

Annuity News

April 2016 No 93

G	government
S	superannuitants
A	association



Featuring

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

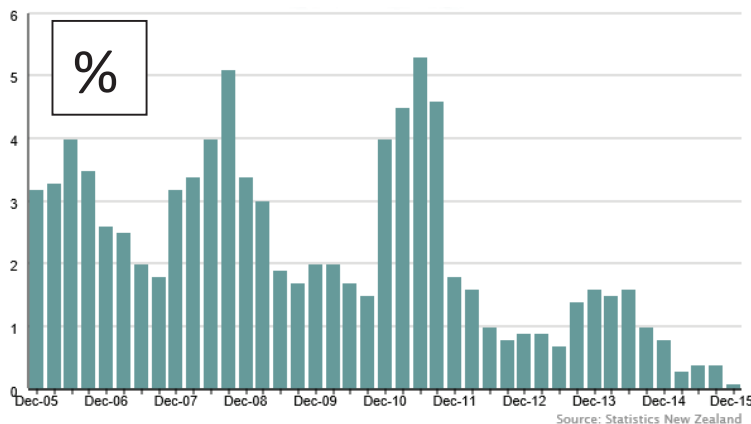
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Cost of living adjustment (CoLA)

Nothing this year, sorry.

By law, our CoLA is linked to the Consumers Price Index (CPI). Over the year to 31 December 2015 the CPI increased by 0.1%. Members should be aware that there is a threshold of 0.5% which must be met before any increases are made to annuities. As 0.1% is below the threshold there will be no CoLA increases this year. The 0.1% will be added to the 2016 CPI figure to provide a CoLA for 2017. However, an increase can only be expected if the combined figure for 2015/16 meets the 0.5% threshold.



The CPI measures the prices of a set 'basket' of goods and services. This basket is intended to represent typical household spending. The CPI supposedly gives a good indication of how consumer prices change overall. It does not show how prices of single items have changed, or how an individual household's bills have gone up. It is apparent, however, that the basket may not fairly represent the spending of a typical pensioner household. (For example, a major impact on the CPI was the drop in fuel prices last year.) So, it is quite possible that 0.1% does not reflect your increasing

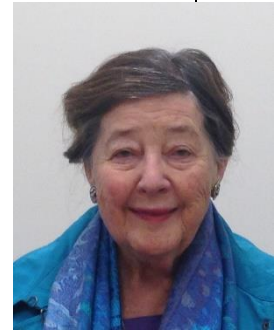
costs. If you want to read more about the CPI, go to the Statistics New Zealand web site www.stats.govt.nz

We are in a whole new world. Where once, not that long ago really, we worried about double-digit inflation we now live in an era where there is nearly no inflation at all. We can no longer rely on inflation to take care of our long term debts, such as mortgages, and nor can we rely on an annual increases to our income

To Our Pre-Annuitants and Spouses

With the vast majority of our members being annuitants it is inevitable that Annuity News tends to focus on matters that concern those who have already retired. We forget that there are issues peculiar to our Pre-Annuitants, those that the GSFA refers to as Current Contributors. There are over 8,000 still out there of which we can claim only 500 or so as GSA members. The issues faced by Pre-annuitants differ from the bulk of us as they are issues faced by people still in employment and who have yet to have their final annuity determined and paid out to them. A section of this Annuity News is mainly dedicated to providing information of interest to those members who are still in the workforce. To those 500 who are members we say thanks for joining and we hope you will continue to find the GSA supportive. To those current contributors who have not joined, we say "why not?"

From the President



The Government Superannuitants Association exists to safeguard the interests of the members of the Government Superannuation scheme and the National Provident Fund Defined Benefit Plan. These are the "super" schemes which you contributed to from your wages when you worked. It's a long time from ones first job to retirement and eventually to old age. The G.S.A. must provide the "memory that never dies" — the institutional memory of all arrangements made to mind our money and give it back to us later. The operators on the government side of the equation naturally change ---politicians, administrators, Treasury officials, Government Super Fund officers, Datacom people, and they are sometimes not as well versed as us on minor points where you as members could be disadvantaged.

So we lobby politicians to make sure we are on their radar and likewise the GSFA people and so on. You can help by seeing your own M.P. with our current issues picked out from "Annuity News". Remind them we are here, approximately 46,000 annuitants and pre-annuitants of whom 20,000 are GSA members and we all vote.

Our recruitment plan for new members is showing that members' spouses and widows i.e. recipients of part of their husband or wife's annuity, are pleased to join when it is brought to their notice. Up to date numbers will be in the next newsletter. Do talk to your friends about joining.

