for older customers.

Some have a dedicated phone number, and others will automatically direct your call to the priority service when you call their main 0800 number. Banks are also offering a range of information and education services about banking online and on mobile phones.

To read the original articles, search online for 'TSB Bank freezes Tauranga pensioner's accounts to protect funds' and 'ASB, ANZ and Westpac accused of credit card debacle with widows.'



Spotlight on the Government Superannuation Fund (GSF)

As of March, The Government Superannuation Fund (“GSF” or “Fund”) dates to 1948, when it was established to provide a way for state sector employees to save for their retirement. Contributors make regular contributions to the Fund and in return, on retirement, receive a defined level of income.

The GSF Schemes were closed to new members from 1 July 1992, except for persons who were eligible for membership through their employment with certain Pacific Island governments. Membership was closed to these persons in 1995.

On 30 June 2020, there were 51,347 members, made up of 4,512 contributors, 2,941 deferred pensions and 43,894 annuitants. Since 1996, the number of annuitants has exceeded the number of contributors. It is expected that entitlements will continue to be paid by GSF for the next 50 years or so.

The Fund’s assets are insufficient to cover its projected liabilities, i.e., its commitments to pay future entitlements. This shortfall was caused primarily by previous governments deciding not to make employer contributions to the Fund during the term of contributors’ government service. As a result, the investment returns on the smaller asset base of the Fund, combined with contributions from members and non-government employers, are not sufficient to meet the annual cost of entitlements to members. The annual shortfall in the cost of entitlements is met by a ‘top up’ from the government each year.

Before the Authority took over in 2001, the Fund was invested entirely in New Zealand fixed interest securities. This kept investment risk to a minimum, but it also meant that returns were lower than they might have been over the longer term had the GSF assets been invested in a diversified portfolio. This has resulted in the annual cost to government of the ‘top up’ being higher than it might otherwise have been.

GSF questions and answers: www.gsfa.govt.nz/members/faq/

1. Q. Do I have to declare my GSF pension for income tax purposes?
 - A. All GSF pensions became free of tax on 1 April 1990. Therefore, members resident in New Zealand no longer need to declare their allowance to the Department of Inland Revenue. From 1 July 2010, pensions paid from New Zealand are also tax free for members resident in Australia.
2. Q. How can I get a GSF Earnings Certificate?
 - A. GSF Earnings Certificates can be provided on request as proof of income for a Community Services Card, Disability Allowance etc. Please contact Datacom if you require a GSF Earnings Certificate or Cost of Living Advice Notice.
3. Q. What do I need to do if I want to change my bank account?
 - A. If you wish to change your bank account you should advise Datacom in writing, providing your full bank account number and pay date you want the change to take effect from, or by using the Change in Personal Details Form which can be found on the GSF Schemes and Administration section of the GSF website. Please note that your pension (retiring allowance) must be paid to a bank account in your name.
4. Q. Can my pension be paid into an Overseas Bank Account?
 - A. Yes, if a member intends to reside overseas permanently, depending on the country of residence, their pension (retiring allowance) may be paid to an overseas bank account. Datacom should be

notified of any change of address as a certificate requiring confirmation of the member's whereabouts is sent annually. Failure to return the certificate could result in suspension of the pension (retiring allowance). Note: A fee of \$2.00 each four weekly payment is charged when the pension (retiring allowance) is paid into an Australian bank account and \$9.00 when paid to any other country.

5. Q. Can I assign any of my pension (retiring allowance) to another person?

A. The GSF Act allows contributing members, when they become entitled to a retiring allowance (or three months prior), to surrender part of their pension and assign an actuarially equivalent amount to a partner or another person. For further information on this option please see to Booklet GS2. Quotes are available from Datacom for this option. To provide you with a quote, Datacom will need the following information:

- Member details - name, address, and GSF reference number
- Assignee's details - full name and date of birth

6. Q. Would my GSF entitlements be considered Relationship Property?

A. Entitlements may also be allocated to separated or divorced partners under agreements made under the Property (Relationships) Act 1976. Where part of a retiring allowance is allocated to a third party, the allowance ceases upon the death of the former contributor, unless they have been made by a permanent surrender (assignment) of part of a retiring allowance.

