



19 December 2024

Tēnā koe

Official Information Act request

Thank you for your email of 26 November 2024, requesting information about how Chinese pensions are treated in relation to New Zealand Superannuation (NZS).

"According to Section 187(e) of the Social Security Act 2018, pensions that are attributable to voluntary contributions made by or on behalf of the recipient (or their spouse, partner, or parent) are not subject to direct deduction.

Chinese pensions, reportedly include voluntary contributions.

Could you please provide detailed information on:

- *Whether Chinese pensions are subject to direct deduction from NZS; and, if so,*
- *How the voluntary contribution portion of Chinese pensions is identified, excluded, or otherwise accounted for in the deduction process?*

I have considered your request under the Official Information Act 1982.

Please find my response for each part of your request set out below.

- *Whether Chinese pensions are subject to direct deduction from NZS?*

Any payment that meets the criteria of an 'overseas pension' under section 187 of the Social Security Act 2018 (the Act) must reduce the rate of payment of a New Zealand benefit. In practice this means that for every one dollar a person receives from an overseas pension that meets section 187 of the Act, their New Zealand payment is reduced by one dollar. This process is known as "direct deduction". The direct deduction policy has been part of New Zealand law since 1938.

Section 187 of the Act states that a payment that meets the following criteria is considered an overseas pension:

- forms part of an overseas programme that provides pensions, benefits and periodical allowances for any of the circumstances for which New Zealand benefits and pensions would be paid (including old age, invalidity, death of a spouse); and
- is administered by or on behalf of the Government of the country from which the pension, benefit or periodical allowance originates; and
- excludes an overseas pension or any part of it that has been gained from voluntary contributions made by the person.

The Ministry has undertaken an assessment and considers that the Chinese Urban Employees' Pension meets the above criteria. This pension has been subject to the direct deduction policy from 1 July 2022.

Assessments of other pensions available in China are ongoing. However, as at the date of this letter, there are no other Chinese pensions that fit the criteria set out in section 187 of the Act, and therefore they are not deductible pensions.

- *How the voluntary contribution portion of Chinese pensions is identified, excluded, or otherwise accounted for in the deduction process?*

The voluntary contribution portion of overseas pension schemes are not deductible from NZS. The Chinese Urban Employees' Pension does not contain a voluntary payment component. Therefore, the Ministry does not need to identify or exclude voluntary payments when this pension is deducted from NZS payments.

It is important to note that while voluntary contribution portions of overseas pensions are not deductible from NZS, they would be treated as income when assessing a person's eligibility for any income-tested assistance.

I include the following links to the Work and Income website which provide further information about overseas pensions:

- Possible entitlement to an overseas pension
www.workandincome.govt.nz/map/to-or-from-overseas/payments-from-overseas/possible-overseas-pension-entitlement.html
- Overseas pensions
www.workandincome.govt.nz/map/to-or-from-overseas/payments-from-overseas/overseas-pensions.html
- Direct deductions of overseas pensions
www.workandincome.govt.nz/map/to-or-from-overseas/payments-from-overseas/direct-deductions.html

I will be publishing this decision letter, with your personal details deleted, on the Ministry's website in due course.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with my decision on your request, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Ngā mihi nui

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Magnus O'Neill
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