Individuals often need particular advice which can be provided by our Executive Officer. More and more the Association seems to be taking on an advisory role. While we cannot tailor our advice to meet the specific circumstances of individuals, we can, at least, point out the rules and the options, and we can assist where a member may have been treated unfairly.

Recently a member received the usual Datacom letter on the amount to be expected on her annuity for the coming year---no change as no cost of living increase ---but she heard nothing at all about the annuity she also receives as a widow. The annuity is being deposited in the bank as usual (hurrah) but she still has no paper trail, which we all know is essential, especially for the family one day. We understand that other members may be in a similar situation. We will report developments, if any, in the next newsletter.

As redundancies are advised in IRD and Kiwi Bank, and other government agencies, many contributors may have to retire sooner than they thought. We will be able to help individuals who do not think things are fair. Let's hope they have their paper trail.

I hope you all enjoy a cosy and interesting winter.

A handwritten signature in cursive script that reads "Janice Campbell".

Janice Campbell,
President

The Fund

Some useful snippets



The Government Superannuation Fund Authority (GSFA) released its 2015 Annual Report in September last year. We will attempt to provide a summary in lay terms of things of interest from this report.

It is a popular misconception that GSF members own the Fund. We do not. Our contract is with the Crown and our entitlements are clearly spelt out in the Act. The Fund is Crown money managed by the GSFA. The performance of the fund has no bearing on our annuities.

The Fund now has assets worth just over \$4 billion, up from \$3.7 billion in 2014. The fund managers have invested wisely and have achieved a growth rate averaging 15% over the last three years.

However, the fund is nowhere near self-sustaining. While over \$877 million was paid out to annuitants in the year to June 2015, almost \$718 million was provided by government top-up. Because only a small number of trading departments actually paid their employers' contributions when they were due most employers' contributions were deferred and are paid each year in the form of a top up.

The government unfunded liability for the anticipated lifetime of the scheme is now \$8.5 billion, down from \$9 billion in 2014.

Membership of the scheme peaked in 2011 and can now only decline.

GSF Annuitants	(30 June)
2011	46,839
2012	46,638
2013	46,568
2014	46,359
2015	45,967

As of June 2015 annuitants have reduced by less than 1.0% per year over the past 5 years. Nevertheless, as the number of current contributors retiring falls, and many of our members grow older we can expect the attrition rate to increase markedly in the next 10 years or so.
An actuarial assessment of the scheme suggests that the final annuitant, probably a surviving spouse, would move on in around 2070.

The makeup of the membership is also slowly changing over time. The ratio of current contributors to annuitants is dropping as members of the scheme retire. In 2014 current contributors comprised 19% of total scheme membership. In 2015 this figure had dropped to 18%.

As of June 2015 current contributors have reduced by about 7.5% per year over the past 5 years. (Not all go on to become annuitants, however.)
If we assume that the last person to join the GSF in 1992 was 18 years old, we can expect to see the final contributor retiring from the scheme in about 2035.

GSF Current Contributors	(30 June)
2011	13,433
2012	12,453
2013	11,464
2014	10,580
2015	9,767

General Scheme	9,298
Armed Forces	133
Police	280
Prisons Service	46
Judges and Solicitor-General	5
Parliamentary	5
Total	9,767

It is also interesting to note where the current contributors are working. Figures for May 2015 show that 95% of contributors were in the General Scheme. The fact that there are now only five parliamentarians still contributing to the scheme may well go some way to explaining the lack of interest being shown in government circles to issues raised by the GSA.

NPF

While this page specifically refers to the GSF scheme, a similar picture applies to the NPF Defined Benefit Plan, but the numbers are much smaller. The scheme has only 5,500 annuitants, 365 current contributors and assets of around \$250 million. Government top-up funds the major share of annuity payments.

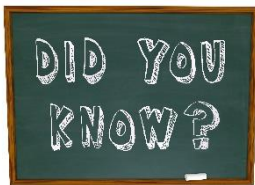


GSA Advocacy **Effort without reward**

Once again, there is little to report on the advocacy front. Our attempts to gain access to Ministers continues to be thwarted. The current Government line is that the issues we wish to raise are no longer issues, having all been dealt with correctly and appropriately in the past. Meanwhile the Labour Party has shown a willingness to see us and we were recently well received at a meeting with Grant Robertson and Trevor Mallard. Winston Peters, the much vaunted advocate for seniors, continues to ignore us.

