

Annuity News

April 2018 No. 97

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

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A NEW GOVERNMENT – A NEW OPPORTUNITY TO SETTLE A GRIEVANCE?

Members in the older age group will be well aware they did not receive the benefit of backdating when the legislative change was made to increase the Cost of Living Allowance (COLA) adjustment to 100% for all members. The formulae adopted for previous increases did provide for backdating. The members affected by this are predominantly annuitants or annuitant spouses (now mainly women) who retired before 1985. GSA has a petition to Parliament set in place with thousands of signatures to remedy this anomaly.

We are encouraged that the new Minister of Finance has agreed to see us. A year ago, he met with the President and Vice-President when Opposition Spokesperson and is well aware of this grievance.

Cost of living adjustment CoLA

All annuitants will have received advice from Datacom that over the year to 31 December 2017 the Consumers Price Index increased by 1.59%.

This increase has been applied in the new financial year commencing from the 19 April pay date.

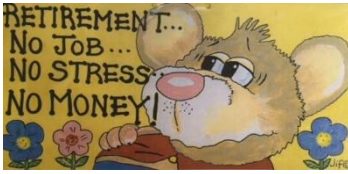
Some existing members may have received the President's letter that goes to all GSF annuitants who are not recognised as GSA members by Datacom computer records.

You may be paying your membership subscription by cash. The Datacom system can only record those paying by four-weekly deduction. Or, you may have more than one GSF reference number. Your GSA membership is only linked to one GSF reference number, to ensure you have only one GSA deduction. You may therefore have received a letter in respect of the other GSF reference number. Spouse members who are annuitants in their own right may also have received the letter for the same reason.

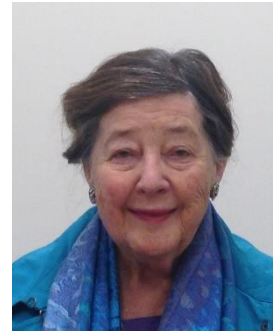
You need take no action. We apologise for any inconvenience. It is a matter outside GSA control. A similar letter has gone to all NPF annuitants, some of whom will be GSA members already.

From the President

Dear fellow GSA members



I saw this mad little joke in the *Covent Garden Market* in London last year. Travel is one benefit provided by my Teachers' Super (Government Superannuation). Thank goodness I was signed up early without really understanding the full benefit at the time.



Your stories about getting started with your Government Superannuation contributions and who influenced you at the time would make a great item for a future *Annuity News*. If inspired send your account to our Executive Officer for a potential story.

There are no schemes so valuable nowadays and I worry about young and middle-aged people not having systematic savings in place. However, let's not forget that our contributions were made as part of a contractual understanding - and many of us very consciously prioritised these contributions over other uses for precious dollars at a time of very high interest percentages and inflation.

We are concerned that "institutional knowledge" about the Government Superannuation and National Provident Schemes within government agencies is fast diminishing, with fewer public servants and Members of Parliament involved in the scheme since the 1992 cut off. The effect is two-fold. Firstly, we are having to be extra vigilant as a "watch-dog" to ensure our rights are known and preserved by the Government. Secondly, contributors who are still working are not receiving the same level of information and advice when they consider their retirement options and make decisions. It is more important than ever that we attract people still working to GSA in order that we can support them.

Are your friends and family contributing to Government Super? Are they receiving their annuity? Encourage them to join and enjoy the benefits of GSA - advocacy, being part of a membership that supports each other and assistance with decision-making and planning.

Wishing you a pleasant and sociable winter 2018.

Janice Campbell
President

Changes at National Office



Late last year we farewelled **Alan Peck**, Executive Officer since 2014. Alan made a tremendous contribution to the Association and he left with many tributes to his unstinting work on behalf of annuitants. The new team at National Office are the new Executive Officer **Jenny Barclay** and Office Manager **Karen Knobloch**.

Karen, on the left of the photo, started with GSA in June last year from a background in administration and membership organisations. Jenny replaced Alan Peck in December and has a background in senior leadership within government and tertiary education.

Current Board priorities

Since last September's Council discussion about preparing for the future of the Association a Board sub-committee has been formed to consult with branches and consider responses in preparation for this year's Council. A consultation document has gone out to Branches. Contact your Branch secretary if you are keen to have input.

