
PROVISIONS, POLICIES AND PROCEDURES OF THE GOVERNMENT SUPERANNUATION FUND

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Disclaimer

The descriptions, procedures and policies included or excluded in or from this document are **not binding** on any of the Superintendent, Appeals Board or the Crown.

The document describes various provisions of the GSF Act and outlines various procedures, practices and policies of the previous GSF Board and the Superintendent.

It is intended as a guide only for administrators, contributors, beneficiaries and employers to illustrate and describe determinations made in respect of the GSF Schemes.

The exercise of the Superintendent's discretion under the Act will be made on a case by case basis.

General

This document outlines the legal provisions, policies and procedures of the Government Superannuation Fund. The basis for the policies is section 19F of the Government Superannuation Fund Act. This requires the Superintendent to publish a statement of policies outlining how the discretionary powers he has been given under the Act will be exercised. These powers may be either Scheme specific or general.

This document replaces the Superintendent's 1995 Policy Document. It will be updated periodically.

In practice the Superintendent considers each case on its own merits and uses the published policies as a guide. If anyone disagrees with or is dissatisfied with any of the Superintendent's decisions that person can lodge an appeal against that decision with the Appeals Board. The Appeals Board is a separate entity appointed by the Minister of Finance.

The Schemes covered by the Act are:

- ◆ New General Scheme
- ◆ Old General Scheme
- ◆ Armed Forces Scheme
- ◆ Judges Scheme
- ◆ Parliamentary Scheme
- ◆ Police Scheme
- ◆ Prisons Service Scheme

The General Provisions section of this document sets out the provisions of the Act for the New General Scheme. These are also applicable in some cases to the other Schemes - if they are not, or there are some differences, these are noted under the Scheme Differences section.

The role of the Schemes Administrator - currently AXA New Zealand Ltd - is to administer the Schemes. It does not have the authority to interpret the Act or to make any determination on any question arising under the Act unless the Superintendent has delegated it authority to do so. Nothing has been delegated to date. All interpretative issues and determinations must be referred by the Schemes Administrator to the Superintendent for a decision.

In addition, if there is any doubt - by either the Schemes Administrator or any contributor/beneficiary - about any matter, for example, the amount of any allowance, how an allowance has been calculated, length of service, etc the Superintendent can be approached to give a determination. In such cases the concern should be referred to the Superintendent by the Schemes Administrator. If the person concerned disagrees with or is dissatisfied with the Superintendent's decision, he/she can appeal to the Appeals Board against that decision.

All references to "the Act" are to the Government Superannuation Fund Act 1956.

Contributions

EMPLOYEE CONTRIBUTIONS AND OTHER PAYMENTS

PROVISIONS OF THE ACT

All the Schemes, with the exception of the Old and New General Schemes and the new Prisons Scheme, are compulsory ones. There are some exceptions to the compulsory membership – these are outlined in the Scheme Differences Section.

71C
81B
82A
88B
88N
88O

- Unless a contributor has elected some other option (see Leave Without Pay and Resumption of Contributions) he/she must contribute a specified percentage of their salary. The specific rates payable under the different schemes are outlined in the table below. The contributor's employer deducts the contributions from the contributor's salary as salary payments are made. Contributors must continue to make contributions until they cease contributing, retire or die.
- Where there are no employers - e.g. those contributing under section 43, (see Continue Contributions after Ceasing Service) the contributor is obliged to pay both the employee and "employer" contributions.

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Scheme	Age	Contribution Rate	
		%	
Old and New General Scheme		If joined prior to 1 May 1985*	If joined after 1 May 1985
	Less than 30	6.5	6.5
	30 to 34	6.5	6.5
	35 to 39	7.0	6.5
	40 to 44	7.0	6.5
	45 to 49	7.0	6.5
	50 or over	7.0	6.5
Armed Forces Scheme	All ages		7.6
Judges Scheme			
Up to 16 years service	All ages		8.0
Over 16 years service	All ages		0
Parliamentary Scheme			
Under 20 years service	All ages		11.0
Over 20 years service	All ages		8.0
Police Scheme	All ages		7.5
Prison Service Scheme	All ages		8.5

Note: Prior to 1 May 1985, contributors could contribute at 60% of their normal contribution rate (60% Scheme) or at 6% of their salary instead of the standard contribution rate (6% Flat Rate Scheme).

- If a contributor is employed on a part time basis he/she is only eligible to contribute on that basis i.e. contributions are based on the part-time earnings, not the equivalent full-time salary unless he/she makes an election to contribute on the former higher salary.

SCHEME DIFFERENCES

Armed Forces Scheme

PROVISIONS OF THE ACT

71C

- Exempts the following from contributing:

- ◆ Chaplains in the regular forces who were members of a church Superannuation scheme and elected not to contribute;
 - ◆ Those who were at least 35 years of age when they joined the regular forces, were not already contributors and elected not to contribute;
 - ◆ Those who became members of the regular forces and had received/were receiving any benefit under Part III of the Act unless the Superintendent and NZ Defence Council agreed to them joining;
 - ◆ Those who became members of the regular forces and had received/were receiving any pension or retiring allowance from any overseas regular forces service unless the Superintendent and NZ Defence Council agreed to them joining.
- All elections under the first two categories above had to be made within 6 months of the member joining the regular forces. Gives the Superintendent and NZ Defence Council the discretion, however, to accept late elections and to revoke any such election and require the person to contribute to the Fund from the date of revocation.
 - A contributor who is on leave of absence without salary is able to leave his/her contributions in the Fund but can elect not to contribute whilst on leave (see Leave Without Pay and Resumption of Contributions).

71P

POLICY

- The Superintendent and the NZ Defence Council consider each application seeking acceptance of a late election on its merits. In doing so they have regard to the individual concerned, other GSF members and the GSF itself.
- In terms of revoking an exemption, the Superintendent and NZ Defence Council's approach is to consider each case on a case by case basis. No revocation will be made without first consulting the individual concerned and giving him/her the opportunity to comment.

Police Scheme

PROVISIONS OF THE ACT

- Establishes the following exemptions:
 - ◆ A contributor who is on leave of absence without salary is able to leave his/her contributions in the Fund but can elect not to contribute whilst on leave (see pages 20-21);
 - ◆ Any specialist member of the Police within the meaning of section 27 of the Police Act 1958;
 - ◆ Any temporary member of the Police whom the Commissioner of Police has directed need not contribute.

88J

POLICY

- Salary is defined as:
 - ◆ The Salary and wages paid regularly in return for services;
 - ◆ Does not include bonus payments, payments for overtime, allowances paid for special work performed, the reimbursement of expenses, lump sum payments in lieu of notice, retiring gratuities, redundancy payments and contributions paid for or in respect of employer contributions;
 - ◆ May include a period of paid leave but only if it is paid before the contributor ceases Government service.

EMPLOYERS CONTRIBUTIONS AND OTHER PAYMENTS

- The Fund has two classes of employers – those whose employees' salaries are paid from public money and those which are not. 95(2)

Public Money Contributions

- ◆ These include Government departments, Offices of Parliament and any other entities deemed to do so by the Minister of Finance. Such employers are required by the Government to make contributions to the Crown in respect of their employees' GSF membership.
- ◆ The level of contributions for such employers is determined by the Minister of Finance on the recommendation of the Government Actuary.
- ◆ No SSCWT is paid on such contributions because they are deemed not to be contributions into a Superannuation Scheme or the contributions are not made to the Fund, but to the Crown. Public Finance Act 1989
- ◆ "Public Money" means all money received by the Crown, including the proceeds of all loans raised on behalf of the Crown, and any other money that the Minister or Secretary directs to be paid to a Crown Bank Account or Departmental Bank Account and any money held by an Office of Parliament; but does not include money held in trust as trust money or money received and held by Crown entities.

Non Public Money Contributions

- ◆ Employers whose employees are not paid by public money have their contribution rates determined on an employer-by-employer basis by the Government Actuary. These rates are certified by the Government Actuary. 95(2)
- ◆ SSCWT is payable by employers on such contributions.
- ◆ Where contributors' salaries are not payable out of public money the contribution rate includes the anticipated shortfall needed to provide the full cost of the benefit the contributor is entitled to. This cost is certified by the Government Actuary. 95(2)

Salary Packages

- Where an employee's contributions are included in his/her overall salary package, the onus still lies with the employer to pay the contributions into the Fund.

SCHEME DIFFERENCES

PROVISIONS OF THE ACT

Old General Scheme

- This has different employee and employer contribution rates.

29
R 7 GSF
Regulations
1995

Armed Forces Scheme

- A member of the Armed Forces Scheme who ceases contributory service is eligible to receive a retiring allowance once he/she has 20 years contributory service. Members of the Armed Forces can elect to stop contributing to the Scheme after 20 or more years service.

63A, 71F
71G
R 7 GSF
Regulations
1995

Judges Scheme

- When a Part IV contributor becomes entitled to the maximum retiring allowance, no further contributions have to be made by him/her or his/her employer.
- Once a Part VA contributor reaches 16 years contributory service no further contributions have to be paid by either him/her or his/her employer.

74C, 81B,
81F, 81Z
R 7 GSF
Regulations
1995

Parliamentary Scheme

- A Member of Parliament is required to contribute on the basis of the salary of an ordinary Member of Parliament under the Civil List Act 1979 (rather than his/her actual salary).
- Members who have lost at an election cease contributing the day after polling day - as they cease being a member

83
R 7 GSF
Regulations
1995

Prisons Service Scheme

- Any contributor to the Old Prisons Scheme may, after completing 32 years actual contributory service, elect to cease paying contributions and to receive a retiring allowance on the day of ceasing his/her Prisons Service employment.

88Q
88P
R 7 GSF
Regulations
1995

Police Scheme

- A contributor has his/her contributory service increased by 25% to a maximum of 40 years. This is done either:
 - ◆ On the day of retirement or death, for contributors who had not contributed under the old General Scheme or
 - ◆ For those who had contributed under the old General Scheme,

88C
88D

when he/she dies or retires before reaching 55 years of age.

- No contributor can have more than 40 years notional contributory service but can have over 40 years actual contributory service.

ADMINISTRATIVE PROCEDURES

- Employers must make payments to the Fund and provide associated information on the same frequency as the Employer's pay cycle.
- The information must include certain employer data, member data and transaction data in a format approved by the Schemes Administrator.

Other Payments and Interest

95B
95C

- Outstanding payments will be treated as a debt and action will be taken to recover these payments.
- Penalty interest is charged when payments are outstanding for more than 6 months. Interest is calculated daily and charged at the rate determined by the Minister of Finance. The rate is currently 10.25% per annum.
- Arrears that accumulate during any leave without pay period and for the purchase of past service (see Leave Without Pay and Resumption of Contributions) are also treated as debt. Interest may be payable depending on the payment method.

Options Available While Still Contributing

CONTRIBUTING AT PREVIOUS SALARY FOLLOWING A REDUCTION IN SALARY

GENERAL PROVISIONS

PROVISIONS OF THE ACT

- A contributor can elect to contribute on his/her previous salary rate if his/her salary is reduced for any reason other than misconduct. He/she needs, however, to obtain the consent of his/her employer to do so. 33
61T
63
71R
- If a contributor has a break in Government service, the Superintendent must approve the election. 81G
81Z
88M
- The election must be made within 3 months of the actual salary reduction **or** such longer period as agreed to by the Superintendent. 88Z
- The contributor must provide written notice of his/her election.
- The Superintendent has the discretion to determine the amount of contributions.

POLICY

- The Superintendent will consider elections from contributors where the salary is reduced for any reason.
- A contributor ceasing a job with one employer to begin a lower paid job with another employer can make an election to contribute at his/her higher salary. In such cases he/she must recommence employment within 12 months and make this election within 3 months of accepting re-employment. He/she must be eligible to contribute to the same Scheme in his/her new job.
- Late elections are considered on a case by case basis having regard of the individual's circumstances, other GSF members and the Fund itself.
- The contribution payable will be on the basis of either the:
 - ◆ rate that prevailed for the previous position; this will be used in cases where there is a clearly identifiable rate and position **or**
 - ◆ former higher salary being indexed to the Consumer Price Index. Should the former higher salary, after indexation, become less than the current actual salary then the election becomes ineffective and contributions are payable on the contributor's actual salary.
- If the contributor's employer is not prepared to contribute the employer subsidy at the higher salary rate the contributor will be required to pay the difference – between the employer's contributions on the previous higher salary and the employer's contributions on the new lower salary.
- The additional amount paid by the contributor will not be included in any refund of contributions.

-
- During a leave without pay period the Superintendent determines the extent to which the contributor contributes to the Fund – see Leave Without Pay and Resumption of Contributions for details.

SCHEME DIFFERENCES

Armed Forces Scheme

PROVISIONS OF THE ACT

71R

- Reduction can be for any reason.
- Gives the contributor the option of revoking the election and receiving a refund of contributions with interest. This is for the difference in salary between the higher rate and the lower one. Interest is paid at the rate of 0.25% for each month that the salary difference is held by the Fund.

Judges Scheme

81G

PROVISIONS OF THE ACT

- If a Judge becomes a Temporary Judge, he/she may continue contributing as if service as a Temporary Judge is service as a Judge.
- If a Judge becomes a Master, he/she may continue contributing as if service as a Master is service as a Judge.