On the Tax Equity issue, our arguments that the 30% reduction factor applied progressively to our annuities after 1990 is unfair, given today's tax rates, fall on deaf ears. The 2015 Council agreed that we should take a "back to square one" approach and review all the material that we have on this issue with the aim of reporting back to Council this year with a recommended way ahead. The general consensus is that unless we can come up with something new, we are unlikely to make any progress on this matter. It may well be that our review of what we have done in the past could suggest a possible alternative approach.

We continue to wrestle with the unfair treatment of pre-1985 retirees on the 100% Cost of Living Adjustment issue. It remains our belief that the 2009 adjustment made to annuities for these members was unfair in that it did not meet the intent of the previous Labour Government of restoring all annuities to a 100% CoLA basis. We believe that the advice provided to Cabinet at the time was incorrect. We are currently engaging independent actuarial advice.



The Government Superannuation Appeals Board **Know your rights**

The Government Superannuation Appeals Board was established under the Government Superannuation Fund Amendment Act 1995. The function of the Board is to hear and determine appeals arising from decisions made by the GSFA. Its members are appointed by the Minister of Finance and represent contributors, beneficiaries and employers. The GSA is prepared to support GSA members in their appeals if it is considered that the case is worth pursuing and that it is practicable to do so.

In a recent case a member appealed against a decision which had effectively delayed the commencement of payment of the member's annuity, costing him a good sum of money. It all came about because the letter that employees receive from the GSFA prior to retiring requires the employee to respond within a set time limit with the superannuation option they wish to take on retirement. Failure to respond within the timeframe will delay the commencement of the annuity. The time limit at the time of this case was 10 working days. (It has since been extended to 15 working days with the changes in postal services.) The member and the GSA argued that for a number of reasons, some of which were personal, this timeframe was unrealistic and unfair. The appeal was accepted and payment of the annuity was backdated accordingly. The GSFA was also invited to review its processes.

WHAT IS YOUR SALARY?



Determining Salary for Superannuation Purposes.

Section 19E of the Act gives the GSFA the right to determine what aspects of a contributor's remuneration can be deemed to be salary for superannuation purposes. There are many contributors throughout the country (especially in health and education) who are paid in a confusion of salary and allowances. Many employees (and employers) have been contributing for years on what they believe to be superable salary only to find that some allowances do not qualify. Sometimes the true picture only emerges when Datacom reviews an annuitant's case to determine their final annuity payments. In some cases this review and subsequent disallowing of some part of a contributor's remuneration can have a significant effect on the final annuity. Current contributors should check that they are not in this situation. Far better to know now than have a rude shock later.

Are you aware that your annuity will be determined by either the average of your last five years salary, or your final year salary whichever is the lesser? If you are contemplating taking a lower paid position before retirement, it is worth checking the provisions for preserving your higher salary. To do so, you will need to make a Former Higher Salary (FHS) election with Datacom within 3 months of the effective date of the reduction. (This does not apply to part time employment.)



Super Gold Card What is it worth?

How many of us really know what we can do with our Super Gold Cards? There is a web site <https://www.supergold.govt.nz/> which explains everything. Log on and you will see this banner. Click on "Info for Cardholders" and you will discover where you can use your card to best advantage.



Did you know that there are discounts available on everything from petrol, pet food, home appliances, health insurance, and many more?

Have you ever wondered why Auckland folk get such a good deal on public transport? It's simple. The Government funds travel for card holders during off peak times (9.00am to 3.00pm and after 6.30pm and all day weekends and public holidays). Any concessions outside these times must be funded locally. In Auckland you can travel free any time after 9.00am. Well done Auckland. The Auckland example has demonstrated that the evening peak transport is not swamped by pensioners out for a free ride, so why can't other centres be as benevolent?

(The editor recently caught a 6.35pm train in Wellington and was advised by the ticket inspector that he could only use his Gold Card until 3.00pm The inspector was politely corrected. Is it unreasonable to expect staff to know the rules?)

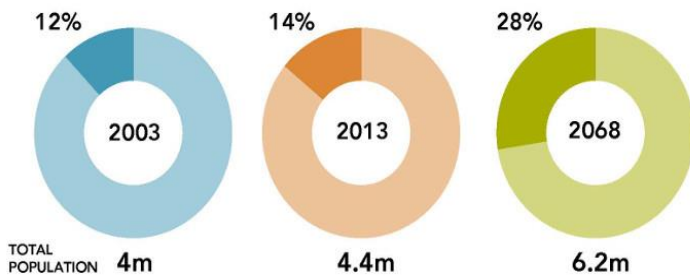


Baby Boomers Booming

(This item is based on information provided by the Productivity Commission in December 2014)

Consider the changes in New Zealand's population over the last decade. In 2003 the population was just over 4 million and 12% of people were aged 65 or older. By 2013 the total population had increased by around a 10th to reach close to 4.5 million. But the number of people over 65 had increased by almost 29%. As a result, the share of the population aged 65 or older had grown to 14%.