The Minister of Finance has consulted with us on the composition of the Government Superannuation Appeals Board. This is an important body for members. The function of the Board is to hear and determine appeals arising from decisions made by the Government Superannuation Fund Authority. Members, supported by GSA, were successful in two appeals last year. The Board is urging the Minister to ensure membership of the Board covers the need for detailed knowledge of the 1956 Government Superannuation Fund Act and amendments (the Act). The Act requires representation of contributors and beneficiaries on the Appeals Board. Most appellants, if without counsel, are not skilled at making the most of their evidence. GSA is pressing the need for a person on the Appeals Board who appreciates the decisions made on appeal – interpretations made over the past decades and before 2002 when the Government Superannuation Fund Authority was established.

Planning is well underway for this year's Council meeting, which will be held in Wellington 1-2 September. Branches will be actively involved in preparation for Council so keep in touch with communications.

The Fund – news from the Government Superannuation Fund Authority website

2018 Certificate of Identity and Survival

Identity and Survival certificates were sent to members residing outside of New Zealand with the Cost of Living Increase letters posted in mid-March.

If you live outside of New Zealand and have not received your 2018 Certificate of Identity and Survival certificate, please contact the Datacom GSF Schemes Administration team (see contact details p8).

Annual Reports

Copies of the annual report and further information about the Government Superannuation Fund can be obtained from the GSFA website <http://www.gsfa.govt.nz/>

Report on the Government Superannuation Fund Actuarial Valuation 2017

The report shows the financial position of the Fund. The report includes interesting membership information.

Of note from the Actuarial Valuation are the number of inactive members of the Fund who have ceased contributing, who have not yet received an entitlement, and for whom insufficient data is available.

If you know of someone who may have contributed to the Fund many years ago, moved away into other employment and perhaps overlooked their entitlement do encourage them to get in touch with Datacom.

Snippets

"They might not know it, but grandparents have a vital role in the battle against ageism. A Belgian study found that children and teens who enjoyed high-quality contact with their grandparents had more positive views of the elderly and were less likely to believe ageist stereotypes. Boys especially seemed to benefit from strong bonds with the senior members of the family. (From March 2018 issue of the Air New Zealand Flight Magazine p102)

A report by think tank International Longevity Centre-UK has found that people who receive financial advice end up considerably better than those who do not. This applied to two groups – the "affluent" and the "just getting by" and both groups benefitted considerably. Refer their website for information <http://www.ilcuk.org.uk/>



Boomers don't just populate existing life stages or consumer trends – they transform them.

(Ken Dychtwald (Dychtwald K, & Kaldec DJ, The Power Years – A User's Guide to the Rest of Your Life")

The next issue of Annuity News will include a focus on baby boomers retiring and preparing to retire – and GSA challenges to ensure relevancy for these members and potential members. Your comments and suggestions for this issue are very welcome. Please send to the Executive Officer (refer address on last page).

Membership



A major effort is being made this year to recruit to the Association the remainder of those in the GSF Scheme who are still working – approximately 4,000. So far this year the Board has had a working party planning a strategy and all Branches will be involved. The President and Vice-President have met with the State Services Commissioner and the SSC is working with us to contact all those contributors working in Government departments. State sector and education unions have also been briefed and are working with the Association on communication strategies with their members who are GSF contributors.

As you are aware, schemes closed to new members in 1992. After this length of time it is no surprise that both employers and employees are less familiar with entitlements under this scheme, compared with the defined contribution schemes such as Kiwi Saver which have succeeded it. We are inviting remaining current contributors to join us, the only organisation dedicated to protecting their interests – now while they are still working, and in the future when they retire or are made redundant.

We exist, and have done so for 98 years with the sole aim of making sure that this and all future Governments honour the contract both parties signed at the commencement of your working life within the State sector – an annuity for life, calculated for most members on your salary over the last five years before retirement, and up to half of your annuity for the life of your spouse or partner for the rest of their life should you die first, also (CPI adjusted annually).