81Z

ADMINISTRATIVE PROCEDURES

- The election must be accompanied by a statement from the contributor's employer indicating whether the employer is prepared to contribute based on the higher salary.
- Certificate from Government Actuary is required.

TRANSFER BETWEEN EMPLOYERS

GENERAL PROVISIONS

PROVISIONS OF THE ACT

- A contributor can remain a contributor when he/she moves to a new employer providing he/she can continue contributing under the same provisions of the Act.

POLICY

- The Superintendent specifies which employers can be transferred between. Current policy is detailed in the table below.

From	To	Yes/No	
Government	Government	Yes	
Government	SOE	Yes*	s 2A
Government	DHB	No	
Government	CRI	Yes*	
Government	COE	Yes/No	****
Government	Privatised Company	Yes/No	****
SOE	Government	Yes	
SOE	SOE	No	
SOE	DHB/COE/CRI	Yes/No	****/s 2A
SOE	Privatised Company	Maybe	**
DHB	Government	Yes	
DHB	DHB	Yes	
DHB	SOE	Yes*	Hlth Refs (Tr Prvs) Act*** & Health & Disabilities Act 2000
DHB	COE/CRI	Yes*	
DHB	Privatised Company	No	
CRI/COE	Government	Yes	
CRI/COE	SOE	No	
CRI/COE	DHB	No	Hlth Refs Act
CRI	CRI	Yes	
COE	COE	Yes	
CRI/COE	Privatised Company	No/ Yes	****

*Must join within 9 months of establishment.

**In cases where there is a partial sale of the SOE by the Government then contributors can continue to contribute but on an individual basis under section 43 of the Act (see page 77 for details). In cases where the SOE is sold off in its entirety then contributors can continue to contribute.

***The provisions of this Act are very complex. Each case needs to be looked at individually to see whether the contributor concerned can transfer.

****Depends on specific legislative provisions

SOE refers to a State Owned Enterprise, DHB refers to a District Health Board, CRI refers to a Crown Research Institute, and COE refers to a Crown Owned Entity.

Note: If on leaving Niue, Tokelau, Cook Islands or Western Samoan Public Service, a member joins the New Zealand Public Service, the member can maintain membership as long as the break between employment is less than 3 months.

- If a Government business or an SOE is privatised, employees who are transferred to the new business are eligible to remain contributors in their own right (see Continue Contributions After Ceasing Service).

ADMINISTRATIVE PROCEDURES

- The contributor must provide:
 - ◆ written notice of his/her election;
 - ◆ details of his/her new employer;
 - ◆ date of his/her appointment;
 - ◆ his/her commencing salary.
- Confirmation of the last day of paid service must be obtained from the contributor's previous employer. The contributor's new employer must confirm the contributor's date of appointment and commencing salary, and the date on which deductions will commence.

Overlap and Arrears of Contributions

ADMINISTRATIVE PROCEDURES

- There may be an overlap of contributions if both the contributor's new and old employer deduct contributions. In such cases the contributor and the contributor's previous employer (unless the employer is Crown-funded) must be refunded their contributions for the overlap period.
- The Superintendent's approval to pay such refunds must be obtained before payment is made.
- If there is a gap between the contributor's date of appointment and when deductions are to commence with the new employer the contributor and the new employer must pay their respective contributions for the arrears period.
- If there is a gap between the contributor's last day of paid service with his/her previous employer and his/her date of appointment with his/her new employer the contributor must make contributions plus the subsidy based on his/her salary for the arrears period. Neither the previous employer nor the new employer is required to make contributions during the arrears period.

See “Transfer to Another Superannuation Scheme” for details on transferring contributions to other Superannuation Schemes for those ceasing Government service.

LEAVE WITHOUT PAY AND RESUMPTION OF CONTRIBUTIONS

GENERAL PROVISIONS

PROVISIONS OF THE ACT

- Enables a contributor to remain in the Fund whilst his/her salary is temporarily stopped. The reasons for this could be due to:
 - ◆ the contributor's ill health; 32
61T
71
71I
71P
71S
88J
88M
88W
88Z
 - ◆ the contributor being on leave without pay or on leave at a reduced salary level;
 - ◆ the contributor not being employed in Government Service but not yet retired;
 - ◆ any other reason.
- Establishes that the Superintendent determines the rate and frequency of contributions in all such cases.
- If contributions are not reactivated by the age of 50 the Superintendent's approval to resume contributions must be sought. 61A
61C

SCHEME DIFFERENCES

Armed Forces Scheme

PROVISIONS OF THE ACT

- If a contributor's salary is stopped for 28 days or more under the Armed Forces Discipline Act 1971 he/she does not have to pay contributions during that time. 71I
71S
- The effect of this on contributory service is that whilst his/her service is not broken, that period is not included as part of total service.
- Where the period is less than 28 days contributions continue to be payable with no effect on contributory service.
- Gives the Superintendent the discretion to deem that a contributor's service has not been interrupted and, in so doing, to impose whatever conditions he/she thinks appropriate – including the payment of contributions. Can exercise this discretion in cases where a contributor's service is interrupted for any reason other than an interruption under the Armed Forces Discipline Act 1971.
- Gives contributors who are on leave of absence without pay the option of electing the application of either section 32 (Contributions while salary temporarily stopped – see General Provisions above for application of this) or as follows: 71P

Section 71P(2)

- Establishes that:
 - ◆ Contributions remain in the Fund
 - ◆ Contributor does not have to pay contributions whilst on leave of absence
 - ◆ Period of leave is not counted as contributory service
 - ◆ if become a contributor again before 50 years of age, his/her contributions are not refunded and previous record of contributory service is reactivated; this counts as continuous contributory service when calculating benefits under Part IIIA but is discounted as follows:
 - 1.25% for each complete year of contributory service matched up with each complete year of leave; part years are treated proportionately, including a period of less than one full year **and**
 - 2.25% for each complete year of leave which does not have a corresponding year of service; part years are treated proportionately, including a period of less than one full year.

The period immediately before contributions start again is deemed to be the discounted period of contributory service.

61

- ◆ if the contributor dies whilst on leave and is survived by a spouse sections 61M and 61Q do not apply (Benefits where contributor under this Part dies before becoming entitled to retiring allowance and leaves spouse and Children's Allowance) – see Death Benefits for details.

Police Scheme

PROVISIONS OF THE ACT

- Gives contributors who are on leave of absence without salary two election options:
 - ◆ That section 32 – as outlined under General Provisions on previous page applies, by virtue of section 88M, to them **or**
 - ◆ That subsection 2 of 88J applies.

88J
88M

Effect of 88J(2) application:

- ◆ Contributions remain in the Fund
- ◆ Contributor not does have to pay contributions whilst on leave of absence
- ◆ Period of leave of absence is not counted as contributory service

- ◆ if become a Part VIA contributor again before he/she gets to 50 years of age, his/her contributions are not refunded and previous record of contributory service is reactivated. This counts as continuous contributory service when calculating benefits but is discounted as follows:
 - 1.25% for each complete year of contributory service matched up with each complete year of leave of; part years are treated proportionately, including a period of less than one full year **and**
 - 2.25% for each complete year of leave which does not have a corresponding year of service; part years are treated proportionately, including a period of less than one full year.

The period immediately before contributions start again is deemed to be the discounted period of contributory service; and

- ◆ if the contributor dies whilst on leave and is survived by a spouse sections 61M and 61Q do not apply (Benefits where contributor under this Part dies before becoming entitled to retiring allowance and leaves spouse and Child/rens Allowance). See Death Benefits for details of what happens in such circumstances.

Prisons Service Scheme

PROVISIONS OF THE ACT

- Gives contributors who are on leave of absence without salary two election options: 88W
88Z
 - ◆ that section 32 applies - as outlined under General Provisions on page 19 – by virtue of section 88Z, to them **or**
 - ◆ That subsection 2 of 88W applies.

Effect of 88W(2) application:

- ◆ Contributions remain in the Fund
- ◆ Contributor does not have to pay contributions whilst on leave of absence
- ◆ The period of leave of absence is not counted as contributory service
- ◆ if become a Part VIB contributor again before he/she gets to 50 years of age, his/her contributions are not refunded and previous record of contributory service is reactivated, counts as continuous contributory service when calculating benefits but is discounted as follows:
 - 1.25% for each complete year of contributory service matched up with each complete year of leave of; part years are treated proportionately, including a period of less than

one full year **and**

- 2.25% for each complete year of leave which does not have a corresponding year of service; part years are treated proportionately, including a period of less than one full year.

The period immediately before contributions start again is deemed to be the discounted period of contributory service **and**

- ◆ if the contributor dies whilst on leave and is survived by a spouse sections 61M and 61Q do not apply (Benefits where contributor under this Part dies before becoming entitled to retiring allowance and leaves spouse and Child/rens Allowance) - see Death Benefits for details of what happens in such circumstances.

Judges and Parliamentary Schemes

- Provisions are not applicable for these Schemes.

POLICY

- The contributor's employer is not required to make contributions during the leave period.
- The contributor's contribution rate during the period of leave will be on a full cost basis; this will be actuarially determined.
- The Superintendent considers reactivation applications from those over 50 years of age on a case by case basis – having regard for the individual concerned, other GSF members and the Fund itself.
- The Superintendent considers section 71I applications on continuity of service on a case by case basis – having regard for the individual concerned, other GSF members and the Fund itself.
- The Superintendent considers whether contributions can be suspended on a case by case basis – having regard for the individual concerned, other GSF members and the Fund itself.

ADMINISTRATIVE PROCEDURES

- Before commencing any period of leave, the contributor must notify the Schemes Administrator of the type of leave and dates.
- Certificate from Government Actuary required.
- A contributor has a choice of paying his/her contributions for the leave period:
 - ◆ Before the leave commences; **or**
 - ◆ As they fall due during the period of leave; **or**

-
- ◆ at the end of the leave period either as a one-off payment or by fortnightly deductions.
 - Interest is charged for spreading payments. This interest becomes payable as soon as payments are spread and covers the whole period that the payments are spread over. The current interest rate is 10.25%.
 - The maximum period allowed to spread payments is 10 years.
 - If the payment is interrupted penalty interest will be charged for the period arrears are not made.

CONTRIBUTING IN RESPECT OF PRIOR, INTERRUPTED OR NOTIONAL SERVICE

GENERAL PROVISIONS

PROVISIONS OF THE ACT

- Allows contributors to make elections to contribute in respect of non-contributory service and therefore have this recognised as contributory service. 23
23A
24
61C
- Requires contributors making such elections to make contribution payments for the non-contributory period at the higher of the two following rates: 71I
81G
83B
88K
88X
 - ◆ The salary received by him/her for the period of non-contributory service **or**
 - ◆ The salary he/she was receiving at the time of making the election.
- The Superintendent's approval is needed in the following circumstances:
 - ◆ Where the contributor is not a permanent full-time employee in Government service **or**
 - ◆ For any period in which the contributor was not a permanent full-time employee in Government service **or**
 - ◆ For contributors who are 50 years or older.
- Gives the Superintendent the power to impose conditions on any such approvals, including the rate and payment of contributions.
- Allows a contributor who is not yet 50 years old to purchase service at the standard contribution rate.
- Defines Government Service as Government service of Her Majesty but not including honorary service or service as a member of the House of Representatives within the meaning of Part VI of the Act. Includes: 2
 - ◆ Education service
 - ◆ Health Service
 - ◆ Housing Corporation of New Zealand
 - ◆ Cook Islands Public Service
 - ◆ Niue Public Service
 - ◆ Tokelau Public Service
 - ◆ Western Samoan Public Service before 1 January 1962

-
- ◆ Service deemed to be Government service under section 4 of the Government Superannuation Fund Amendment Act 1961 of the Government of Western Samoa or of the Western Samoa Trust Estates Corporation

Service in any of Her Majesty's forces except as a permanent member of the regular forces or a regular serviceman is not included in this definition unless the Superintendent determines that it is.

- Subject to the Superintendent's consent the term Government service can include:
 - ◆ Any training as the holder of a scholarship or bursary approved by a controlling authority
 - ◆ Any training as a student at a library school
 - ◆ Any service or training performed or undergone by a contributor at any time – even before becoming a contributor.

POLICY

- Those over 50 years of age have to make contributions reflecting the full actuarial cost of the service in respect of which they wish to contribute. The cost of doing so will be provided by the Schemes Administrator on request.
- Those wanting to contribute in respect of pre-entry training or service have to pay the full cost of this. The cost of doing so will be provided by the Schemes Administrator on request.
- Those wanting to contribute in respect of back service during a leave without pay period/s have to pay the full cost of this. The cost of doing so will be provided by the Schemes Administrator on request.
- Contributions in respect of the service must be made within 10 years. Interest is authorised in respect of contributions for notional service.
- A member can revoke his/her election to contribute in respect of past service in writing at any time before payment is completed.
- The contributor must provide written verification of previous service or copies of qualifications gained during training.
- Applications covering periods of service which were not on a permanent full-time basis or from part-time temporary employees will be considered by the Superintendent on a case by case basis. The Superintendent considers each case on its merits having regard to the individual concerned, other GSF members and the Fund itself.
- Pre-entry training is defined as study or training leading to a recognised degree, diploma or certificate; including apprenticeships, which the Superintendent considers a requirement of, and relevant to the position held by the contributor at the time of the initial appointment. The period purchased must not exceed the period normally required to obtain the qualification concerned.