PEOPLE AGED 65 AND OVER % OF TOTAL POPULATION



Source: Productivity Commission based on Statistics New Zealand National Population Projections 2014 Base (Median Scenario)

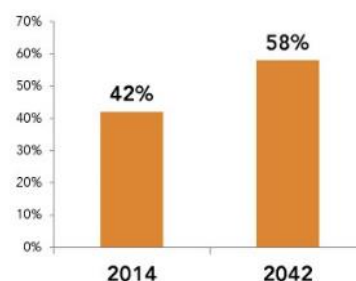
These changes are not just a short-term thing. Between 2014 and 2068 the number of people aged over 65 is expected to increase by more than a million to reach 1.7 million. It is projected that in 2068 something like 27.5% of the total population will be aged over 65 - up from 14.4% now. People who enter retirement now also tend to be healthier, wealthier and more active than previous generations of retirees, and will live longer.

These changes mean we need to think carefully. This is especially true of the pension and health systems, given the growing need to care for people with long-term conditions. The tax base will also come under pressure with the share of the population who work and pay taxes expected to fall.

As people live longer, the world of retirement will change too. 42% of the people who reached 65 in 2014 could expect to live to 90 and so have a retirement of at around 25 years. Over time these odds will improve, so a person who retires at 65 in 2042 would have a 58% chance of living to 90.

This is of interest to us, and of vital interest to the next generation or two.

PEOPLE AGED 65 WHO CAN EXPECT TO LIVE TO 90 (25 YEARS OF RETIREMENT)



Source: Productivity Commission based on Statistics New Zealand National Population Projections 2014 Base (Median Scenario)



The Pre-Annuitant's Dilemma I can retire – should I?

National Office was recently involved in discussion with a member who had reached a situation which is probably familiar to many members who are still working and contributing towards their annuity. This member was working for a government department. The member had reached the age of 65 and was working reduced hours and was wondering how this would affect the final annuity and what options might be available in the immediate future. While we can never give specific recommendations to anyone in these circumstances we can give advice on possible options. Here is our advice to those members still out there in the workforce who may be in this situation.

Firstly, an annuity is usually based on an equivalent full time salary over your last five years' service, even though you may only be contributing based on your actual part time salary. However, if you are not working full time your qualifying time slows down. For example, if you are on a half-time salary you would have to work two years to gain one year of qualifying time. So, your annuity does not reduce in monetary terms, it just takes longer to build up contributory service.

One thing you should be aware of is that once you are over 65 the "salary factor" no longer increases. The salary factor is one of the components that go into calculating your annuity, along with final salary and years of contributory service.

So..... You can continue as you are. But you should note that your continuing service, given the static salary factor, and the small salary increases that are the norm today, accumulating extra contributing time on a part time basis would make very little difference to your retiring allowance. You would continue paying 6.5% of your salary for a very small increment to your annuity.

Or..... You can take the money and run.

Or..... You can negotiate with your employer a future arrangement that optimises the benefits for you both, where you receive your annuity and a salary, assuming that you wish to continue working.

More about that last option. To start receiving your annuity you need to have a break in your employment. The break can be notional. Your employer simply completes a form (GS 1000) which states that you have ceased contributory service. You are then free to negotiate with your employer any terms for continuing with them. You could negotiate on a win-win basis. The plus for you is that you would already be receiving your annuity and you would no longer have to pay your 6.5% contribution. The plus on the employer's side is that they would no longer have to pay the employer's contribution, currently around 11%. Assuming that you wish to continue working and your employer wishes to retain your services, you may be able to negotiate a mutually agreeable total remuneration arrangement. You would need to ascertain your employer's likely intentions before making any irrevocable moves, however.



Lotto - Not your best investment

Last year, an average of 1.23 million people played Lotto each week, or more than a quarter of the population. The facts:

- Of every dollar spent, only 53c gets paid out.
- The chances of getting all six numbers are one in 3.8 million, or one in 38 million for Powerball.
- If you bought a 15 line Powerball ticket every week for 60 years, your chances of hitting the big one would be 0.12% per cent.

To put it another way; after a lifetime of buying enough tickets to wallpaper a house, you're still 99.88% guaranteed to lose.