If you have any further questions, please contact Datacom, the Scheme Administrator, as follows:

Datacom Connect Limited
GSF Schemes Administration
P O Box 3614, Wellington 6140
New Zealand

New Zealand Free Phone 0800 654 731
Email gsf@datacom.co.nz
Website www.datacomgsf.co.nz

Quote of the day!

**Retirement....
No Job....
No Stress....
No Money!**

Useful websites for GSA members

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
Super Seniors: <https://www.superseniors.ms.govt.nz/>

GSA Branch activities

For more information about meetings and social functions, see your branch newsletter, check out your branch web page (www.gsa.org.nz, click branches on the top menu), or **phone your branch secretary on 0800 888 472**. We encourage you to get involved.

*Youth is the gift of nature, but
age is a work of art.*

GSA website www.gsa.org.nz

The Association website provides an outline of the Government Superannuation Fund and National Provident Fund annuity schemes and the organisation

If you have suggestions about website content you would find useful, please email the Executive Officer gensec@gsa.org.nz.

The Association directory and national calendar and are available on the website.

Annuity Paydays

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21 Jan	20 Jan	19 Jan
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5 Aug	4 Aug	3 Aug
2 Sep	1 Sep	31 Aug
30 Sep	29 Sep	28 Sep
28 Oct	27 Oct	26 Oct
25 Nov	24 Nov	23 Nov
23 Dec	22 Dec	21 Dec

Impact of Postage Increases



With postage increases in 2020 and more increases expected this year, these have had budget consequences for us all, including GSA. If you would now like to receive Annuity News and your Branch newsletter by email rather than post let Angelica Doria, our Office Manager know by emailing her at national@gsa.org.nz, and she will arrange this for you.

Branch Secretary

Auckland	Andrea Beechey	auckland@gsa.org.nz
Bay of Plenty	Jeannie Johansson	bayofplenty@gsa.org.nz
Canterbury Westland	Janine Lynn	cantywest@gsa.org.nz
Gisborne	Des Omundsen	gisborne@gsa.org.nz
Hawkes Bay	Desmond Sullivan	hawbay@gsa.org.nz
Horowhenua Kapiti	David Ballantyne	horokapiti@gsa.org.nz
Lake Taupo	Colin Crowe	taupo@gsa.org.nz
Manawatu	John Lowen	manawatu@gsa.org.nz
Marlborough	Barbara Hutchinson	marlborough@gsa.org.nz
Nelson	Margaret Palermo	nelson@gsa.org.nz
Northland	Rex Morris	northland@gsa.org.nz
Otago	Robert Morey	otago@gsa.org.nz
Rotorua	Ian Simpson	rotorua@gsa.org.nz
South Canterbury	Gavin Somerville	southcant@gsa.org.nz
Southland	Anne Gover	southland@gsa.org.nz
Taranaki	Denyse Salisbury	taranaki@gsa.org.nz
Waikato KC	John Evered	waikatokc@gsa.org.nz
Whanganui	Neil Elgar	wanganui@gsa.org.nz
Wellington	Jirayu Brennan	wellington@gsa.org.nz

Useful Contacts

GSA freephone

0800 888 472

Annuity administration:

Datacom (GSF): phone 0800 654731, or email gsf@datacom.co.nz

Datacom (NPF): phone 0800 628776 or email

npfenquiries@datacom.co.nz

Do we have your correct details?

We do not know that your details have changed unless you tell us. Pick up the phone (0800 888 472) or drop us an email. Or go to the members' section of our web site at www.gsa.org.nz, log in and fill out your details. You will need your GSA password to access the members' section. Contact national@gsa.org.nz for your password if you don't have it handy.

Remember to tell Datacom!

Annuity News is published by The Government Superannuitants Association of New Zealand Inc.

President: Tony Hamilton, Executive Officer: Robyn Doherty gensec@gsa.org.nz, +64-4-472 7006

PO Box 11993, Manners St, Wellington 6142 www.gsa.org.nz

Printed by Pivotal Thames, 35 Martin Square, Wellington.