2016 Review of Retirement Income Policies

The NZ Superannuation and Retirement Income Act requires an overhaul to reflect the major influx of immigrants into New Zealand from non traditional countries over the last 20 years. Under clause 32 of the Act Pacific Islanders are able to retire to their country of birth with a full pension after 20 years residence in New Zealand. Immigrants from China, India, Philippines and elsewhere in the world wishing to retire in their country of birth under the same circumstances would receive less than 45% of their pension entitlement.

The Minister of Social Development has stated that the payment formula under clause 32 "recognizes the contribution Pacific people make to New Zealand". Does this mean that the government does not recognize the contribution that immigrants from China, India, Philippines and elsewhere in the world are making to New Zealand in Public Transport, Health Services, Construction, Christchurch Rebuild, Dairy and Horticulture industries?

The Minister defends this dubious and rather disturbing piece of legislation from accusations of being unfair and racist by stating "any superannuitant can go to a Pacific country and have their NZ superannuation paid under the relevant provisions of the Act". As much as the Minister fudges around the issue the reality is that immigrants from Asia and beyond are treated badly and unequally by the legislation should they wish to retire to their country of birth compared to the way Pacific Islanders are treated if they also wish to retire to their own country of birth.

I believe the 'single living alone' allowance should be payable to pensioners retiring overseas as it is no longer classified as a supplementary benefit (which are not payable overseas). The Minister of Social Development has stated that the allowance "should not be payable overseas based on the premise that the living alone rate was designed to meet the additional cost of living in New Zealand and those additional costs may or may not be applicable in an overseas country". I would suggest that there are quite a few additional costs in retiring overseas; the ever changing exchange value of the NZ dollar, overseas bank fees deducted every time pensions are transferred to an account and of course the pensioner is fully liable for all their own health costs.

The ongoing cost to this country for 'baby boomer' age related health services is set to balloon over the next 20 years so surely it's in the government interest to actively encourage pensioners to permanently retire overseas and thus reduce the burden facing the health sector. Removing the inequities that I have highlighted from the Act would go some way towards offering that encouragement.

David Mannion