The heart of the GSA is the branch and the branch is kept alive by its committee. Many of our committee members have served for a long time and cannot do so indefinitely. Branches are always looking for enthusiastic new committee members. If you have time on your hands and would be willing to contribute to the running of our Association, why not consider offering your services to your local branch committee. All branches will be holding their Annual General Meetings soon, where committees will be chosen, and your attendance would be much appreciated. Your AGM will be advertised in your next newsletter. Alternatively, visit your branch page on the GSA web site (www.gsa.org.nz) or give your branch secretary a call on 0800 888 472 for details.



Are You Ready for Retirement? Aren't you glad you joined the scheme?

There has been a lot written on this subject in recent years so it is not intended to repeat what many far more astute commentators have said, but, continuing our theme from the last edition where we discussed retirement homes and reverse mortgages, we would like to quickly mention a few salient points that you should be thinking about before you retire.

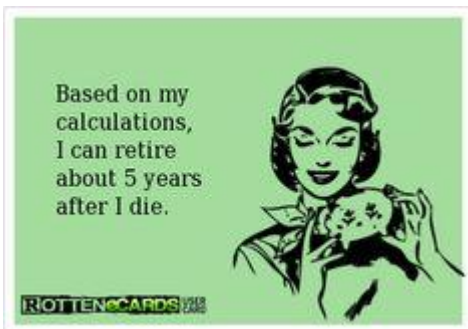
If the answer to our question is "no", then why retire if you do not have to? Research shows that Older New Zealanders are projected to make up 12% of the labour force by 2031, up from around 5% in 2011.

For a majority of pre-retirees their ideal retirement includes some work. Working a few years longer allows your savings to build and it also helps keep up your social connections. The law no longer allows for arbitrary age-based retirement, so if you feel like working on, like so many do, then why not? Just ensure that you leave enough time to enjoy the benefits later.

Related to this is the question about what are you going to do when you retire. You will need to find a purpose, something that gets you out of bed in the morning. There are not many people who can play golf every day so hobbies and possible voluntary work can become very important, especially for those without family nearby to keep them busy.

Have you planned your health care? Health problems top the list of worries for those planning to retire, according to some research. While you can eat right and stay fit to keep lifetime health care costs down, these costs will inevitably increase with time. Adding to this cost will also be the exponential increases in the premiums for health insurance as you age.

Money is always the biggest and most important question. Have you saved enough? Recent research in Australia suggests that a nest egg of \$1 million may not be sufficient to keep future retirees comfortable for the remainder of their lives. Research in NZ places the value of New Zealand Superannuation in lump sum terms at around \$410,000, and few would say that NZ Super alone means a comfortable lifestyle. While the present government has indicated that there will be no changes to NZ Super, there are no guarantees.



As life expectancy slowly edges towards the 90s and the years spent in retirement increase, we have much to ponder before making the big step.

Having looked at all of this, you will realise that the importance of your GSF/NPF annuity cannot be underestimated.



KiwiSaver What should I do with it?

While the GSA has no specific interest in KiwiSaver, there are still a number of GSA members in the workplace contributing to this scheme who may be interested in a couple of observations.

It has been reported that over the next 15 years or so some half a million KiwiSaver members will turn 65. They will have as much as \$40 billion in their accounts. They can also expect to live, on average, another 25 years. So, what to do with the money?

Anecdotal reports from Australia where they have had similar savings schemes for years suggest that the average lump sum is dissipated after around 9-10 years. So, if a long and financially secure retirement is the aim, KiwiSaver should not be treated like a Lotto prize.

Until recently, the only avenues for investing lump sums in New Zealand have been the bank, shares, or property. But now, an organisation called Retirement Income Group (RIG) has set up what they call the Lifetime Retirement Fund. Savers who put money into the fund are guaranteed a regular income in return, for as long as they live.

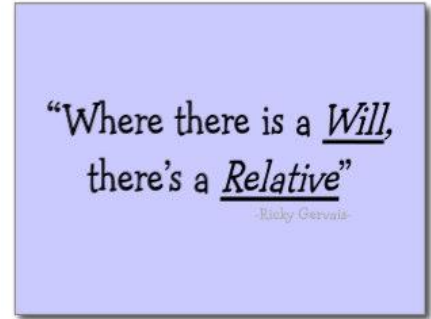
For many this may be an attractive option. However, this is a new scheme which is untried and untested in NZ. Retirees should ensure that they compare the returns offered here with other potential income returning investments.