SCHEME DIFFERENCES

Old General Scheme

PROVISIONS OF THE ACT

23
24

- A member is able to purchase service during which he/she contributed under old provisions at a rate of 60% or at a 6% flat rate.

Armed Forces Scheme

PROVISIONS OF THE ACT

Regular or Armed Forces Service other than in New Zealand

710

- Provides the basis for contributing in respect of prior periods of service as a member of the regular forces or as a regular member of the armed forces anywhere other than in New Zealand.
- Elections have to be made to the Superintendent and the New Zealand Defence Council for their approval within 5 years of the contributor becoming a member of the regular forces.
- The Superintendent has the power to approve late elections.
- Gives the Superintendent the power to impose any conditions, including payment rates.
- Elections cannot be made for any period of service:
 - ◆ for which the member received/was receiving any pension or retiring allowance unless the Superintendent approves this. In such cases the Superintendent can impose whatever conditions he/she wishes **or**
 - ◆ more than 10 years before the member's continuous service as a member of the regular forces started unless, that earlier period was for service as a member of the regular forces.

POLICY

- Those wanting to contribute in respect of prior periods of service will have to contribute the full cost of this. This will be at the rate certified by the Government Actuary.
- Late applications to purchase service will be accepted where the application is made within 6 months of an extension of the contributor's engagement in the Armed Forces.

Previous Government Service

- Allows contributors to purchase up to 10 years of previous Government service but gives the Superintendent the discretion to determine how much of that time is counted as contributory service.
- Such elections cannot be made by any person :

71Q

-
- ◆ Who is not a full-time member of the regular forces **or**
 - ◆ For any period during which they were not a permanent full-time employee in Government service **or**
 - ◆ Who is 50 or older.
 - Gives the Superintendent the power, however, to approve elections from those who fall into any of the categories above and to impose whatever conditions he/she thinks appropriate on the approvals.
 - Contributions are to be made at the higher of the following salary rates:
 - ◆ That received by the contributor during that time **or**
 - ◆ That which the contributor was getting at the time of making his/her election.
 - Elections had to have been made within 5 years of the contributor becoming a member of the regular forces.

Judges Scheme

PROVISIONS OF THE ACT

- Any temporary Judge who becomes a Judge may elect to pay contributions for his/her time as temporary Judge as if that service was as a Judge. 81G
- Such elections have to be made to the Superintendent within 3 months of appointment as a Judge.
- Such elections are irrevocable.
- Masters, except those who have made an election under either section 81Z(1) or 81ZB(1), may elect to contribute as if their service was service as a Judge. 81Y
- Such elections have to be made to the Superintendent within 3 months of appointment as Master.
- Such elections are irrevocable.

Parliamentary Scheme

PROVISIONS OF THE ACT

- This section is historical – given that section 82A (Application) closed the Parliamentary Scheme to new members from 1 July 1992.
- Allowed a first time member elected at a by-election to contribute for service prior to his/her election. Could contribute as if he/she had been elected at the general election prior to the by-election. 83B
- Such elections had to be made in writing to the Superintendent within 3 months of the general election following the by-election.

- Had to pay into the Parliamentary Superannuation Account the amount which he/she would have had deducted under section 83 (1) – Contributions by members - had he/she been:
 - ◆ Elected a member at the general election prior to the by-election **and**
 - ◆ Receiving a salary equal to that of an ordinary member's at the time that the election was made.
- The Superintendent could impose interest on any late payments and established that such interest was recoverable as a debt to the Crown. Arrears could be deducted from the member's annual retiring allowance or from his/her spouse's annuity.

Police Scheme

PROVISIONS OF THE ACT

- Allows contributors to make elections to contribute in respect of non-contributory service or to contribute for notional service under section 23A (Election to contribute in respect of notional service). This is then recognised as Government service – it is only counted as Police service if the contributor was a member of the Police during the time covered by the election. 88K
- Establishes that a contributor cannot contribute for any training covered by section 2(2) or any notional service under section 23A without the consent of the Commissioner of Police and the Superintendent. The effect of this stipulation, however, is that all elections have to go to the Superintendent for approval because:
 - ◆ Of section 2(2)'s limitations – see pages 24-25.
 - ◆ Section 23A(4)'s requirement to make the election before the age of 50 or within 3 years of joining the Public Service, whichever is the earliest, means that such elections can no longer be made; section 88M establishes the applicability of Section 23A.
- The Superintendent's approval is also needed in the following circumstances:
 - ◆ Where the contributor is not receiving a full-time salary as a member of the Police **or**
 - ◆ for any period in which the contributor was not a permanent full-time employee in Government service **or**
 - ◆ for contributors who are 50 years or older.
- Gives the Superintendent the discretion to impose conditions on any such approvals that he/she thinks appropriate, including the rate and payment of contributions.
- The additional contributory service is not subject to enhancement 88G(4)

unless it was actual Police Service (refer to Benefits - Police Scheme).

Prisons Service Scheme

PROVISIONS OF THE ACT

- Contributors may elect to purchase non-contributory service or to contribute for notional service under section 23A (Election to contribute in respect of notional service). This is then recognised as Government service but is only counted as Prisons Service if the contributor was a member of the Prisons service during the time covered by the election. 88X
- Establishes that a contributor cannot contribute for any training covered by section 2(2) or any notional service under section 23A without the consent of the State Services Commission and the Superintendent. The effect of this stipulation, however, is that all elections have to go to the Superintendent for approval because:
 - ◆ of section 2(2)'s limitations – see pages 24-25 **and**
 - ◆ Section 23A(4)'s requirement to make the election before the age of 50 or within 3 years of joining the Public Service, whichever is the earliest, means that such elections can no longer be made – section 88Z establishes the applicability of Section 23A.
- The Superintendent's approval is also needed in the following circumstances:
 - ◆ Where the contributor is not receiving a full-time salary as a member of the Prisons Service **or**
 - ◆ for any period in which the contributor was not a permanent full-time employee in Government service **or**
 - ◆ for contributors who are 50 years or older.

Gives the Superintendent the discretion to impose conditions on any such approvals that he/she thinks appropriate, including the rate and payment of contributions.

- The additional contributory service is not subject to enhancement unless it was actual Prison Services service (see pages 51-52)

ADMINISTRATIVE PROCEDURES

- The contributor must provide written notice of his/her election.
- Certificate from Government Actuary required.

CEASING TO CONTRIBUTE

GENERAL PROVISIONS

PROVISIONS OF THE ACT

- Allows contributors to notify the Superintendent of their intention to stop contributing to the fund at any time.
- Three months written notice must be given.
- A person ceases to be a contributor once the 3-month period is up.
- Requires contributors to advise the Superintendent which of the following options they wish to take:
 1. Receive a refund of their contributions without interest (less any amounts already received) **or**
 2. Leave their contributions in the Fund and receive a deferred pension or a deferred lump sum payment (subject to any regulations made under section 97 of the Act); NB – deferred lump sum no longer an option **or**
 3. Leave their contributions in the Fund and elect at any time to receive a refund either with or without interest – interest payable only if person ceases Government service (Section 61S) (see Refund of Contributions). This option is only available to those who will be younger than 50 at the end of the 3 month period.
- The option chosen can be changed only if no payment has been made to the contributor.
- A contributor cannot rejoin the Fund once he/she has withdrawn and received a refund of his/her contributions.
- Contributors can cancel their notification only if they advise the Superintendent in writing of their wish to do so before the 3 month period is up.
- For those who elect option 3 but do not make the subsequent refund election:
 - ◆ if they don't become a contributor again by the time they become 50, then the amount that they left in the Fund is to be refunded to them without interest - interest is only payable if they ceased Government service **or**
 - ◆ if they rejoin the Fund before becoming 50 their contributory service is reactivated and they don't get a refund. In such cases their service counts as continuous contributory service for the purposes of calculating any benefits payable under the Act. Service during such periods is, however, discounted as follows:
 - 1.25% for each complete year that he/she was not a contributor that has a corresponding period of contributory service; part years are to be discounted proportionately including a period of less than one full year, **and**

28
61R
88PA

-
- 2.25% for each complete year that he/she wasn't a contributor and for which they don't have a corresponding period of contributory service; part years are to be discounted proportionately, including a period of less than one full year.
 - Establishes that Sections 61M, 61Q and 61O do not apply to those who elect either option 2 or 3 and who subsequently die before becoming a contributor again (Benefits where contributor under this Part dies before becoming entitled to retiring allowance and leaves spouse, Children's allowance and Benefit where contributor under this Part dies without leaving spouse). Instead:
 - ◆ if leave a spouse, spouse can elect a refund of contributions or an annuity payment. If elect a refund, this is increased by 0.25% for every month that contributions were paid after 1 May 1985 up until the day the contributor died. If elect an annuity, this is to be at half the rate of the retiring allowance which the contributor would have been entitled to had he/she become entitled to such an allowance in terms of Section 61I on the day of his/her death. Establishes that a spouse's entitlement to either an annuity or a refund is not to be affected by any change to his/her marital status **or**
 - ◆ if doesn't leave a spouse, Fund pays the contributor's contributions, increased on the same basis as above, to the contributor's personal representatives - to be held in trust for the contributor's beneficiaries.
 - Establishes that Section 61L is to be used for calculating the retiring allowance that would have been paid - so as to determine the amount of the annuity to be paid - but that:
 - ◆ The contributor's final average earnings are to be determined as if the date on which the contributor ceased Government service was the date of his/her retirement **and**
 - ◆ The contributor's final average earnings are to be increased by the percentage - if any – by which the Government Statistician certifies that the CPI's all groups index for the quarter immediately before the date on which the retiring allowance is to be paid is greater than the index number for the quarter immediately before the date of resignation **and**
 - ◆ for the purposes of the definition of "appropriate percentage", the date of the contributor's death is to be treated as the date of his/her retirement.

SCHEME DIFFERENCES

Old General Scheme

PROVISIONS OF THE ACT

- Gives contributors only two options - to:
 - ◆ Receive a refund of their contributions without interest (less any amounts already received) **or** 28
 - ◆ Leave their contributions in the Fund and receive a deferred pension or a deferred lump sum payment (subject to any regulations made under section 97 of the Act). *Note* Deferred lump sum no longer an option.

Armed Forces Scheme

PROVISIONS OF THE ACT

- Contributors who are on leave of absence without pay have the option of electing the application of either section 32 (contributions while salary temporarily stopped) **or** subsection 71P(2) (options where contributor on leave of absence without salary. See pages 19-20 for details. 71P

Judges Scheme

PROVISIONS OF THE ACT

- A Judge must continue contributing to the Scheme as long as he/she is an appointed Judge - this includes any period of sabbatical leave.
- Establishes the basis for a Judge to elect to cease contributing to the Judge's Superannuation Account and to receive, subject to any regulations made under section 97 (Regulations), a: S810A, SS15 - 17 GSF CCRs
 - ◆ Deferred pension **or**
 - ◆ Deferred lump sum – no longer an option **or**
 - ◆ Refund of contributions.
- Allows a Judge with at least 10 years superannuable service to elect to leave his/her contributions in the Judges Superannuation Account on the basis that he/she can make a further election to receive a deferred pension. Allows a Judge to elect when this is to be paid - the options are on or after the latest of:
 - ◆ When he/she turns 50 years **or**
 - ◆ When he/she ceases judicial service **or**
 - ◆ 3 months after his/her further election.
- Establishes that a Judge is not entitled to his/her deferred pension until

he/she has made his/her further election and the date specified in that election has been reached.

- Establishes that Section 81I (Computation of retiring allowance) is to be used for calculating the retiring allowance. This is calculated as if the Judge ceased judicial service, retired and became entitled to a retiring allowance on the effective date of the cessation election and his/her salary at that date was increased in accordance with the CPI.
- Establishes that if a Judge dies before becoming entitled to a pension, death benefits calculated in accordance with section 81Q (Benefits where Judge who has made election under section 81P(1)(c) dies before becoming entitled to retiring allowance) are payable; references in that section to the rate of retiring allowance which the Judge would have been entitled to should be read as the rate of the deferred pension.
- Establishes that nothing in the Regulations limits sections 40, 48, 91 or 91B of the Act (Election of variable retiring allowance to secure a level income, Annual allowances to widows or approved dependants in consideration of election to accept reduced retiring allowances, Election to surrender proportion of retiring allowance and receive cash payment and Surrender of part of retiring allowance for allowance to another person).
- Establishes that in cases where a Judge who has made a cessation election ceases judicial service with less than 10 years service he/she is to be refunded his/her contributions. The refund is increased by 0.25% for every month that contributions were paid under either Part IV or VA from 1 May 1985 until the date of the refund.

Police Scheme

PROVISIONS OF THE ACT

- Establishes the basis for a contributor to elect to cease contributing to the Fund and, subject to any regulations made under Section 97 (Regulations), to:
 - ◆ Leave his/her contributions in the Fund and receive a deferred pension or a deferred lump sum (lump sum no longer an option)
or
 - ◆ Receive a refund of contributions.
- Contributors who are on leave of absence without pay have the option of electing the application of either section 32 (Contributions while salary temporarily stopped) or subsection 88J(2) (Option where contributor on leave of absence without salary) see pages 20-21.

