

## New Zealand Superannuation

### - an overview

March 2023

New Zealand residents, who meet the eligibility criteria, are entitled to receive a universal old age pension (NZ Super). The pension is paid fortnightly and not means tested. For a married person the level is \$22,869.08 a year and for a single person living alone it is \$30,090.84 a year.

#### Eligibility criteria

New Zealand residents must satisfy each of the following conditions. They must:

- have reached State pension age (currently age 65).
- be a New Zealand citizen or permanent resident.
- live in New Zealand.
- have lived in New Zealand since age 20 for at least the minimum period. The minimum period is 10 and 20 years depending on their date of birth.
- have lived in New Zealand for at least 5 years since age 50.

Residence in a country with which New Zealand has reciprocal social security arrangements (eg Australia and the UK) counts as residence in New Zealand.

#### Minimum period

The minimum period for people born before 1 July 1959 is 10 years. For those born on or after 1 July 1977 it is 20 years.

Date of birth	Minimum period
Prior to 1 July 1959	10 years
1 July 1959 to 30 June 1961	11 years
1 July 1961 to 30 June 1963	12 years
1 July 1963 to 30 June 1965	13 years
1 July 1965 to 30 June 1967	14 years
1 July 1967 to 30 June 1969	15 years

Date of birth	Minimum period
1 July 1969 to 30 June 1971	16 years
1 July 1971 to 30 June 1973	17 years
1 July 1973 to 30 June 1975	18 years
1 July 1975 to 30 June 1977	19 years
1 July 1977 or later	20 years

#### Payable from age 65.

- A universal state pension is paid to all NZ residents who qualify.
- The main qualification requirement is for 10 years' residence) after age 20 (rising to 20 years between 2023 and 2042, of which 5 must be after age 50.
- The pension is taxed as income under the PAYE system.
- The pension level is linked to the net national average wage.
- The pension level changes each 1 April and when PAYE tax rates change.
- Except for a low level of tax subsidies under KiwiSaver, NZ operates a tax neutral environment (though limited concessions are available with Salary Sacrifice), under which New Zealanders invest and accumulate savings.

#### Level

Details of the current levels are over the page. The pension is linked directly to the national average wage (NAW) and is reviewed each year (1 April) against changes in wages (to 31 December the previous year). The target level for a married couple is referred to as "65 at 65" ie a net (after-tax) 65% of the net national average wage from age 65. The current level is 67% of the net national average wage for a married couple, ie approximately 33.5% each.

#### Taxation

The pension is taxed as income in the normal way under the PAYE system.

### Income test

There are no income or asset test applied to NZ Super. It is paid universally to all who qualify.

If one partner of a couple qualifies and the other does not, until 9 November 2020, both may apply to receive the benefit, but an income test applies in respect of the benefit paid to the partner that does not qualify in their own right. From 9 November 2020, no new applications could be made for a non-qualifying spouse, but all applications prior to that date will continue to be paid.

### Application

The pension when payable is not backdated. Also, an application can only be made when you are within 2 months of being eligible. Therefore, an eligible person should apply (make an appointment) in the 2 months before turning 65.

### Cost

There are no specific social security contributions or “working life period” based requirements. The pension is funded out of general taxation.

### Private superannuation

The private superannuation and savings of an individual do not affect NZ Super. This includes savings and benefits payable under KiwiSaver.

Entitlements, however, to an overseas social security pension like the UK’s Basic State Pension, but not work-related employer-provided pensions, reduce the New Zealand pension by the equivalent amount.

### New Zealand Superannuation rates – from 1 April 2023

	Before tax (gross)		Post-tax at ‘M’ (net)	
	- a year	- a week	- a year	- a week
Single, living alone	30,090.84	578.67	25,811.24	496.37
Single, sharing	27,686.36	532.43	23,825.36	458.18
Married person ( <i>each</i> )	22,869.08	439.79	19,854.64	381.82
Married couple	45,738.16	879.58	39,709.28	763.64

**Note:** *The current (December 2022) national average ordinary-time wage is \$76,066 a year before tax (\$58,987 a year after tax and ACC) from 1 April 2023. There are no additional social security or health taxes. Social security benefits are all met from ordinary tax. All health, social services and education expenses are financed centrally. Local authority rates meet the cost of only local services, such as roads, refuse, reserves and planning.*

*The after-tax NZ Superannuation for a couple is equal to 67% of the after-tax and ACC levy national average wage. New Zealand Superannuation is paid fortnightly.*

*In addition to NZ Superannuation, a winter energy allowance is payable from 1 May to 1 October each year. The rate is \$31.82 a week for a couple (\$700 a year) and \$20.46 for a single person (\$450 a year).*

*The next change is due 1 April 2024.*