

# Latest on the Swiss Pension (AHV) and NZ Super

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## Latest on the Swiss Pension (AHV) and NZ Super

In the October/November 2015 Issue of *Helvetia* I wrote on the New Zealand First Member's Bill introduced to Parliament on 25 June 2015 which proposed to change the residency requirement for New Zealand Superannuation (NZS).

In his speech, NZ First MP Denis O'Rourke made it absolutely clear that all aspects of the 'Pro Rata Bill' were open to discussion; and for the bill to proceed to Select Committee gave opportunity for NZS to be debated in parliament.

After a fiery debate in the House, NZ First's 'Pro Rata Bill' was defeated at First Reading by 60-61 votes on 16 September 2015. Although it was expected National and United Future to vote against any NZ First proposal, surprisingly ACT also voted against the bill considering its unrelenting campaign to promote the NZS debate.

The salient political message that New Zealand urgently needs to confront NZS has recently been highlighted by Retirement Commissioner Diane Maxwell.

NZ First have kept their promise that they will follow up on this and have proposed a new member's bill called the "New Zealand Superannuation and Retirement Income (Fair Residency) Amendment Bill".

This Bill proposes to raise the minimum residency qualification for NZS from 10 to 25 years after the age of 20. Currently, a resident of 10 years is entitled to full NZS. Raising the NZS to 25 years ensures a resident has lived in New Zealand for a substantial part of their adult lives, either consecutively or cumulatively.

This bill also abolishes Section 70; Overseas pensions will not be deducted by the NZ government.

With increasing levels of workforce global mobility and migration, many people will live in two or more countries over their working life, often contributing to overseas pensions that are paid out on retirement. This is the case with the Swiss old age pension (AHV) to which most of us have contributed before coming to New Zealand.

The proposed Bill amends provisions of the Social Security Act 1964, including Section 70, which relates to overseas pensions. The Bill, if passed, will contribute to the sustainability of the NZS and addresses fairness to New Zealand Superannuitants.

### What would this mean for us?

The Social Security Act 1964 would

be amended, changed and our Swiss old age pension (and so many others) would no longer be penalised.

- The Swiss Old age pension (AHV) would no longer be deducted from NZS.
- If you have lived in New Zealand as a resident for 25 years or more you will, on top of your Swiss old age pension, be entitled to the complete New Zealand Superannuation.
- If you have been a resident for under 25 years, you will not be entitled to NZS.

It goes without saying, that the Swiss old age pension will be taxed as normal income.

NZ First is the only political party that has tackled this problem and also made contact with affected parties like the Swiss. I am impressed by the determination and effort NZ First is putting into this issue, in trying to find the fairest solution for all parties involved.

Considering that 2017 is an election year, it is commendable and praiseworthy to bring this issue on to the political agenda. It would be much easier to promise "goodies" and more "social benefits" than to bring the Social Security Act 1964 in the spotlight.

I personally hope that NZ First's effort will find the acknowledgment they deserve and will reflect positively in the polling results at the upcoming 2017 elections.

Peter Ehrlar

Elected Council Member of the Swiss Abroad Representing New Zealand

### A personal Note:

*The articles I have written over the past 2 years in conjunction with NZ First might leave the impression, that I am a hard core NZ First activist. This is not the case. Traditionally we have voted National and while in Switzerland I was a member of the CVP. For about a decade I was also presiding the CVP Bremgarten. This year is election year in NZ and all parties are offering additional social welfare benefits, tax reduction and lots more to attract voters and this all from taxpayer's money!!! Some, to make life easier for present pensioner, even wants to abolish the Gold Card.*

*NZ First, if able to be a coalition partner, want to change and abolish Article 70. This is a one-time opportunity that will probably not come back again. This "window of opportunity needs to be grabbed".*

*All of us who have worked in Switzerland will one day be eligible for a Swiss pension (AHV). For example, if you*

*receive say Swiss Francs 1,000.00 per month would mean, that with the present system and taking an average pensioner's life into consideration, the NZ Government will take, rob and flog you of more than NZ\$ 300,000 from you deserved Swiss pension. Those of you who are not yet pensioned and have a few years to go, don't think it will change by the time you reach 65. If we don't actively protest with the way we vote this year, nothing will change.*

*There is a world famous Shakespeare saying, which I have changed a little. "to have or not to have is the question"*

### PM BILL ENGLISH WORSENS FINANCES FOR HOLDERS OF OVERSEAS PENSIONS

With his proposal to raise the pension age to 67, the Prime Minister has seriously worsened the finances of a group of Kiwis and migrants who have overseas pensions. At the moment this group must stay 10 years to access NZ Super, but the government confiscates their overseas pension. But Prime Minister Bill English plans to raise the residency requirement from 10 to 20 years. This means these 90,000 will have to wait an extra 10 years to get NZ Super, but their overseas pension will still be deducted. Had the PM been fair, he would have allowed them to keep their pension.

In Parliament shortly after going public with his proposal, the Prime Minister confirmed they will still have to forfeit their overseas pension. This is what Bill English said in Parliament after announcing the age increase:

*Rt Hon Winston Peters:* Why is the Government so opposed to abolishing section 70 of the Social Security Act 1964, which is so unfair to migrants in New Zealand who have an overseas pension arrangement?

*Rt Hon BILL ENGLISH:* I think the measure that the member is referring to is just a long-standing measure that New Zealand has had in place through successive Governments, because we believe that is what is fair and reasonable to both migrants and New Zealand taxpayers.

*Rt Hon Winston Peters:* What is irredeemable about a long-term arrangement if it is wrong, and rather than Kiwi taxpayers being ripped off by these reciprocal pension agreements, why do we not ditch them, adopt a 25-year residency requirement, and allow migrants to bring their overseas pensions here, intact?

*Rt Hon BILL ENGLISH:* We think the current arrangements involving reciprocal agreements with other countries work best, both with the citizens of other countries coming here and with New Zealanders going to other countries. The member is free to put up his own proposals about changing that if he so wishes, but I am pleased to see that he is not actually criticising the policy announced this week by the Government.