Other

- Provisions are not applicable for the Parliamentary Scheme.
- Contributors to the Niue, Tokelau, or Cook Islands Sub-Schemes cannot withdraw as membership of these is compulsory for those who were eligible before the Schemes closed. The Cook Islands and Niue Islands Schemes closed on 9 June 1995 and the Tokelau Islands Scheme closed on 21 October 1995.

Charges

PROVISIONS OF THE ACT

- Allows a contributor to grant a charge over his/her contributions to another person. 92A
- Requires the Superintendent to keep a register of all charges notified to him/her. Further, that unless a charge is entered in the register it is not to be considered valid. Stipulates that the register is to show the time and date of registration and release. It is not necessary, however, to specify the amount of the charge nor the maximum amount of contributions to be charged.
- Chargeholder is required to notify the Superintendent in writing if a charge is to be released. The Superintendent then removes the charge from the register. The Superintendent also removes charges from the register which are deemed to be released under section 92E (Rights of chargeholder) or if they have been released by any order in Court.
- A charge cannot be registered if:
 - ◆ There is already a charge registered against those contributions **or**
 - ◆ A copy of any arrangement or deed made under section 25 or any Court Order under section 31(1) of the Matrimonial Property Act 1976, which is still in force, has been served on the Superintendent in respect of the contributor's contributions **or**
 - ◆ A current charging order has been served on the Superintendent in accordance with section 120(4) of the Family Proceedings Act 1980 in respect of the contributor's contributions **or**
 - ◆ The contributor has notified the Superintendent that he/she intends to cease Government service or contributing to the Fund.
- Establishes a format for each notification - this is specified in the First Schedule of the Act. Each notification is to be accompanied by the fee prescribed under section 97 of the Act. The current fee is \$10.00. 12 GSF Regs 1995
- Allows contributors to make written requests to the Superintendent for the following information: 92B
 - ◆ A written statement showing the amount that the contributor would be entitled to receive if he/she had withdrawn from the Fund while continuing in Government service at the end of the preceding financial year **and**
 - ◆ A statement as to whether any charge is currently registered under section 92A against the his/her contributions **and**
 - ◆ A statement outlining whether it would be possible for a charge to be granted over his/her contributions; if it is not possible the reason for this must be given.
- All information requests must be signed by the contributor and must specify:

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- ◆ The contributor's and chargeholder's/potential chargeholder's full name and address **and**
 - ◆ The name of the contributor's employer (not the individual but the entity) and location **and**
 - ◆ The contributor's date of birth **and**
 - ◆ The date the contributor became a contributor.
- Establishes the basis for the Superintendent releasing certain information to anyone who he/she is satisfied has entered, or is about to enter, into any transaction over which the contributor could grant a charge. Stipulates, however, that the Superintendent is not obliged to advise of any change in status of the information once the information has been given. The information that can be released is:
 - ◆ The amount of the contributor's contributions at the end of the preceding financial year **and**
 - ◆ Whether or not the person is currently a contributor **and**
 - ◆ Whether the Superintendent has received any notice of withdrawal from the Fund or notice that the contributor is about to cease Government service or cease contributing to the Fund **and**
 - ◆ Whether there is a current charge registered over the contributor's contributions **and**
 - ◆ Whether there is a reason why a charge could not be registered but not disclosing what this is.
 - Stipulates that all requests for this information must be signed by the contributor and chargeholder/potential chargeholder and must specify the same background information as stipulated above i.e. names, addresses, employer, etc.
 - Establishes the basis for the Superintendent declining to give any information if he/she is not satisfied as to the identity of the contributor concerned. 92C
 - Requires the Superintendent to advise the chargeholder and contributor as soon as possible after receiving the notification whether the charge has been registered or not. If it is registered it requires the advice to be given before any payment is made against the charge. 92D
 - Establishes the procedures which must be followed once any payment under the Act becomes payable to – or in respect of - a contributor who has a charge over his/her contributions. These are:
 - ◆ The contributor's entitlements or those of the contributor's spouse and any children/estate are to be calculated disregarding the charge **and**

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- ◆ Payment can only be made (to any person or superannuation scheme) once the chargeholder's notification has been received/deemed to have been received under section 92E (Rights of chargeholder) **and**
 - ◆ The Superintendent must notify the chargeholder that he/she has the right to make an election under section 92E and the consequences of failing to do so.
- Allows a chargeholder to elect to either: 92E
- ◆ Receive payment of the charge **or**
 - ◆ Release it without receiving the amount secured by it.
- The election can be made after the chargeholder has received the Superintendent's section 92D notification (Payment of charges). If the chargeholder elects to receive payment he/she is to receive the lesser of the amount secured by the charge or the total amount of the contributor's contributions. The charge is released once payment is made.
- Establishes the basis for deeming that a chargeholder has made an election to release the charge without receiving payment if he/she has not made his/her election within 28 days of the Superintendent's notification being given. 92F
- Establishes payment procedures for the Superintendent once a chargeholder wants to claim against his/her charge. These are:
- ◆ Notify the contributor or, if the contributor is dead his/her personal representatives of the chargeholder's request. This has to be done within 14 days of it being received **and**
 - ◆ Pay out the lesser of the amount claimed or the total amount of the contributor's contributions without interest. Payment is to be made if the Superintendent has no reason to believe that there is any dispute or doubt about the amount. Stipulates that payment is to be made 60 days after the Superintendent receives the request unless agreement is reached with the contributor/personal representatives for this to be made earlier; **or**
 - ◆ Make payment, if he/she believes there is a genuine dispute or doubt about the amount to be paid:
 - After agreement has been reached with the contributor/personal representatives about the amount **or**
 - Pursuant to an order of the Court under section 92J (Superintendent may apply to Court for directions).
- Gives the Superintendent the power to: 92G
- ◆ Require the chargeholder to produce documents to satisfy him/herself about the terms of the charge and the amount

payable **and/or**

- ◆ Make a statutory declaration about the charge.
- Establishes the following consequences for a contributor once payment of a charge has been made - he/she:
 - ◆ Ceases to be a contributor **and**
 - ◆ Becomes entitled to receive a refund of his/her contributions:
 - ◆ Less any amounts he/she may have received **and**
 - ◆ Less the amount paid to the chargeholder **and**
 - ◆ Increased - if applicable – under section 61S(1)(a) (Rights and benefits where contributor ceases Government Service **or** under section 71K(1)(a) (Benefits where contributor leaves regular forces and is not entitled to retiring allowance) – see Armed Forces Scheme – **and** 92H
 - ◆ must become a contributor again if required to under the Act but, in doing so, will be treated as if he/she had not previously been a contributor.
- Establishes the basis for deducting the amount of the charge from any retiring allowance, annuity, other allowance, or payment to a contributor or a contributor's personal representatives. The only exception to this is a Child's Allowance under section 61Q or 81O. The deduction is made either in total before the payment of the benefit or on a progressive basis at a rate determined by the Superintendent. 92I
- Establishes that any notice given to the Superintendent under sections 92A, 92E or 92F is sufficiently given if it is:
 - ◆ Delivered to the Superintendent's office in Wellington and accepted on the Superintendent's behalf **or**
 - ◆ Posted, by registered post, to the Superintendent's Wellington office.
- In terms of a notice given to a chargeholder/contributor/personal representative under 92C, 92D, or 92F this is sufficiently given if it is:
 - ◆ Delivered to that person **or**
 - ◆ Posted, by registered post, to that person at the address given in the notice of charge or, as subsequently given to the Superintendent, or the person's usual or last known place of abode, business or employment.
- Establishes that if a notice is posted it shall, in the absence of evidence to the contrary, be deemed to have been given and received:
 - ◆ 4 days after it was posted if posted within NZ **or**

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- ◆ at the time it would have been delivered in the ordinary course of post if posted overseas.
 - Establishes the basis for a District Court Judge to direct the manner in which any notice under sections 92C, 92D, 92E, or 92F is to be given and specifying the date or method of determining the date on which the notice is deemed to have been given and received.
 - Establishes the basis for the Superintendent, any contributor, any chargeholder, or anyone claiming to be a chargeholder to apply to any Court for advice. It enables an order to be sought on any of the following:
 - ◆ Whether or not any charge should be or should have been registered **or**
 - ◆ Whether any payment should be made to any chargeholder or anyone claiming to be a chargeholder **or**
 - ◆ The amount of any payment to a chargeholder or anyone claiming to be a chargeholder **or**
 - ◆ Whether any charge should be released.
 - Establishes that whilst this opportunity exists the intention of it is not to limit the right of any person to take action in any Court.

92J

POLICY

- In determining whether a deduction of a charge against a benefit payment should be made in total or on a progressive basis the Superintendent considers each case on its merits.

ADMINISTRATIVE PROCEDURES

- Payment of charges is made by the Schemes Administrator.

Benefits

CALCULATION OF RETIRING ALLOWANCES

GENERAL PROVISIONS

PROVISIONS OF THE ACT

- Establishes the basis on which retiring allowances are calculated.
- Specifies that a retiring allowance is to be the pension percentage of the contributor's final average earnings. 61L
- Defines the following:
 - ◆ Pension percentage is the percentage calculated using the following formula:

$$P \times (0.7 + (0.014 \times t))$$

- Where P = appropriate percentage x number of years (including parts of years) of contributory service **and**
- t = number - if any - of years (including parts) by which the date the retiring allowance starts to be payable precedes 1 October 1999.
- ◆ Appropriate percentage is 1.5%:
 - **Plus** 0.002% for every month/part of a month before retirement for a contributor who is older than 60 but younger than 65 **or**
 - **Less**, where a contributor who is entitled to a retiring allowance under section 61(3) or (4) (where have ceased Government service or where 50 years old and have at least 10 years contributory service):
 - * 0.004% for every month/part month after date of retirement when contributor is 50 or more but less than 60 **and**
 - * 0.002% for every month/part month when contributor is younger than 55.
- ◆ Earnings as the salary on which a contributor pays his/her contributions to the Fund – irrespective of whether that was his/her actual salary. In cases where contributory service has never been on a full-time basis, earnings are defined as the salary on which the contributor would have paid his/her contributions had he/she been full-time.
- ◆ Final average earnings (FAE) is the lesser of either:
 - The contributor's final average earnings computed using the following formula:

$$FAE = [(E1 \times P5/P1) + (E2 \times P5/P2) + (E3 \times P5/P3) + (E4 \times P5/P4) + E5] \div 5$$

- E5 = contributor's earnings for 12 months before contributor entitled to retiring allowance

- E4 = contributor's earnings for 12 months before E5 period
 - E3 = contributor's earnings for 12 months before E4 period
 - E2 = contributor's earnings for 12 months before E3 period
 - E1 = contributor's earnings for 12 months before E2 period
 - P5 = all groups index number of the CPI for second quarter before the quarter in which the contributor retires
 - P4 = all groups index number of the CPI for quarter which occurred 4 quarters before P5's quarter
 - P3 = all groups index number of the CPI for quarter which occurred 4 quarters before P4's quarter
 - P2 = all groups index number of the CPI for quarter which occurred 4 quarters before P3's quarter
 - P1 = all groups index number of the CPI for quarter which occurred 4 quarters before P2's quarter **or**
- the contributor's earnings for the 12 month period before the contributor is entitled to a retiring allowance.
 - In cases where the contributory service is less than 5 years the above formula is amended to:

$$\text{FAE} = [(E1 \times P5/P1) + (E2 \times P5/P2) + (E3 \times P5/P3) + (E4 \times P5/P4) + E5] \times a/b$$

◆ where a = 365 and b = number of days of contributory service.

- Establishes that in cases where contributory service has not been continuous for the 5 year period before the contributor is entitled to a retiring allowance but he/she has paid contributions for all or part of the 12 months before becoming entitled to the allowance, his/her FAE are to comprise:
 - ◆ the FAE as determined by the formula above **plus**
 - ◆ one fifth of the contributor's earnings before that 5 year period for a period equal to the period of interrupted service and adjusted by the Superintendent using the CPI adjustments above **but**
 - ◆ cannot be more than the contributor's earnings for the 12 month period before he/she is entitled to a retiring allowance, increased to an annual basis if the contributor didn't pay contributions for the whole of that period.
- In cases where the contributor has not paid contributions for any part of the 12 month period his/her FAE is calculated on the same basis **but:**
 - ◆ Cannot be more than his/her earnings for the 12 month period

before the day on which the last interruption started,

- ◆ Increased to an annual basis if he/she didn't pay contributions for all of that period **and**,
 - ◆ Further increased by the percentage - if any -by which the all groups index number of the CPI for the quarter before the date on which the allowance is first paid is more than the index number for the quarter right after the date on which contributions were last paid (the last percentage increase has to be certified by the Government Statistician).
- Gives the Superintendent the power to reduce the length of contributory service in cases where that service includes any periods of non-full-time service – any such reductions can be on whatever basis the Superintendent thinks appropriate.
 - Gives the Superintendent the discretion to increase the retiring allowance for any contributor who is entitled to an allowance under 611(4). This increase cannot result in the payment of an allowance in excess of what would have been payable to that person if the retiring allowance was calculated using the Appropriate percentage and Pension percentage noted above.
 - ◆ Gives the Superintendent the power to impose terms and conditions to such increases, including the payment of contributions by or on behalf of the contributor.

