

Annuity News

April 2022 No. 105

G government

S superannuitants

A association

Founded in 1920



Featuring

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

Call the GSA free on 0800 888 472

Visit us at www.gsa.org.nz

The fight Continues!

Government Superannuitants Association

100% Cost of Living Adjustment (CoLA) for Annuitants who retired before 1985

GSA President, Tony Hamilton writes:

1. The then Minister of Finance, in 2006, had provided the 90% indexation of CoLA and had agreed to move to 100% indexation of CoLA.
2. There is only one way to provide 100% Indexation of CoLA, and that was embedded in the 1969 legislation. The 2009 legislation (GSF Amendment Act 2009) was intended to complete the 100% indexation. However, it provides only for partial indexation for the pre-1985 retirees.
- 3.



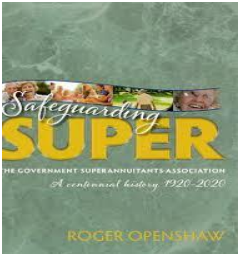
GSA petitioned Parliament on 3 July 2018. The report from the Finance & Expenditure Committee (in May 2019) agreed that the formula used in the 2009 legislation 'appears to be a different formula to that used in previous iterations.' The report went on 'We recommend to the Government that it takes note of this finding and considers options for addressing the resultant lesser payments received by contributors and beneficiaries of the fund.'

4. Since then, GSA has continued to advocate for the inclusion of funds within the Government's budget which would allow for the error to be corrected for the surviving annuitants.
5. The most recent communication from Finance Minister, Hon Grant Robertson (26/11/2021), states 'I understand your concerns around the progress of decision making following your petition. This has been an extremely busy time for the Government with a considerable number of competing priorities. We are currently in the strategic phase of Budget 2022 and agencies will shortly begin developing initiatives for consideration by Cabinet. I intend to begin engagement with officials in the coming weeks on this initiative.'
6. The minister's letter continues: 'I caution that this does not mean the initiative is guaranteed to be included in Budget 2022, as Cabinet is the decision-making authority and will give its consideration alongside all other Government initiatives.'
7. The most recent information from GSFA (received 3/12/21) is as follows:

8. The annual estimated cost to bring pre 1985 annuitants up to 100% of indexation is \$5m. (as of 30 June 2021)
9. There were 1,472 former contributors. Of those, 1,333 were male and 139 were female. (As of 30 June 2021)
10. There are 2,352 surviving spouses of whom 21 are male and 2,331 are female. (As of 30 June 2021)

Note: the amount referred to in # 8, will already be less, and reducing with every death of an annuitant.

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.

Early Retirement Reduction Factor

The Early Retirement Reduction Factor is based on the employee's age in completed months on the date of retirement. The amount of actuarially calculated contributory retirement pension payable shall be the amount calculated reduced by the Early Retirement Reduction Factor and multiplied by an actuarial factor. Such Early Retirement Benefit shall be multiplied by his/her Special Early Retirement Reduction Factor.

Can a member continue working and receive his/her retirement fund?

To answer this specific question the person **must** retire from government service to receive his/her annuity. However, and this is something that people often do not appreciate, provided there has been a break in service, he/she may recommence working for the government and continue to receive his/her annuity plus salary. In practice, what this means is that should the person wish to commence receiving his annuity as soon as he is qualified to do so (age and length of service) but does not wish to give up his work, he will need to negotiate with his/her employer whereby he/she undertakes a short break in service, (it can be for as little as 24 hours), and then recommences work under a new employment agreement. Employers will often agree to this because it means that they continue to retain the services of the employee while not having to pay the employer's contribution to the GSF.

Quote of the day!
***Don't simply retire from something
Have something to retire to***

From the President



Dear members

As we begin to come out of the very difficult and almost impossible times, we have lived through over the last two years, I hope, as this is read, you, family and friends are all doing as well as is possible. As the memory of the virus and its impact starts to fade, hopefully we will all remember the need to be prepared for future challenges.

I know we as an organisation don't talk politics, however, I cannot help but think each day of the horrific criminal acts of war being suffered by Ukrainians. Hopefully by the time you read this the situation will have changed.

The Board concluded that there was no choice, at the end of last year, but to cancel the normal annual **Council** meeting. We were then unable to hold the replacement **Special Council** meeting planned for the end of January. This was because of the covid restrictions around physical distancing, plus considering the vulnerability related to the age of our membership. Consequently, the **September 2022 Council** will have to also undertake some of the 2021 cancelled work. We did however hold **elections** to the Board, electronically, and I was pleased to welcome back to the Board Vice President Alan Straker, Alan Peck, Marjorie Thomas; plus, new members Ian Clunies-Ross, Nancy de Freitas and Anne Gover. Unfortunately, not long after the election was completed, Nancy had to resign. The Board recently appointed John Beckham to replace her. I thank all Board members, past and present, for their work.

We have also had to address staff changes in the **Wellington Office**. We have welcomed aboard Executive Officer Robyn Doherty and Office Manager Gabe Pang. They have quickly and unobtrusively slotted into their roles for which I most sincerely thank them. It is our hope that the staffing of the office will remain settled for some time to come.

CoLA for pre 1985 annuitants: this must be sounding a bit like a broken record; once again we await the Government decision about whether to find the around \$30 - \$35m needed to correct the appalling error made in Parliament by the 2009 amendment.

Some of you will be aware that, last year, the Board settled upon a detailed process to follow should branches feel they are no longer able to operate as in the past and would wish to amalgamate with a nearby branch/branches. Having this policy in place does in no way mean that the Board wants to see this happening, it is there for when that becomes inevitable. We want the branches to remain viable for as long as it is possible, which will be for as long as there are members interested in volunteering a small amount of time to the organisation. The Board is commencing further work on how assistance can be given to branches with the bits of the work that they currently do that they might prefer not to do e.g., membership management, financial recording etc. We will be consulting with branches about this. So, we still need you to be involved if you can offer some time, please.

