

Retirement Policy and Research Centre

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Unfair superannuation partner rule finally dropped

Associate Professor Susan St John and Dr Claire Dale from the Retirement Policy and Research Centre (RPRC) applaud the Government's Wellbeing Budget announcement that will see all superannuitants who have been affected by an archaic rule the "Spousal Provision" finally get their full New Zealand Super entitlement by April 2020.

The government announced the intention to amend the Social Security Act to make entitlement to New Zealand Super and Veteran's Pensions simpler and more modern by basing people's entitlement on their own circumstances, rather than on the circumstances of their partner.

From 1 July 2020, the direct deduction of a government-administered overseas pension received by a superannuitant's partner from that superannuitant's New Zealand Super or Veteran's Pension will be removed.

"Along with many others, the RPRC has worked assiduously for more than a decade to alert the public and politicians to the grave anomalies in the policy for superannuitants with overseas state pensions," says Dr Claire Dale.

Historically, the policy has reduced a person's superannuation when their partner had an overseas pension. A woman could have lived and worked all her life in New Zealand and entered into a second or third relationship later in life only to find to her horror that she gets less NZS, or even nothing, and thus loses her financial independence. Increasingly, men who marry women with long working histories from other countries are affected as well.

The Spousal Provision clearly has been a source of extreme distress for so long for the 500 or so couples affected and the removal will greatly improve their financial situation, say the retirement experts.

"Finally this human rights violation will be addressed," says Associate Professor Susan St John, who was named a Companion of the New Zealand Order of Merit on Queen's Birthday for her services to social policy.

"In addition, well-being will be greatly enhanced at very little budgetary cost for this group that has been discriminated against. That is vindication of the huge efforts made over more than 10 years and will be a cause for great celebration."

Applying the same philosophy of 'individual entitlement', the 2019 budget also seeks to close the non-qualified partner provision, whereby an under-age spouse could be included in a superannuitant's entitlement subject to an income test.

In announcing this move, the Government says the changes reflect society today. In most households both partners work. There is no longer a 'principal breadwinner' whose retirement marks the retirement of both partners.

"We can rest assured that while progress has been slow, finally we are moving in the right direction in improving superannuation policy in New Zealand," says Dr St John.

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