SALARY

- Defines Salary as the salary or wages paid for the contributor's service. 2
- Includes allowances paid to a student at a teacher's college or a library school.
- Except as otherwise provided by the Act, does not include any allowances (see Policy Section on page 50) or any payments for overtime or any additional salary payable after 31 January 1964 to the Principal or any member of the Teaching Staff of a teacher's college or post-primary school for service as manager of or resident teacher at any hostel conducted in connection with the college or school or any additional salary payable after 31 January 1969 to any associate teacher or other teacher who has students attending his/her classes for purposes of observation and training as teachers.
- Gives contributors the option of increasing their contribution rates to take account of any accommodation benefit/concession they or their family are receiving as part of the contributor's employment. This can take the form of board, lodging, use of a house or an allowance – irrespective of whether this is provided free of charge or not. 58
 - ◆ The Superintendent's approval must be obtained by contributors wishing to exercise this option.
 - ◆ Gives the Superintendent the power to impose whatever conditions he/she thinks fit on any such approvals, including the payment of arrears and compounded interest at rates

determined by him/her.

- ◆ The basis for determining the rate of contributions to be paid is to consider the value of the concession/benefit as if it was part of the contributor's salary.
 - ◆ A contributor who makes an election under this section cannot stop paying the extra contributions whilst he/she is still in receipt of the benefit/concession.
 - ◆ This is not an option in cases where a lodging allowance is paid to a contributor because he/she is based away from home.
 - ◆ Establishes that every decision made by the Superintendent under this section is final.
 - ◆ Establishes that section 89C - Refund of contribution on allowances no longer included in salary - is not applicable to benefits/concessions paid under section 58.
- Establishes that the Superintendent can determine the salary part of contributors' total remuneration, which includes any allowances and the value of any benefits, who are posted overseas in terms of the Foreign Affairs Act 1988. This includes any head of mission, head of post or anyone assigned or reassigned under section 6 of that Act. 59
 - Establishes the basis for a contributor to receive a refund for any contributions he/she has paid on allowances that are no longer deemed to be salary. This can be for contributions into the Fund or to any Superannuation Fund abolished by the Superannuation Act 1947. 89C
 - Establishes that a contributor has to apply for such refunds.

Additional Retiring Allowance Adjustment

1990
Amendment Act

- An additional adjustment is made to a retiring allowance that commenced on or between 1 April 1990 and 31 March 1996. The adjustment is not made to any allowance that is or becomes payable to a person other than the member, or an allowance paid to any one under the Niue, Tokelau, Cook Islands or Western Samoan Sub-Schemes.
- The retiring allowance is multiplied by an adjustment factor. The formula used to calculate the adjustment factor depends on the amount of the member's retiring allowance.
- The adjustment must be ignored when calculating any lump sums payable (for example, capitalisation lump sums).

SCHEME DIFFERENCES

Old General Scheme

- Specifies that the retiring allowance will be the pension percentage of the contributor's annual salary and increased in cases where contributory service is longer than 40 years. 35

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- Appropriate fraction is defined as 120th part.
 - A contributor's retiring allowance will be based on his/her annual salary. 38
 - This is deemed to be the average rate of salary that he/she contributed to the Fund for the 5 years immediately before retirement. If a contributor does not have 5 years contributory service then his/her salary is averaged out over the period of his/her contributory service.
 - Establishes that if his/her salary has been reduced – because of age, illness, transfer, appointment to another position or for some other reason – his/her retiring allowance is to be computed at the higher of:
 - ◆ the average rate of salary that he/she contributed to the Fund for the 5 year period immediately before the reduction **or**
 - ◆ the average rate of salary that he/she contributed to the Fund for the 5 years immediately before he/she retired.
 - Specifies that if a contributor had been a contributor to the Government Railways Superannuation Fund at any time before 1 April 1948 his/her retiring allowance was to be computed at his/her annual rate of pay within the meaning of Part III of the Government Railways Act 1926; this would be done to increase the annual amount of the retiring allowance to a maximum of \$300.
 - Establishes that no account is to be taken of any interval(s) for which a contributor has not paid any contributions or has paid reduced contributions if he/she was temporarily out of employment or his/her salary had been temporarily stopped.
 - Where a contributor has contributed under the 60% or the 6% flat rate scheme during any period of contributory service, his/her length of contributory service must be reduced by the proportion of the actual employee contribution rate to the standard employee contribution rate. 30
 - See Allowances if Retire as Medically Unfit relating to the Superintendent's ability to increase an allowance under Section 37 as a result of a contributor's injuries.

Niue, Tokelau, and Cook Islands Sub-Schemes

The only difference for these is the formula used to calculate the pension percentage – this is:

$$P \times (0.014 \times t)$$

Armed Forces Scheme

PROVISIONS OF THE ACT

- The same formula is used to calculate a retiring allowance but the appropriate percentage P is always 1.5%. 71G
- Contributory service must be adjusted if the contributor has contributed at 7% during any period of contributory service (before the introduction 29
63A

of the new scheme on December 1986). The length of contributory service must be reduced by the proportion of the actual employee contribution rate to the standard employee contribution rate. 63B

- Retirement date is defined as a contributor's final day of accrued leave taken after his/her discharge/release from the regular forces. Accrued leave includes any Armed Forces Terminal Benefit (payable under section 54 of the Defence Act 1971) taken as leave. 71A

Judges Scheme

PROVISIONS OF THE ACT

- The minimum retiring allowances for Judges who contributed under Part IV and who retire at or after the age of 68 are: 74F
 - ◆ Two thirds of his/her annual salary - at the date of retirement- if has at least 18 years service before retirement **or**
 - ◆ 16 27ths of his/her annual salary at the date of retirement if judge was 52 or 53 years of age at his/her first appointment.
- The allowance is to be the pension percentage of the Judge's salary at the date of his/her retirement or resignation. 81I
- Appropriate fraction = one 24th part
- Appropriate fraction for a Judge who is not 55 at the date that his/her retiring allowance is to be first paid = one 24th part less one 9000th part for every month/part month after that date that the Judge is under 55.
- Pension percentage = percentage calculated using the following formula:

$$P \times (0.7 + (0.014 \times t))$$

- ◆ Where P = appropriate fraction x number of years (including part years) of judicial service with a maximum of two-thirds or a minimum of one-half in cases where section 81H(c) (satisfies the Governor-General that he/she has become incapable of performing the duties of his/her office) applies.
- ◆ Where t = number of years/part years - up to a maximum of 9.5 years – by which the date of whichever occurs first – when judicial service ceased **or** when 16 years service was completed – precedes 1 October 1999.
- Establishes that if a Judge was a contributor under Part V on 31 December 1980 and retires after reaching 68 years of age but before turning 72, P is deemed to include the period between his/her retirement and 72nd birthday.
- Establishes that any payment to a Master who has made an election under either sections 81Y(4) or 81Z(3) to contribute under Part VA is to be reduced for any period of part-time service (Masters may elect to contribute under Part VA and Judges appointed as Masters may elect to continue to contribute under Part VA). 81ZC

- Payment is defined as a retiring allowance, annuity, other allowance or any other payment. The only exceptions are payments under sections 91, 91A or 91B (Election to surrender proportion of retiring allowance and receive cash payment, Election to surrender proportion of annuity and receive cash payment and Surrender of part of retiring allowance for allowance to another person) and refunds of contributions with interest.
- The reduction is the difference between the part-time salary received and the full-time salary the Master would have received had he/she been serving on a full-time basis.
- Establishes that this reduction is made even if the payment in question is subject to a minimum rate under the Act but does not apply to any Child's Allowance paid under section 81O.
- All payments are to be determined in accordance with the Act except when calculating a payment under sections 81I and 81L(1)(a)(i) for Part VA contributors serving as Master on a part-time basis at the time of their resignation/retirement/death (Computation of retiring allowance and Benefits where Judge dies while in office and leaves spouse). In such cases the Master's salary is deemed to have been a full-time one at the time of his/her resignation, retirement or death.

Parliamentary Scheme

PROVISIONS OF THE ACT

- Annual allowance is to be the pension percentage of the salary payable to an ordinary member at the date that the allowance first becomes payable. 84
- Pension percentage is defined as the percentage calculated using the following formula:

$$P \times (0.7 + (0.014 \times t))$$

- ◆ Where P = the sum of:
 - One-thirtieth part X number of years of service to a maximum of 20 **and**
 - One 112th part X number of years of service in excess of 20
- ◆ Where t = number of years/part years - up to a maximum of 9.5 years – by which the date of whichever occurs first – when service ceased or when 20 years service was completed – precedes 1 October 1999.
- The length of any period of a member's service is deemed to have: 82
 - ◆ Begun at the beginning of the year if that period starts before 1 July in any year
 - ◆ Ended at the beginning of the year if the period ends before 1

July in any year

- ◆ begun at the end of the year if that period starts after 1 July in any year
- ◆ ended at the end of the year if the period ends after 1 July in any year.
- Contributions must be made until the day after polling day, except for Ministers and other office holders while their salaries continue.

Police Scheme

PROVISIONS OF THE ACT

- Retiring allowance is to be for an amount equal to the pension percentage of the contributor's final average earnings. 88F
- A contributor is entitled to a retiring allowance at 55 years of age.
- Appropriate percentage is 1.5% less 0.004% for every month/part of a month after the date of retirement and during which the contributor is under 55 years of age.
- Establishes that contributory service means the amount of service as increased under either section 88D or 88E.
- Establishes the basis for increasing a contributor's actual contributory service by 25%. 88D
- Establishes that this increase can be applied to all contributors under Part VIA but at different times:
 - ◆ for a contributor who had not been a Part II contributor first it is applied on the day of his/her retirement or death as long as he/she was a member of the Police at the time
 - ◆ for all other contributors it is applied when they die or retire before reaching the age of 55 - i.e. those who had been Part II contributors and then switched to Part VIA and those who were not contributors before 1 May 1985 but elected to join the scheme by 1 November 1985 (or at a later date approved by the Superintendent).
- Establishes a maximum amount that can be counted as contributory service in such cases – this is 40 years unless the contributor has more than 40 years in which case only the actual contributory service is to be counted.
- Establishes the basis for increasing a contributor's contributory service by the difference between his/her date of retirement/death and 60th birthday plus one-seventh more if he/she: 88E
 - ◆ Dies or retires on or after reaching the age of 55 **and**
 - ◆ Had been a Part II contributor under the GSF Amendment Act 1962 who switched to Part VIA or had not been a contributor

before 1 May 1985 but elected to join the scheme by 1 November 1985 (or at a later date approved by the Superintendent).

- Establishes that the maximum amount that can be counted as contributory service in such cases is 40 years - unless the contributor has more than 40 years in which case only the actual contributory service is to be counted.

Prisons Service Scheme

PROVISIONS OF THE ACT

- A contributor is entitled to a retiring allowance at 58 years of age. 88T
- The appropriate percentage is 1.5% less:
 - ◆ 0.004% for every month/part month after the date of retirement during which he/she is over 53 years of age but under 58 **and**
 - ◆ 0.002% for every month/part month after the date of retirement during which he/she is under 53 years.
- Provides the basis for a contributor electing to cease contributing to the Fund after completing 32 years actual service in the Prisons Service and to receive a retiring allowance. Establishes that this is only available to those whom section 88O(2) applies - those who had made an election to rejoin the Prisons Service after a period of leave of absence whilst having either: 88P
 - ◆ Continued to contribute under section 32 **or**
 - ◆ Kept their contributions in the Fund by virtue of a section 61R(1)(c) election (see Refund of Contributions).
- Allowance is payable the day after the contributor ceases to be employed in the Prison Service and is calculated under section 61L (Computation of retiring allowance) except that: 88Z
 - ◆ final average earnings are determined as if the date on which contributions cease is the date of retirement **and**
 - ◆ final average earnings are to be increased by the percentage, if any, by which the CPI's all group index for the quarter immediately before the date on which the allowance is to be paid is greater than the index number for the quarter immediately after the date on which his/her contributions ceased; the percentage has to be certified by the Government Statistician; **and**
 - ◆ for the purposes of section 88T (Calculation of retiring allowance) the date that the allowance is to be paid is treated as the date of retirement.
- Appropriate percentage is 1.5% plus 0.002% for every month/part of a month before retirement for contributors who are more than 60 years old but under 65.

- Establishes the basis for increasing a contributor's actual contributory service by 25%.
- Applies to every Part VIB contributor who is a member of the Prisons Service at the date of his/her death or retirement.
- Establishes that the maximum amount that can be counted as contributory service in such cases is 40 years - unless the contributor has more than 40 years in which case only the actual contributory service is to be counted.

POLICY

- Salary is defined as:
 - ◆ The salary and wages paid regularly in return for services;
 - ◆ Does not include bonus payments, payments for overtime, allowances paid for special work performed, the reimbursement of expenses, lump sum payments in lieu of notice, retiring gratuities, redundancy payments and contributions paid for or in respect of employer contributions;
 - ◆ May include a period of paid leave but only if it is paid before the contributor ceases Government service.
- A retiring allowance is payable from the date on which it is agreed that contributory service has ceased. Contributions and employers' subsidies are payable up to the date that contributory service ends.
- Applications seeking an increased retiring allowance (see Payment of a Lump Sum to Increase Retirement Allowance) are considered as follows:
 - ◆ From contributors up to the age of 60
 - ◆ The maximum amount of the retiring allowance will be that which the contributor would have been entitled to as if he/she continued to be employed and contributed to the age of 65.
 - ◆ Assumed age in the formula is to be no more than 65.
- Salary includes a contributor's total cash remuneration for service provided, excluding bonuses and the reimbursement of expenses.
- The salary contributions are paid on is to exclude employer contributions.
- In considering whether to impose any terms or conditions to any approval he/she gives the Superintendent considers each case on its merits – having regard for the individual concerned, other GSF members and the Fund itself.