We are your insurance scheme. This is why **27,300** members in the Government Superannuitants Association including the 2000 who have joined in the last two years, willingly pay the membership subscription of \$26.00 pa.

The GSFA is required to administer GSF in accordance with the Act and is required to exercise its discretion in relation to some matters. Already, in the past year we have had to challenge decisions made by the GSFA which resulted in two members of the Association receiving lower entitlements approaching retirement than they would have received had the GSFA found in their favour. The GSA were forced to use legal process and to appeal under the 1956 GSF Act of Parliament to win the case for each – at some cost to the Association. The Association's expertise saved the day.

Every year Datacom mails out the GSA recruiting pamphlet when it contacts annuitants in March and current contributors in September. We have a good response to this mailout. However, many Annuitants admit that they file the Datacom letter and dispatch our information to the recycling bin without taking the time to read it and consider the benefits of membership – for themselves and for the all as a representative group.

Lapsed members

There are currently over 600 "lapsed" members. Branch secretaries are being encouraged to follow up with individuals who may have inadvertently missed renewing their membership. 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".**

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 \$2.00 four-weekly per annuity - a couple sharing an annuity pays one subscription.



Government Superannuitants Association history project: update from historian Roger Openshaw

The Association history project continues to proceed well. The substantial body of written material both published and unpublished, together with the oral testimony already collected is proving invaluable in revealing the huge and varied nature of GSA's activities in the interests of members and superannuitants in general. It would be difficult to find an organisation outside government that has produced so many submissions and dispatched so many delegations to parliament over this period.

Hence, a major theme of the book will be the various ways in which the Association, along with sister organisations such as the Railways Superannuation Association, has successfully contested the policies of successive governments regarding superannuation.

An introduction and three chapters (out of a planned 10-12) are already in draft form. I want to spend a substantial amount of my time this year in writing that I can both identify existing gaps in the history and work towards producing a draft manuscript for the History Sub-Committee by the end of this year.

It is here that members can provide me with invaluable assistance in the form of photographs of particular historical interest, personal reminiscences, amusing anecdotes etc., all of which will assist in making for a publication that is both informative and readable. I am also interested in anything members may recall regarding GSA past officeholders. For example, I would appreciate more information regarding two of our longest-serving and most influential General Secretaries: C.L. Mayo (served 1946-1970), and W.R. McKay (served 1970-1995), because between them they span half a century of GSA activities.

Another area I am anxious to record in the publication is the considerable contribution of women to GSA over the years. Women have served both officially and unofficially both on the GSA Executive and at branch level since the 1920s. If you have information regarding not just female office holders but also women who have materially contributed their time and expertise, please get in touch with me by email roger.openshaw@xtra.co.nz or via the National Office.

Roger Openshaw, Professor Emeritus, Massey University

In memorium

Jim Turner (life member) passed away in November 2017. Jim's public service career was with the Department of Industries and Commerce/ Trade and Industry from the 1960s. He was based in Wellington initially and had an early appointment as trade commissioner in Tokyo. Jim became actively involved in the PSA, first in the Wellington Section then the Executive Committee and was PSA president from 1974 to 1978. He followed in the active union tradition of Jack Lewin. Jim then became PSA assistant general secretary (research). He retired in 1998 and joined the Government Superannuitants Association. He represented Canterbury/Westland on the national executive committee until 2003. During the 2000s he was employed in the office of the Minister of Health and later worked for General Practice New Zealand. Jim then returned to the GSA with a long-time contribution to the Wellington Branch. He rejoined the National Executive in 2008 representing the Rotorua Branch. Jim was elected President of the GSA in 2011 served as president until 2014. He then served as Board member for a further year to 2015. Jim had a perceptive knowledge of current affairs as it affected workers. He had a keen sense of fairness and always stood up for the rights of others particularly the less privileged. Jim will be sadly missed by his many GSA and PSA friends.

Howard Halley (life member) passed away on 17 March 2018. For many years Howard was the honorary auditor for GSA's national accounts. He also reviewed the Wellington Branch accounts until recently and assisted new secretaries with their presentation of accounts and with budgeting.



Spouses and partners – are you prepared?