As I have said, above, we will be working on how to minimise the tasks that might put you off participating in a committee. So here is a direct, personal request from the GSA President; have a look at your branch newsletter that accompanies the Annuity News and go along to the **AGM**. Also, current committee members, consider whether you could offer a bit more by also becoming a Board member.

After being able to successfully visit several Branch AGMs last year, I plan to visit many others this year. Air NZ, weather and covid permitting I look forward to meeting with you at your local meeting.

In my opinion the GSA continues to work efficiently as we achieve our prime objective, protection of the annuity.

Kind regards to you all



Tony Hamilton, President

Assignment of Pension

Should the contributor die whilst still a contributor (i.e., **before** he/she commences receiving his/her annuity), his/her estate will be refunded their contributions plus interest. It is up to the member to sort out in his/her will who benefits from his/her estate.

The situation is very different once the member starts receiving his/her annuity. Should the member die **after** commencing his/her annuity, the annuity ceases. There are **no** refunds. Only a recognised spouse or partner is entitled to a benefit, and that is 50% of the annuity.

However, if the contributor wishes someone other than a spouse or partner to benefit from his/her annuity, there is an alternative. This is **assignment**. A member may assign up to 50% of their annuity to any other person at any time. The assignment is paid until the death of the assignee (the person receiving the assigned portion) regardless of when the member dies.

There are three important things to note:

(a) An assignment must be made while the member is still living. It cannot be set up to take effect after death.

(b) Once made, the assignment is irrevocable and cannot be cancelled. Should the assignee die before the member, the assigned portion is lost - it is **not** returned to the member.

(c) Although the member may assign up to 50% of his/her annuity, the amount received by the assignee is not likely to be the same in dollar terms. The amount received is determined actuarially, based on the life expectancy of the assignee. Where the assignee is younger than the member, the assignee will receive a dollar figure of less than 50% because it is likely to be paid out for longer and the deal needs to be cost neutral to the Fund.

NB - The GSA does not provide personal advice on assignments. We strongly encourage members to seek professional advice (legal and/or financial) when contemplating assignment.

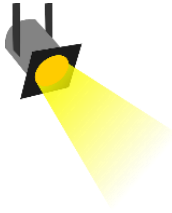
It is as important now, as it has ever been, to maintain our branch structure so that GSA members are represented nationally.

Membership Data from the Government Superannuation Fund Authority (GSFA)



The Authority outsources the day-to-day administration of the GSF Schemes. The current Scheme Administrator is Datacom Connect Limited. Datacom looks after the day-to-day administration of the GSF Schemes, such as collecting contributions, calculating and paying entitlements and handling all member enquiries.

On 30 June 2021, there were 48,268 members, made up of 2,226 contributors, 2,629 deferred pensions and 43,413 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.



Spotlight on the Government Superannuation Fund Authority (GSFA)

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.

The membership data required, to produce the actuarial calculations, was provided by the Fund Administrator, Datacom Connect Limited, and is effective as of 30 June 2021.

On 30 June 2021, there were 48,268 members, made up of 2,226 contributors, 2,629 deferred pensions and 43,413 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. For a number of years since the investment strategy changed, the GSFA has done well, achieving a very good rate of return. However, even with the best return possible, the government top-up is always going to be substantial.

GSFA 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.

7. Q. *My wife passed away some time ago and I am contemplating re-marrying. If I do get married again and I pass away before my new spouse, does she then receive part of my annuity?*

A. Yes. However, the GSF Act makes it clear that a surviving spouse will only receive the full 50% of the annuity if the relationship has existed for five years or more. There is a sliding scale which allows for 10% of the annuity if, at the time of the annuitant's death, the relationship has existed for less than two years, 20% if it is less than three years, 30% for less than four years, and 40% for less than five years. Note the definition of spouse for GSF purposes includes a de facto partner.

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 gfsf@datacom.co.nz
Website www.datacomgsf.co.nz

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.msd.govt.nz/>

From the Executive Officer - Staff changes at National Office



We have been very lucky to recruit Gabe Pang, who started as Office Manager just after Christmas, enabling a good period of handover for what is a complex and busy role. Gabe comes to the GSA with business administration experience. Refer contact details on the back page.

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

Robyn Doherty, Executive Officer

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).

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.

Council 2022



This is tentatively set for the weekend of 3-4 September 2022

Details to be advised.

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.

Age is an issue of mind over matter. If you don't mind, it doesn't matter.

Mark Twain

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

2022	2023	2024
20 Jan	19 Jan	18 Jan
17 Feb	16 Feb	15 Feb
17 Mar	16 Mar	14 Mar
14 Apr	13 Apr	11 Apr
12 May	11 May	9 May
9 Jun	8 Jun	6 Jun
7 Jul	6 Jul	4 Jul
4 Aug	3 Aug	1 Aug
1 Sep	31 Aug	29 Aug
29 Sep	28 Sep	26 Sep
27 Oct	26 Oct	24 Oct
24 Nov	23 Nov	21 Nov
22 Dec	21 Dec	19 Dec



Please provide your e-mail address, if possible!

With increases to our postal rates and services, and more increases expected, 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 Gabe Pang, our Office Manager know by emailing him at national@gsa.org.nz, and he 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	horo.kapiti@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
Wanganui	Neil Elgar	wanganui@gsa.org.nz
Wellington	Catherine Chang	wellington@gsa.org.nz

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?

If your details have changed, please phone 0800 888 472, send us an email or go to the members' section of our web site at

www.gsa.org.nz

to 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.