ADMINISTRATIVE PROCEDURES

- Final average earnings must be recalculated if the contributor receives a retrospective salary adjustment after his/her retirement.
- If a contributor's retiring date changes, his/her length of contributory service must be re-calculated.

PAYMENT OF BENEFIT

GENERAL PROVISIONS

PROVISIONS OF THE ACT

- Establishes that: 89
 - ◆ every retiring allowance or annuity is to be paid by 4 weekly or monthly instalments as the Superintendent may direct **and**
 - ◆ no portion of any such instalment can be recovered once the allowance or annuity ceases to be payable **and**
 - ◆ except as provided elsewhere in the Act every such instalment is to be paid to the beneficiary personally unless the beneficiary authorises someone else to receive the payment on his/her behalf **and**
 - ◆ such an authorisation can be for any reason - e.g. because of the beneficiary's age or health, etc
- The Superintendent has the discretion to direct that any instalment be paid to someone else on behalf of the beneficiary.
- Defines beneficiary as the person entitled to the retiring allowance or annuity.
- In instances where money is held in error, the Superintendent may pay interest to the contributor. This is for the period from when payment should have been made and when it was actually made. The rate is determined by the Minister of Finance. 18

ADMINISTRATIVE PROCEDURES

- Benefits commence to be paid within 10 working days of:
 - ◆ the Schemes Administrator receiving complete information **and**
 - ◆ all outstanding debts being discharged **and**
 - ◆ any charges over the member's contributions being removed.
- Lump sums are payable within 10 days of the Schemes Administrator receiving the necessary information to enable it to make the payment.
- Immediate retiring allowances are payable from the day that the contributor ceases his/her Government service. In practice, they are paid within 10 days of the Schemes Administrator receiving the necessary information to enable it to make a payment.
- Spousal allowances, child allowances, and allowances for spouses or approved dependants are payable from the day after the member's death. In practice, they are paid within 10 days from the Schemes Administrator receiving the necessary information to enable it to make a payment.

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- Assigned allowances are payable from the day after the member's death or from the date on which the assignment is to take effect. In practice they are paid within 10 days from the Schemes Administrator receiving the necessary information to enable it to make a payment.
 - Where a beneficiary is to receive an ongoing allowance, he/she will receive an initial instalment representing the amount of the allowance the beneficiary is entitled to receive until the next scheduled payment date. After the initial instalment, instalments of allowances will be paid in advance every 28 days by direct credit into a nominated bank account.
 - A beneficiary can also request that certain deductions be made from his/her benefit, for example, PSIS payments, Tower Corporation premiums or subscriptions for membership of the Government Superannuitants' Association.
 - If instalments of an allowance are paid into any overseas bank other than in Australia an account a fee of \$15 is charged for each instalment. The fee for paying an allowance into an Australian bank account is \$5 per instalment.
 - If a benefit is not paid within the required timeframe, the beneficiary is eligible to receive additional interest on the amount outstanding for the number of days that the payment is late. The current interest rate applicable, as designated by the Minister of Finance, is 5% per annum.
 - Any overpayments of benefits to a beneficiary will be recovered by the Schemes Administrator on behalf of the Fund.

COST OF LIVING ADJUSTMENTS

GENERAL PROVISIONS

GENERAL COMMENTS

- Cost of living adjustments are made to relevant allowances using increases in the CPI figures.
- The allowances which are entitled to cost of living increases are:
 - ◆ Immediate retiring allowances;
 - ◆ Deferred retiring allowances;
 - ◆ Allowances for spouses and allowances for approved dependants;
 - ◆ Assigned allowances;
 - ◆ Medical retiring allowances;
 - ◆ Spousal allowances; and
 - ◆ Child allowances (other than under the old General Scheme).
- No adjustments is made to the allowance if the increase in the CPI figure from the previous adjustment is less than 0.5%.
- Child allowances are not subject to the limit of 0.5%.
- Those who retired prior to 1985 before reaching 60 years of age have a \$500 maximum imposed on CPI adjustments. This maximum takes effect from the age of 60.

5 GSF
Amendment Act
1969
3, 4, 5, 6, 7 and
11 Third
Schedule GSF
Amendment Act
1969

Date of Qualification

- The date of qualification determines when the first adjustment is made.
- For an immediate retiring allowance, the date of qualification is the member's last day of paid service.
- For a deferred retiring allowance, the date of qualification is the date on which payment of the allowance commences.
- For a spousal allowance:
 - ◆ If the member was still contributing, the date of qualification is the date of the member's death.
 - ◆ If the member was a beneficiary, the date of qualification is 1 April in the financial year of death.
- For all other allowances the date of qualification is the first April pay-date following the commencement of the allowance.

Payment Date for First Adjustment

- The first adjustment is made within 6 to 18 months of an allowance commencing.
- If the date of qualification falls in the six-monthly period 1 April to 30 September, the first adjustment is due on the first April pay-date in the following year. The adjustment will reflect the rise in the cost of living measured over 12 months.
- If the date of qualification falls in the six-monthly period 1 October to 31 March, the first adjustment is due on the first April pay-date in the year after the lapse of a complete year. The first adjustment will reflect the rise in the cost of living measured over 18 months.

Subsequent Adjustments

- After the first adjustment, adjustments will be made annually and included from the first April pay-date each year.
- To make the adjustment, the basic allowance is multiplied by the amount by which the CPI figure for the December quarter prior to the current adjustment date exceeds:
 - ◆ the CPI figure for the December quarter of the calendar year prior to the calendar year in which the beneficiary's date of qualification falls, where an allowance is to be paid to a spouse or approved dependant after the death of a member who was a beneficiary.
 - ◆ the CPI figure for the June quarter prior to the member's date of qualification, where the member's date of qualification falls in the six-monthly period 1 October to 31 March.
 - ◆ the CPI figure for the December quarter of the calendar year prior to the calendar year in which the date of qualification falls, in all other circumstances.
- However, where the date of qualification is 31 March 1956, the figure used should be the figure for the calendar year 1955.

SCHEMES DIFFERENCES

Parliamentary Scheme

- Those who retired between 1 April 1987 and 8 May 1992 have their allowances adjusted by the annual increase in salary of an ordinary Member of Parliament.

Options on Ceasing Government Service

SUMMARY OF OPTIONS

- A contributor who ceases Government service **may** have the following options available to him/her:
 - ◆ Immediate Retiring Allowance.
 - ◆ Deferred Retiring Allowance.
 - ◆ Refund of contributions.
 - ◆ Continue contributions.
 - ◆ Transfer contributions to another personal registered superannuation scheme.
 - ◆ Leave contributions in the Fund and reactivate later.
- The contributor's age and length of his/her contributory service determine which of these options are available to him/her. The following pages provide details.
- Once a contributor makes an election option, he/she is able to change to another option, for which they are eligible, providing no payment has been made against the first election. An election cannot be revoked once a payment has been made.

ADMINISTRATIVE PROCEDURES

- A contributor must provide written notification of his/her retirement or achievement of the required length of contributory service if he/she wishes to receive a benefit.
- This notification needs to include the contributor's name, address and date of birth, as well as the name of his/her employer.

IMMEDIATE RETIRING ALLOWANCE

GENERAL PROVISIONS

PROVISIONS OF THE ACT

- The following Part IIA contributors who cease to be employed in Government service are entitled to receive an annual retiring allowance. These are contributors who: 611
 1. get to 60 years of age and elect to retire **or**
 2. have made an initial election under Section 61S(1)(d) to receive a retiring allowance – see pages 66-70 of this document for details **or**
 3. die either before making their subsequent election under section 61S(1)(d) or before the day they had elected to start receiving their allowance **or**
 4. get to 50 years of age, have at least 10 years contributory service, who agree in writing that this section applies to them and whose controlling authority also agrees that it should apply.
 5. retire as medically unfit, see pages 99-103
- Establishes that these allowances are to be calculated in accordance with Section 61L but for those who have elected option 4:
 - ◆ the contributor's final average earnings are to be determined as if the date on which the contributor ceased Government service was the date of his/her retirement **and**
 - ◆ the contributor's final average earnings are to be increased by the percentage – if any – by which the Government Statistician certifies that the CPI's all groups index for the quarter immediately before the date on which the retiring allowance is to be paid is greater than the index number for the quarter immediately following the date of resignation **and**
 - ◆ for the purposes of the definition of "appropriate percentage", the date from which the allowance is to be paid is treated as the date of the contributor's retirement.

SCHEME DIFFERENCES

PROVISIONS OF THE ACT

Old General Scheme

- Establishes that the following contributors who retire from Government service are eligible for an annual retiring allowance. Those who: 35
 - ◆ Are at least 65 years of age
 - ◆ Are at least 60 years old and have at least 40 years contributory service
 - ◆ Are at least 60 years old and employed in the NZ Railways Corporation, the Police (within the meaning of the Police Act 1958), the Prisons Service, those who became employed in the Public Service within the

meaning of the State Services Act 1962 after 31 July 1964, and Education Board employees to whom Section 23A applies (Election to contribute in respect of notional service) after 30 November 1967

- ◆ Are at least 60 years old or, at least 58 years old with no less than 40 years service, and who the Superintendent considers are justified to retire for any reason – including occupational strain and impairment of efficiency
- ◆ Are employed in the NZ Railways Corporation (Tranz Rail) with at least 35 years contributory service and who have this section applied by their controlling authority
- ◆ *agree in writing to having this section applied by their controlling authority and who:
 - are at least 60 years of age **or**
 - are at least 55 years old with at least 30 years contributory service **or**
 - have at least 35 years contributory service **or**
 - are at least 50 years old with at least 20 years service
- ◆ *have this section applied by their controlling authority - in terms of having been compulsorily retired - who have at least 40 years contributory service, five of which commenced before this part of this section came into force.
- ◆ were employed in Government service continuously from a date before 1 January 1946
- ◆ were employed before 1 January 1946 with at least 40 years contributory service.
- In addition, it establishes the applicability to female contributors (except to those who made elections to become contributors and were over 40 on 1 April 1962 and started their permanent Government employment before 1 October 1961 or to those making elections to contribute in respect of notional service or previous contributory service):
 1. who were at least 55 years old and whose contributory service started before 1 April 1962 and who:
 - ◆ were that age on 1 April 1962 or turned 55 before 1 April 1965 **or**
 - ◆ were at least 45 years old on 1 April 1962 and who after turning 55 completed a period of contributory service which was additional to that which she had completed before turning 55 – the extra period had to be at least as much as the period between 1 April 1962 and when she turned 55 **or**
 - ◆ who, in the opinion of their controlling authority, didn't receive any benefit on or before 1 April 1962 – in terms of an increase in salary or an increase in her maximum salary level – as a result of the Government

Service Equal Pay Act 1960 **or**

- ◆ who, in the opinion of her controlling authority, received a benefit on or before 1 April 1962 – in terms of an increase in salary or an increase in her maximum salary level – as a result of the Government Service Equal Pay Act 1960 or who was undergoing a course of training on that date which would help her qualify for a position in which she would obtain such a benefit.
2. who have at least 30 years service which started before 1 April 1962 and who:
- ◆ had completed this service by 1 April 1962 or any time before 1 April 1965 **or**
 - ◆ had at least 20 years service on 1 April 1962 and who after completing 30 years contributory service completed a further period of contributory service which was extra to that which she had completed– the extra period had to be at least as much as the period between 1 April 1962 and when she completed the 30 years service **or**
 - ◆ who, in the opinion of her controlling authority, didn't receive any benefit on or before 1 April 1962 – in terms of an increase in salary or an increase in her maximum salary level – as a result of the Government Service Equal Pay Act 1960 **or**
 - ◆ who, in the opinion of her controlling authority, received a benefit on or before 1 April 1962 – in terms of an increase in salary or an increase in her maximum salary level – as a result of the Government Service Equal Pay Act 1960 or who was undergoing a course of training on that date which would help her qualify for a position in which she would obtain such a benefit.
3. *whose contributory service commenced before 1 April 1962 and whose controlling authority applies this section to her and who:
- ◆ was at least 50 on 1 April 1962 **or**
 - ◆ was at least 40 on 1 April 1962 and who after becoming 50 completed a period of contributory service which was additional to that which she had completed before turning 50 – the extra period had to be at least as much as the period between 1 April 1962 and when she turned 50.
- Specifies that whilst the above 3 scenarios apply to female contributors in the NZ Police the dates 1 April 1962 and 1 April 1965 are to be substituted with 1 November 1965 and 1 November 1968 respectively.
 - Where a woman's Government service was interrupted during 1 April 1961 and 1 April 1962 but, by virtue of Section 27 or 11(4), was deemed not to have been interrupted, she would be deemed to have received a benefit under the Government Service Equal pay Act 1960. This would happen if she resumed her Government service in a position in which, in the opinion of her controlling authority, she would have received the benefit if she had not interrupted her service.
 - Establishes that if this section applied to any female contributor because her controlling officer considered that she received a benefit from the Government

Service Equal Pay Act 1960 then her annual retiring allowance was to be computed as outlined above but was to be reduced by an amount equal to half the actuarial reduction – the reason for this was to ensure that the effect of this section was financially neutral on the Fund.