This section is prepared by Adrienne Dodge, Secretary of the Auckland Branch. As Secretary of a larger branch she receives many calls through the 0800 number. Adrienne is noticing that there is an ever-increasing number of annuitant spouses/partners and family who have no knowledge of what the GSF/NPF annuity is, how to apply for it, how long this income will exist and anything about the Government Superannuitants Association. The information below is significant to ensure people are aware of and receive their full entitlements.

Early in your government service career, you signed up to the GSF or NPF scheme, giving you an annuity for life funded by contributions of your salary and contributions from your employer. These are calculated to meet the cost of an annuity for your life time and any spouse/partner surviving you. For most members this is based on your average salary in the last five years of service. Your spouse/partners 50% stake in your annuity continues after your death. An allowance is also available for dependent children.

Any death is traumatic, and this lack of knowledge is adding to the stress of surviving spouses/partners. Ensure you share this information with your spouse/partner and family to ensure a much easier and less stressful transition when this time comes. The Association booklet 'Retirement and your Annuity' is a valuable source of information and has been sent to you previously. The Personal Data booklet for members to record information which will assist with the administration of your affairs, registration of death and granting of probate. These are both available from your local GSA Branch Secretary, phone 0800 888 472.

Steps for spouse/partner to take following death of Annuitant

- Advise Datacom - for GSF phone 0800 654 731, for NPF phone 0800 628 776. Datacom will send you a form (also available through your local GSA Secretary). **Datacom has no idea a spouse/partner exists until he/she approaches Datacom following the Annuitant's death.**

Documentation Datacom will require includes:

1. Copy of the death certificate;
 2. Copy of your marriage or civil union certificate, or evidence of a de facto relationship existing at the time of death i.e. joint bank accounts, property purchase;
 3. Copy of surviving spouse birth certificate;
 4. The number of the bank account for payment of a survivor annuity.
- Advise your local GSA Branch Secretary phone 0800 888 472.

You are encouraged to register your spouse as a member of the Government Superannuitants' Association. It costs nothing to do this and enables us to assist your spouse/partner on your death, to offer support, and to assist them obtain her/his survivor annuity. We do not know you have a spouse or partner unless you tell us, and we will then have them in our records.

Please speak to your spouse/partner and family members about our organisation – who we are, what we do on your and their behalf. Many spouses/partners do not continue membership with us once they begin to receive the Survivor Annuity. Spouse/partner membership is aligned to the Annuitants annuity number and membership transfer is not automatic as Datacom require a signature before they will commence our subscription deductions. Historically the GSA is the only organisation helping the surviving spouse/partner get his/her entitlement.

Separation and pensions

In an article in the Dominion Post last year Janine Starks focused on some of the realities of separation on pension entitlements. She cited a 2017 Women and Retirement Report from Scottish Widows – a UK fund manager. The findings include:

- 7 out of 10 couples don't consider pensions during divorce proceedings, leaving women short-changed.
- 48% of women and 41% of men say they have no idea what happens to retirement savings in a divorce.

Starks emphasizes the importance for the lower-earning spouse, male or female, finding out what they are entitled to. "In the eyes of the law these are joint savings."



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

These questions and answers are based on a selection from previous issues of "Annuity News". For answers to other frequently asked questions it is recommended that you visit the members' FAQ section on the Government Superannuation Fund Authority web site:

<http://www.gsfa.govt.nz>

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

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

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

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

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

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

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

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

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

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

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

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

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

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.**

We encourage you to get involved ...

It is utterly false and cruelly arbitrary to put all the play into childhood, all the work into middle age, and all the regrets into old age.

- Margaret Mead

	Branch Secretary	
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Paydays

2018	2019	2020
25 Jan	24 Jan	23 Jan
22 Feb	21 Feb	20 Feb
22 Mar	21 Mar	19 Mar
19 Apr	18 Apr	16 Apr
17 May	16 May	14 May
14 Jun	13 Jun	11 Jun
12 Jul	11 Jul	9 Jul
9 Aug	8 Aug	6 Aug
6 Sep	5 Sep	3 Sep
4 Oct	3 Oct	1 Oct
1 Nov	31 Oct	29 Oct
29 Nov	28 Nov	26 Nov
27 Dec	26 Dec	24 Dec

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?

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!

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