Legal Matters Wills and Enduring Power of Attorney

Do I need to write a will? The answer is yes. A will is a legal document that enables you to exercise your right to select the people and organisations who you wish to benefit from your estate. If you die without a will your assets will be divided according to a formula set out in legislation. Your will needs to be clear about your wishes and it should be reviewed from time to time as your circumstances change.

You should note, however, that writing a will does not necessarily mean that you will have the final say. Wills can be challenged in court. Courts can determine whether a will is fair and reasonable and whether the writer has failed in their "moral duty" to someone by not leaving them enough. Moral duty claims can be taken by close family members, such as children, grandchildren, spouses, partners and others. So, if your will has any potential to be challenged, ensure that your reasoning is well documented.



A normal Power of Attorney is only valid while the person who gives it is of a sound mind. It is a good idea to make an Enduring Power of Attorney to ensure that someone can manage your affairs in the event that something happens to you. There are two types: Enduring Power of Attorney in relation to property; and, Enduring Power of Attorney in relation to personal care and welfare. Both are governed by the Protection of Personal and Property Rights Act 1988.

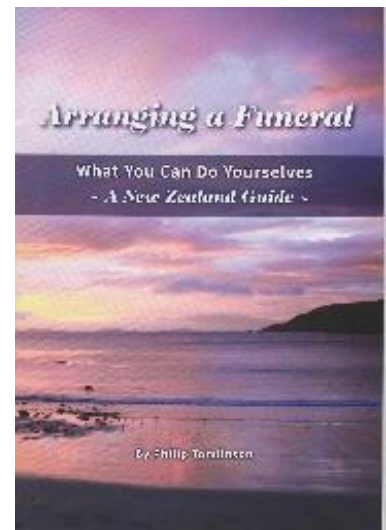


Funerals Do it Yourself

We would like to mention that one of our GSA members, Philip Tomlinson of Timaru, has written a very useful 24-page booklet, titled "Arranging a Funeral: What you can do for yourselves". In this booklet Philip shares a decade of research and experience and provides a great deal of advice that can help readers with funeral planning.

Apparently the average funeral cost in New Zealand is around \$12,000. That is a lot of money and it will often come from the deceased estate. This little book tells us why we should negotiate and question the funeral "package" presented by funeral directors and it takes the reader step by step through the process of arranging what most appropriately meets the needs of the deceased and those left behind.

Also, in Philip's own words: "Arranging a funeral without the services of a professional funeral director, is not only legal, but normally straightforward – given the knowledge that this book provides, family agreement, and maybe a little guidance and support."



You can get your copy of this booklet for \$10 directly from Philip at 23A Seddon Street, Timaru, or by phoning him on 03 688133, or by emailing: phi.dor.t@clear.net.nz

Plan your own funeral? It's a thought that has many of us quickly turning the page to another subject. But just think about it. Why wouldn't you wish to take an interest in "value for money" even after death? While Philip's book is not written specifically with that thought in mind, it does provide some interesting subjects for discussion. Remember, planning a funeral will assist family and friends to ensure that your final wishes can be met. It also relieves your loved ones from being called on to make important decisions when they may well be in a state of stress and grief.



Membership and Recruiting

Overall membership fell by around 1100 members in calendar year 2015. This is no cause for alarm as the GSA remains a significant organisation with well over 26,000 members. However, the declining numbers give an importance to our recruiting activities.

For this year we are changing one significant recruiting activity. Every year Datacom mails out the GSA recruiting pamphlet when it contacts annuitants in March and current contributors in September. In 2016 we are replacing the recruiting pamphlet with a letter from the President encouraging people to join and explaining the benefits of membership*. Here is what the President had to say in March to those annuitants out there who have yet to join the GSA. You might find it useful information for your next conversation with a non-member. (*At the time of printing, National Office was processing over 1,000 new applications.)

Dear Annuitants

I am writing to urge you to join the Government Superannuitants Association (GSA).

The aim of the GSA is to protect your annuity. This annuity is not a social welfare benefit but a payment in return for money deducted from your salary over the years you worked. It is a lifelong contract between you and the Crown and we exist to ensure that your four-weekly income is not adversely affected over time.

We are the only lobby group with your support as our primary goal. Governments come and go, and policies change. We are constantly watching for changes that may adversely affect our members. The annuity schemes closed to new members in 1992. We have broad knowledge and experience of GSF and we regularly provide support, information, and advocacy for our members.

In the past, we have achieved a number of successes, most notably we point to the removal of double taxation for our annuitants living in Australia, and more equitable cost of living adjustments for those who retired before 1985. We have also enjoyed some success supporting individual members where we have believed that their treatment has been unfair.