- Gives the Superintendent the discretion to review determinations made by the Teachers' Superannuation Board before the GSF Act came into force.
- Specifies that the Superintendent could review any determination which had the effect of reducing the retiring allowance payable to a contributor to the Teachers' Superannuation Fund who retired after turning 60 but before completing 40 years service.

*Gives the Superintendent the power to impose whatever terms and conditions he/she thinks fit.

Armed Forces Scheme

Provisions of the Act – Part III Contributors

- Provides the basis for the payment of an annual retirement allowance to any contributor who has been compulsorily retired for any reason other than misconduct and who has at least 20 years service – 10 of which could be “non-forces” service. Defines “Service” as service in NZ Naval Forces, NZ Army or Royal NZ Air Force.
- Establishes that allowances are calculated in accordance with section 35.
- Gives the Superintendent the discretion to defer the payment of any such allowance until the contributor turns 37 or his/her contract expires – whichever is the sooner. Establishes, however, that any such decision is to be disregarded for the purposes of Sections 45 and 47 (Benefits where contributor under this Part dies and leaves a spouse and Children's allowance).
- Specifies that in cases where contributors have had their retiring date deferred by the Superintendent and they make an election under either section:
 - ◆ 48(11) (Annual allowances to widows or approved dependants in consideration of election to accept reduced retiring allowances) they are deemed to be in receipt of the retiring allowance from the date of retirement **but under**
 - ◆ 91 (Election to surrender proportion of retiring allowance and receive cash payment) they are deemed not to be entitled to the retiring allowance until the deferred date.
- Establishes that compulsory retirement does not include someone whose position was disestablished and he/she subsequently failed/refused to accept another position in the same Service – within 3 months of the disestablishment – which the NZ Defence Council considers suitable and which is at the same salary level.
- Gives the Superintendent the power to deem a retirement date – which is earlier than the actual retirement date - as long as this does not fall within the 20 year service period. In such cases the contributor receives a refund of his/her contributions – between the actual and deemed date – without interest.

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- Gives the Superintendent the power to vary any decision he/she makes, with the consent of the contributor.
 - Establishes the basis for a retired Part III contributor to contribute under Part II with the following consequences: 70
 - ◆ Part III allowance ceases if contributor wants both periods of service to be considered as continuous.
 - ◆ Part III allowance payable but calculated on the basis of the Forces service only. Such contributors had the option of either receiving a further allowance under Part II – calculated on the basis of their “non-forces” service – when they became entitled to it or electing to receive a refund of their contributions without interest;
 - ◆ Contributor to receive a refund of contributions without interest and the ability to become a contributor again but not to count Forces service as contributory service.
 - Established that all elections had to have been made within 6 months of retirement.
 - Any contributor who has been a deserter or has been absent without leave for a period greater than 3 months is not entitled to a retiring allowance. 71

Provisions of the Act – Part IIIA contributors 71G

- A contributor who is discharged or released from the regular forces with at least 20 years contributory service at the date of retirement, 10 or more of which have been in the regular forces, is entitled to a retiring allowance.
- Allowance calculated according to section 71G – refer to pages 45-46.
- Establishes that any contributor who is discharged or released without the prerequisite 20/10 years plus service is not entitled to an allowance unless he/she is entitled to one under section 71H – on grounds of disability (see pages 99-103 of this document for details).
- Establishes that where any contributor who is convicted of an offence under the Armed Forces Discipline Act 1971 which carries a maximum penalty of death or life imprisonment an allowance may still be payable (see page 111). Gives the Superintendent the discretion to vary or reduce this after taking the NZ Defence Council’s recommendations into account. Establishes that any reduction cannot result in the payment of an allowance less than the contributor would have received under section 71K (Benefits where contributor leaves regular forces and is not entitled to a retiring allowance) see page 73.
- Establishes the basis for the Superintendent approving the payment of benefits to a discharged member who has been absent without leave for a period of at least 3 continuous years. 71J
- Requires the Superintendent to consider whatever recommendation the NZ Defence Council makes in determining which of the following benefit options he/she approves:
 - ◆ a refund of contributions – less any amounts already received – increased by 0.25%/month for any contributions paid (either under Part

III to Part IIIA) up until the time of the refund **or**

- ◆ a retiring allowance calculated under the provisions of section 71G (Entitlement to retiring allowance) as if the contributor would have been entitled to such an allowance had he/she retired on the day of desertion/absence without leave.

POLICY

- The Superintendent considers each case on its merits. In doing so the Superintendent has regard to the individual concerned, other GSF members and the GSF itself.
- The Superintendent will not make a decision on the reduction/suspension/cancellation until he/she has given the person concerned the opportunity to make a submission to him/her.

Judges Scheme

Provisions of the Act for Part IV Contributors

- The following are entitled to a retiring allowance. Those who: 74E
 - ◆ retire at 68 years or older **or**
 - ◆ resign after completing 10 years judicial service and are at least 60 years old **or**
 - ◆ resign after completing at least 20 years judicial service **or**
 - ◆ resign after satisfying the Governor-General that they have become incapable of performing their duties.
- If a Master's term of appointment expires without him/her being re-appointed as a Master or appointed as a Judge, he/she is deemed to have retired on the date of expiry. 81ZC

Provisions of the Act for Part VA Contributors

81H

- Establishes that the following are entitled to a retiring allowance. Those who:
 - ◆ retire at 68 years or older **or**
 - ◆ resign after completing 10 years judicial service and are at least 50 years old **or**
 - ◆ resign after satisfying the Governor-General that they have become incapable of performing their duties for any reason.
- Allowance is determined in accordance with Section 81I (see pages 46-47)

Parliamentary Scheme

Provisions of the Act

84

- The following are entitled to a retiring allowance. Anyone:
 - ◆ who ceases to be a member (Member of Parliament as defined in the GSF Act) anytime from the commencement of the Government Superannuation Fund Amendment Act 1992 **and**
 - ◆ has, at the time of ceasing to be a member, at least 9 years service as a member; this can be continuous membership or membership spread over a number of separate periods **and**
 - ◆ is 50 years of age.

Police Scheme

- Establishes that the following are entitled to a retiring allowance. Anyone who:
 - ◆ has elected or is required to retire from the Police under section 27 or section 28 of the Police Act 1958 **or**
 - ◆ has elected or is required to retire from the Police under section 28C or section 28D of the Police Act 1958 on or after attaining the age of 50 **or**
 - ◆ gets to 50 years of age, has at least 10 years contributory service, agrees in writing that this section applies to them and has the agreement of the Commissioner of Police.

88F

Prisons Service Scheme

88S

- Any contributor who ceases to be employed in the Prisons Service and who meets the following criteria is entitled to a retiring allowance. Anyone who:
 - ◆ is 58 years of age **or**
 - ◆ has made an election under section 61S(1)(d) to receive a retiring allowance (had left his/her contributions in the Fund and made a further election within 3 months of turning 50 to receive the allowance – this option is only available to contributors who have at least 10 years service and who make their election either within 6 months of ceasing their Government service or at some later stage approved by the Superintendent). This option is applied by virtue of section 88Z (Section to apply to contributors and contributions under this Part) **or**
 - ◆ had made an initial election under section 61S(1)(d) but who die before making the further election or, who make the election but die before the date specified in the election **or**
 - ◆ gets to 50 years of age, has at least 10 years contributory service, agrees in writing that this section applies to them and the State Services Commission agrees.
- Establishes that the retiring allowance is to be calculated under section 88T (see pages 49-50).

POLICY

- Employees who have ceased Government service have the right to receive a retiring allowance at the earliest practical date following cessation of service.
- It is a matter for the employer and employee to agree on the last day of Government service, and the employer to advise the Schemes Administrator. This service may include a period for which annual, retirement or other leave is taken and paid for. The method by which payment is made is not of concern, i.e. by usual pay periods or by lump sum.
- Salary payments made up to the point on which it is agreed Government service ceases are subject to GSF contributions, both employee and employer.
- May include a period of paid leave but only if it is paid before the contributor ceases Government service.
- The calculation of the final average salary relates to the period up to the date Government service ends and GSF contributions are paid. As noted above, this may include a period of paid leave of one description or another. Any lump sum payment made in respect of leave taken prior to the agreed date on which Government service ends is superannuable and is to be treated as if it were paid as regular salary payments over the period to which it relates.
- Any leave payment made in respect of a period after the agreed date employment in the Government service ends is ignored for GSF purposes.

DEFERRED RETIRING ALLOWANCE

GENERAL PROVISIONS

PROVISIONS OF THE ACT

- Establishes the basis for a contributor to cease Government service for any reason except death and elect to leave his/her contributions in the Fund and make a further election for a retiring allowance. 61S
71N
81OA
84B
88H
88U
88Z
- The further election cannot be made any sooner than 3 months before he/she turns 50.
- Allows a contributor to elect to have the allowance paid to him/her from any date after his/her 50th birthday.
- Establishes that this option is only available to a contributor:
 - ◆ Who has at least 10 years service **and**
 - ◆ Who makes his/her election either within 6 months of ceasing Government service **or**
 - ◆ at some later stage approved by the Superintendent.
- Establishes that all elections have to be made in writing to the Superintendent.
- Elections can be revoked at any time as long as no payment relating to the election has been accepted.
- Establishes that Section 61L (pages 41-51) is to be used for calculating a contributor's retiring allowance but that:
 - ◆ the contributor's final average earnings are to be determined as if the date on which the contributor ceased Government service was the date of his/her retirement **and**
 - ◆ the contributor's final average earnings are to be increased by the percentage – if any – by which the Government Statistician certifies that the CPI's all groups index for the quarter immediately before the date on which the retiring allowance is to be paid is greater than the index number for the quarter immediately following the date of resignation **and**
 - ◆ for the purposes of the definition of "appropriate percentage", the date from which the allowance is to be paid is treated as the date of the contributor's retirement.
- Specifies that Sections 61M, 61Q and 61O do not apply in cases where a person dies before becoming entitled to an allowance (Benefits where contributor under this Part dies before becoming entitled to retiring allowance and leaves spouse, Children's allowance and Benefit where contributor under this Part dies without leaving spouse). See pages 106-119 of this document for details.

SCHEME DIFFERENCES

PROVISIONS OF THE ACT

Armed Forces Scheme

71N

- Allows a contributor who is entitled to a retiring allowance the option of electing to defer receipt of this until he/she reaches 55 or 60 years of age and to receive a lump sum payment at the date that he/she becomes entitled to the allowance.
- Establishes that such an election can be made as well as any election made under section 71M – Election to surrender proportion of retiring allowance and receive cash payment.
- The amount of the lump sum is calculated using the following formula:

$$C \times D$$

- ◆ Where C = contributor's annual retiring allowance after the effect of any elections made under sections 40, 48 or 71M **and**
- ◆ Where D = the lesser of:
 - the number of months from the contributor's retirement to the date that he/she turns 55 or 60 x 0.08 **or**
 - 20.16.
- All elections have to be made in writing to the Superintendent before the contributor accepts any payment of his/her retiring allowance.
- Establishes that elections are irrevocable once payment has been received.
- Specifies that sections 61N, 61O and 61Q (Benefits to spouse/if no spouse to estate/Child Allowance) apply in cases where a contributor makes an election but dies before reaching their specified 55 or 60 years of age (see pages 106-119 of this document for details).
- Establishes that in terms of calculating a retiring allowance/annuity contributors are deemed to have been receiving an annual retiring allowance from the date that they became entitled to it; this is calculated using the following formulae:

- ◆ For retirements from 1 April 1990 the formula is:

$$c/1+(0.02 \times n)$$

- Where c = the retiring allowance that would have been paid had the contributor not elected to defer the retiring allowance **and**
- Allowing for the effect of any election under either sections 40, 48 or 71M **and**
- as if Part III of the GSF Amendment Act 1990 not been enacted **and**

- Where n = the earliest of either the number of years (including fractions) that the contributor's retirement is before the date elected for the deferred retiring allowance or 1 October 1999.

◆ For retirements before 1 April 1990 the formula was:

$$C \times (0.7 + (0.014 \times t))$$

- Where C = the retiring allowance that would have been paid had the contributor not elected to defer the retiring allowance **and**
 - allowing for the effect of any election under either sections 40, 48 or 71M **and**
 - as if Parts I and III of the GSF Amendment Act 1990 had not been enacted **and**
 - Where t = number of years (including fractions) by which the contributor's deferred retiring date was before 1 October 1999.
- The retiring allowance payable when the contributor reaches 55 or 60 is fully adjusted for any increase in the CPI figure from the date the member becomes eligible for a retiring allowance until the date the retiring allowance is deferred to.

GSF
CCRegs

Judges Scheme

- A Judge can elect to receive a deferred retiring allowance if he/she has ceased to be a contributor and has at least 10 years contributory service.