We need new members to keep our organisation viable. Because of the age of many annuitants we face the issue of natural attrition. We believe politicians are potentially influenced by large organisations and people of our age vote. We are a strong organisation at the moment with over 26,000 members across our 19 branches. We need to maintain our strength for as long as we can.

Whether you retired years ago, or yesterday, we need you to join and we need your spouse or partner to join us too. We will support your spouse/partner, if you die first, by providing information on GSF to assist their understanding of their entitlements. We can help at times when the bereaved have other things to worry about.

You can join by completing the attached form. Or you can join online at www.gsa.org.nz. If you want to know more about our organisation you can visit the web site or you can call your local branch secretary free on 800 888 472. Membership costs just \$1.65 per 4 weekly pay for annuitants. Spouses/partners may join for no extra cost.

Janice Campbell

Lapsed Members Where have they gone?

The GSA currently has over 650 "lapsed" members. Lapsed members are usually members who were paying their subscriptions annually by cheque or bank deposit rather than by direct deduction from their annuity. This mainly applies to Pre-Annuitants, although some Annuitants still choose to pay by this method. A member is deemed lapsed if their subscription has not been paid three months after the due date. Cash paying members receive an invoice reminding them when their subscription is due. On the invoice is a section inviting members who are in receipt of an annuity to opt to have their subscription paid by deduction from their annuity. Members are encouraged to take this option as this reduces the administrative overhead for the GSA and it also eliminates the risk of becoming "lapsed".

Some existing members may have received the President's letter. The letter goes to all GSF annuitants who are not recognised as GSA members by Datacom computer records. You may be paying your membership subscription by cash. The Datacom system can only recognise those paying by four-weekly deduction. Or, you may have more than one annuity. As your GSA membership is only linked to one annuity the Datacom system will look at your other annuity and think that you are not a GSA member. Spouse members who are annuitants in their own right may also have received the letter for the same reason. You need take no action. We apologise for any inconvenience, but the matter is outside GSA control. A similar letter has gone to all NPF annuitants, some of whom will be GSA members already.

GSA Geek Talk



Over 60s Baby boomers hit the Net

There is a new website called OverSixty NZ www.oversixty.co.nz It is described as the one-stop destination to keep New Zealanders over-60 in the know, created in the hope of bringing New Zealand seniors together in one place to share ideas, experiences and support each other. It boasts content on a range of topics as well as special offers and deals. *"One of the perks of being part of the fastest growing demographic in New Zealand is that lots of great Kiwi companies want your business – and we'll make sure they work hard to give you the best offers possible."*

It is hoped that the site will become a community aimed at creating a sense of belonging where members can read about the things they are interested in, have a say, communicate with other over-60s, share stories and make new friends along the way. From travel and lifestyle to money and finance, with everything in between, Over60 offers a broad range of topics with content and articles that are relevant to over-60s.

Signing up is quick and easy and gives access to special "members-only" offers and discounts, and the Over60 newsletter. Membership is completely free! Over60s is also on Facebook.



GSA is on Facebook Using Social Media to Communicate

As predicted in our last edition, the GSA has moved into the social media. This is to compensate for the lack of interest in our members forum (on our web site) by giving active internet users an easy way of staying in touch. We now have a GSA Page and GSA Group.

A Page is essentially a Facebook Profile for an organisation or group, club etc. Pages allow an organisation to publish content and interact with individuals. Pages are used by companies, organisations, products, celebrities, politicians and other entities that need to represent their "brand" on Facebook. A page is really a one way means of communication. Anyone on Facebook can comment on a post on a Page and follow the Page it but it is not possible to start a conversation on that Page. You can only respond to what the Page owner has posted. National Office controls what and when items get published on the GSA Page, and we can also remove comments. The Page is Public. Any Facebook member can see and comment on a Page.

A Group can be thought of as an online club. Groups are usually better suited for a more personal interaction, where people join and chat. The biggest advantage of a Group is that members of the group can upload their own content or start a conversation. A group can either be private or public—the GSA group is private, meaning that permission is required from National Office to join. Usually only GSA members will be allowed to join. National Office is also able to administer and supervise the Group and has the ability to delete posts if they are considered inappropriate. The GSA Group security setting allows anyone to find the Group and see members but only members can see posts. Conversations are confidential between members.

Go to the Page if you want GSA news and updates. Go to the Group if you want to be part of a conversation.



There are a lot of misconceptions out there about Facebook. Some people regard it as an invasion of their privacy and an intrusion into their lives. Facebook can only intrude as much as you let it and if you are careful with your privacy settings you are pretty safe. Many members have used Facebook for a few years, starting on it to keep track of family and friends, especially those overseas. For some it is almost a hobby (a better word than obsession) as they access various discussion groups, monitor the news media, and stay in touch with the world around them. Yes, there is a lot of rubbish on Facebook, but some judicious "Friending/Unfriending" and ruthless filtering can take care of that.



Questions and Answers

At National Office we field many enquiries by email, phone, and by letter. Often we think the issues we are asked about might be of interest to a wider audience. Remember, however, many issues are not black and white and answers may vary with the circumstances. Here is a selection of recent questions.

- 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. It would appear that they have acted correctly. In effect, the 50% rule comes into play only when a person is assessed as needing full time residential care. The purpose of the asset and income assessments is to determine whether a person is required to make a personal contribution toward the cost of their care. This query was about applying for a medical alarm. 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 for a Community Services card. Does my GSF Annuity count as income?*
- A. Yes. Depending on whether you receive NZ Super, either 50% or 100% of your annuity will count as income. The following statement can be found on the Work and Income web site:
- "If you receive New Zealand Superannuation and a New Zealand registered private pension, only half of that private pension counts as income. Please tell us the full amount of the pension when you apply. If you don't get New Zealand Superannuation and you get a private pension, we have to include the whole amount of your private pension as income."*
- (Note that the GSF and NPF annuities are treated in the same way as private pensions.)
- *****
- Q. *Can I stop my contributions while I am still working and seek payment of the annuity to kick in once I retire?*
- A. I am afraid the answer is no. You have to have a break in your current employment. It can be as little as overnight starting a new contract the next day. However, for as long as you are on your current terms of employment you have to keep contributing.
- *****
- Q. *I am 65 and contemplating retirement. I am looking at the capitalisation option. Can you offer any advice?*
- A. Capitalisation is handy if you need an immediate injection of cash, for whatever reason, whether it is to sort out the mortgage, take a long cruise, or buy a campervan. 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. Given that the Statistics NZ Life Expectancy calculator suggests that most people retiring now at the age of 65 can expect to live to their mid to late 80s, you can work out a best course of action that suits your circumstances.
- *****
- 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. (Remember that this 50% will have been actuarially adjusted to take into account the difference in ages between both spouses so the dollar amount may not be exactly 50%).

Board Appointments

New Members

In addition to the elected members notified in our last Annuity News, the Board is now at full complement with the appointment of Winston Grantham (Lake Taupo) and Mike Smith (Wellington) as Appointed Members in accordance with paragraph 8.2 of the GSA Constitution.

Administration

Branch Annual General Meetings – happening in your area soon.

Members meet annually to consider their branch committee's account of the year's activities and to elect the committee for the following year. This is an opportunity to raise any matter you wish with fellow members or discuss any matter with the GSA Board member. A Board member will normally be present at your meeting.

For more information about your meetings and social functions, see your branch newsletter, check out your branch web page, or **phone your branch secretary on 0800 888 472.**

	Branch Secretary	
Auckland	Adrienne Dodge	auckland@gsa.org.nz
Bay of Plenty	Jim Forrest	bayofplenty@gsa.org.nz
Canterbury Westland	Janine Lynn	cantywest@gsa.org.nz
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Rotorua	Bruce Scott	rotorua@gsa.org.nz
South Canterbury	Warren Iggo	southcant@gsa.org.nz
Southland	Louise Craig	southland@gsa.org.nz
Taranaki	Doreen McCaffrey	taranaki@gsa.org.nz
Waikato King Country	John Evered	waikatokc@gsa.org.nz
Wanganui	Nola Crawford	wanganui@gsa.org.nz
Wellington	Maggie Lee	wellington@gsa.org.nz

Do we have your correct details?

Remember, we do not know that your details have changed unless you tell us. Pick up the phone. Or drop us an email. Or go to the members' section of our web site at www.gsa.org.nz **Remember to tell Datacom!**

Other Useful Contacts

For annuity administration:

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

Datacom (NPF) phone 0800 628776 or email npfenquiries@datacom.co.nz

Help protect your annuity

**** Sign up your spouse ** Sign up a mate ** Sign up other annuitants ****

Apply online at gsa.org.nz or ask your branch secretary on 0800 888 472 to send an application form to a prospective member. The GSA subscription is only \$1.65 four-weekly per annuity - a couple sharing an annuity pays one subscription.

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