81OA, GSF
CCRegs

Parliamentary Scheme

84B

- Establishes the basis for those to whom section 84AA applies (Special right of member who has not attained 50 years to elect to surrender proportion of retiring allowance and receive cash payment – see pages 86-87 of this document for details) the option of electing to defer receipt of their annual retiring allowance until they reach 55 or 60 years of age and to receive a lump sum payment instead.
- This option is in addition to or instead of the option provided under section 84AA. The amount of the lump sum is calculated using the following formula:

$$C \times D$$

- ◆ Where C = his/her annual retiring allowance calculated under section 84 as if he/she was entitled to receive this on the day after he/she ceases to be a member, allowing for the effects of any elections made under sections 84A or 84AA **and**
- ◆ Where C = his/her annual retiring allowance calculated under section 84 as if he/she was entitled to receive this on the day after he/she ceases to be a member, allowing for the effects of any elections made under sections 84A or 84AA **and**
- ◆ Where D = 4.2 if deferral is to 55 or 8.4 if deferral is to 60.

- Establishes that all elections have to be made in writing to the Superintendent before any payment of his/her retiring allowance is accepted and within 3 months of ceasing to be a member.
- Establishes that elections cannot be revoked nor others made once payment has been received.
- The amount of the annual retiring allowance payable is calculated as follows:

- ◆ If cease to be a member from 1 April 1990:

$$c/1 + (0.02 \times n)$$

- Where c = the retiring allowance that would have been paid if the deferral election had not been made **and**
- Allowing for the effect of any election under sections 84A, 84AA, 84C **and**
- As if Part III of the GSF Amendment Act 1990 not been enacted **and**
- Where n = the earliest of either the number of years (including fractions) by which the date that he/she ceased to be a member is before the date elected for the deferred retiring allowance or 1 October 1999

- ◆ If ceased being a member before 1 April 1990:

$$C \times (0.7 + (0.014 \times t))$$

- Where C = the retiring allowance that would have been paid if the deferral election had not been made **and**
 - Allowing for the effect of any election under sections 84A, 84AA, 84C **and**
 - As if Part III of the GSF Amendment Act 1990 not been enacted **and**
 - Where t = number of years (including fractions by which the deferred retiring date is before 1 October 1999.
- The retiring allowance payable when the member reaches age 55 or 60 is fully adjusted for any increase in the CPI figure from the date the member becomes eligible for a retiring allowance until the date the retiring allowance is deferred to.

Police Scheme

- Allows a contributor who leaves the Police for any reason other than death, retirement or lack of fitness to elect to receive a deferred pension. 88H
- Applies provisions of S61S but notes that the allowance is calculated in accordance with S88F. 88HA

-
- Sworn police officers who were formerly Ministry of Transport officers may still be part of the new General Scheme. Such contributors are therefore subject to the rules of that scheme as opposed to those of the Police Scheme.

Prisons Scheme

- A contributor can elect to receive a deferred retiring allowance for any reason other than death or retirement. 88U
- Applies provisions of S61S. 88Z

REFUND OF CONTRIBUTIONS

GENERAL PROVISIONS

PROVISIONS OF THE ACT

- Provides for refunds of contributions to those who retire, for any reason, from Government service before they become entitled to a retiring allowance under the Fund. 42
- Contributors are to have their contributions refunded in full, less any sums that may already have been paid out to them under the Fund.
- Provides for the payment of interest to those who are compulsorily retired for any reason except misconduct. Establishes that this interest is to be calculated as if the contributor was continuing to make contributions to the Fund and these were invested on an annual basis at compounding interest rates – the rate of interest paid is that which has been determined by the Minister of Finance for that time.
- Establishes that whilst the Fund's financial year operates on a July – June basis, any interest paid is to only be applied to the portion of the year in which the retirement takes place.
- Establishes that a retirement is not to be considered to be compulsory if a contributor loses his/her position after failing or refusing to take up another position in Government that his/her controlling officer considers suitable. Such job offers must be at the contributor's existing salary and can be made by the contributor's controlling authority at any time within 3 months of the contributor losing his/her job.
- Gives the Superintendent discretion to pay interest on any contributions made in error - as well as refunding what's been paid in error.
- Gives a contributor who ceases Government service for any reason except death two refund options: 61S
61T
71K
81P
85
88H
88M
88U
88Z
 - ◆ a refund of his/her contributions:
 - less any amounts already received **and**
 - increased by 0.25%/month for any contributions paid after 1 May 1985 except under the old General Scheme, the Armed Forces Scheme and the Parliamentary Scheme **or**
 - ◆ Ability to elect to leave his/her contributions in the Fund and make a later election for a refund. See pages 80-81 which deal with reactivation of contributions. Establishes that:
 - this option is only available to those who are not yet 50 (Section 61R(1)(c) **and**
 - interest is payable only if the person ceases Government service.
- Establishes that all elections are to be made in writing to the Superintendent 3 months before the contributor ceases service. 61R
61S

-
- Establishes that elections can be revoked at any time as long as no payment relating to the election has been accepted.

POLICY

- For the purposes of S42(1) entitlement to a retirement allowance includes:
 - ◆ reaching age 60 under Part IIA
 - ◆ entitlement to retiring early under S61I(4)
 - ◆ qualifying for a deferred retirement allowance.
- Those who are compulsorily retired and receive compounded interest are not eligible to receive any further interest (i.e. payment increased by 0.25% per month for contributions paid after 1 May 1985).
- Any additional amounts representing the equivalent of employer contributions which the contributor may have paid to meet the total cost of any anticipated future benefits (as a result of purchasing prior service) will not be included in their refund.

SCHEME DIFFERENCES

Old General Scheme

PROVISIONS OF THE ACT

- Provides for contributors who retire other than compulsorily to receive a refund of contributions instead of a retiring allowance. 41
- Provides that in the event of a refund interest is paid only in cases where the Superintendent has suspended, reduced, or cancelled a retiring allowance [Sections 36(2) and 69 refer].
- Establishes that requests for such refunds have to be made before the first installment of a retirement allowance is made.
- Establishes that refunds are once only payments with no further payments made after a contributor's death.

Niue Sub-Scheme

- Establishes that Section 42 (Refund of contributions on retiring before entitled to retiring allowance – see previous page) applies to Niue contributors who are made redundant after 1 June 1991 but not where the reason for the redundancy is due to misconduct. 51A
- Establishes that refunds are made on the basis of:
 - ◆ the total amount of the contributor's contributions, less any payments already made to the contributor

- ◆ the total amount paid by the Niue Government for the contributor [Section 95(2)]
- ◆ interest on both the above amounts – calculated in accordance with Section 42(3).

Armed Forces Scheme

PROVISIONS OF THE ACT

- In additional to the 0.25% payment (refer to page 62) additional interest is paid in cases where the NZ Defence Council and Superintendent agree that this should be paid. 71K
- Establishes that this is to be calculated at compound interest rates with yearly rests at rates determined by the Minister of Finance; calculated at 30 June financial year end for full years and at retirement date for final year of service.

POLICY

- The NZ Defence Council and Superintendent will consider applications from any contributor who:
 - ◆ through no fault of their own is incapable of efficiently performing the required duties or is no longer required as a member of the Armed Forces; **or**
 - ◆ reaches retiring age, without having declined an extension of regular forces service, and is not entitled to a retiring allowance; **or**
 - ◆ completes a fixed term of engagement, without having declined an extension of regular forces service, and is not entitled to a retiring allowance.
- Each case is considered on its merits, having regard for the individual concerned, other GSF members and the Fund itself.

Parliamentary Scheme

- The refund of contributions is to be twice the member's contributions without interest. 85

Police Scheme

PROVISIONS OF THE ACT

- Provides the basis for applying 3 increases to a contributor's refund who leaves the Police on medical grounds. 88G
- To take advantage of this the contributor:
 - ◆ Must be under 50 years of age **and**

-
- ◆ has left the Police service under either section 28C or 28D of the Police Act 1958 **and**
 - ◆ has had at least 5 years Police service **and**
 - ◆ contributes to the New Police Scheme and could have contributed to the Old Police Scheme, the New General Scheme, and any earlier scheme administered under any other Act.
- The **first increase** is on **total Police and non-Police contributions** – 0.25% per month for the whole period of membership in Police and non-Police Schemes. 88G(1)
 - The **second increase** is on **Police Scheme contribution**. The level of the increase depends on whether the member was also contributing to the Old Police Scheme i.e. before 1 May 1985 or not. 88G(4)
 - For those contributing to both the Old and New Police Schemes 88G(2)
 - ◆ by applying the formula:

$$A/B + C/D + E/F + G/H \times 1$$

- Where A = total contributions paid by contributor as a member of the Police during the period ended 31 March 1969 – irrespective of whether those contributions were for that or any other period
- Where B = contributor's contribution rate on 31 March 1969
- Where C = total contributions paid by contributor as a member of the Police from 1 April 1969 to 30 June 1985 – irrespective of whether those contributions were for that or any other period
- Where D = contributor's contribution rate on 31 March 1985
- Where E = total contributions paid by contributor as a member of the Police from 1 May 1985 to the date before the first date after 1 October 1985 on which salaries/scales of salaries prescribed by the Commissioner of Police came into force
- Where F = 7%
- Where G = total contributions paid by contributor during period covered by E above
- Where H = 7.5%
- Where I =
 - 5% where contributor has 5 but less than 6 years Police service
 - 10% where contributor has 6 but less than 7 years Police service
 - 15% where contributor has 7 or more years Police service.

-
- ◆ For those contributing to the New Police Scheme only i.e. on or after 1 May 1985

88G(3)

- ◆ by applying the formula:

$$J/K \times L$$

- Where J = contributor's total contributions as a member of the Police
- Where K = 7.5%
- Where L =
 - 5% where contributor has 5 but less than 6 years Police service
 - 10% where contributor has 6 but less than 7 years Police service
 - 15% where contributor has 7 or more years Police service; **and**

- ◆ The effect of the third increase is to increase the second increase by 0.25% per month for the whole period of membership in Police and non-Police Schemes.

88G(5)

- Establishes that the second increase is also applied to a Part VIA contributor and any contributor under any earlier scheme administered under any other Act.
- Establishes that the increases covered by the formulae specified above are not to be paid for contributions made for non-Police service – irrespective of whether the contributor was a member of the Police when these contributions were being made.

CONTINUE CONTRIBUTIONS AFTER CEASING SERVICE

GENERAL PROVISIONS

PROVISIONS OF THE ACT

- Gives a contributor the option of continuing to contribute after his/her retirement from Government service before becoming entitled to a retiring allowance. 43
61T
71S
- Establishes that the retirement can be either voluntary or forced. 81UA
88M
88Z
- To take up this option a contributor must advise the Superintendent, in writing, of his/her wish to do so before retiring.
- Contributors exercising this option are deemed to continue to be contributors until one of three things happens:
 - ◆ they stop making contributions which is to occur within 3 months of them retiring unless the Superintendent allows an extension to this timeframe **or**
 - ◆ they become employed in the Government service again **or**
 - ◆ they die.
- Establishes that the time during which a contributor exercises this option is considered to be contributory service.
- The Superintendent has the power, during such periods, to determine the salary that the contributor is deemed to receive (for the purpose of the Act).
- A contributor's obligations under this section are to:
 - ◆ Pay the appropriate contributions – as set under the Act **and**
 - ◆ pay any extra amounts needed to bring his/her total contributions up to the amount that is required to fund the full cost of his/her benefit entitlement under the Act - the extra amounts are those certified by the Government Actuary – **and**
 - ◆ Make these payments within the timeframe and manner specified by the Superintendent.
- Establishes that the extra amounts are not considered to be part of a contributor's contributions unless the Superintendent agrees to them being so.
- Gives the Superintendent the power to set a lesser amount than the amount certified by the Government Actuary.

SCHEME DIFFERENCES

Judges Scheme

PROVISIONS OF THE ACT

- Establishes that the Solicitor-General is able to continue contributing until the 81UA

first of either:

- ◆ The date on which he/she elects to cease being a contributor; this is to be no later than 3 months after resignation unless the Superintendent allows a longer period. Stipulates that the date of resignation is deemed, in such circumstances, to be the date that the election is made; **or**
- ◆ the date the Solicitor-General dies.

POLICY

- Elections will not be accepted from those who resign from Government service and are eligible for early payment of a retiring allowance, nor from those who have sufficient contributory service to elect payment of a deferred retiring allowance.
- Contributors who are declared redundant will be allowed to continue contributions until the earlier of qualifying for a retiring allowance as a right or under the extended (early) provisions e.g. on completing 10 years' contributory service in the new General scheme.
- Contributors who are employed in Government departments prior to the activity they are engaged in being sold to the private sector without first being a State-owned enterprise have been allowed to continue contributing until qualifying for a retiring allowance as of right.
- Contributors in an SOE when the SOE is sold remain in Government service as is provided in the definition section of S2A – that is any organisation that was in the past a scheduled SOE is a State Enterprise for the purposes of the GSF Act.
- Contributors employed in Government departments that are sold into the private sector without first being a State Owned Enterprise, and contributors in a State Owned Enterprise when it or part of it is sold into the private sector shall pay contributions on the actual salary paid unless determined otherwise by the Superintendent.
- Those who obtain private employment after ceasing Government service shall pay contributions on the actual salary paid on cessation of Government service, increased by movements in the consumer price index.
- In exercising the discretion given to him/her the Superintendent considers each case on an individual basis.

ADMINISTRATIVE PROCEDURES

- A contributor may make his/her contributions through his/her employer (as done previously) or individually on a fortnightly basis by direct credit. If the contributor was previously paid on a monthly basis he/she may continue to make contributions on this basis.

TRANSFER TO ANOTHER SUPERANNUATION SCHEME

GENERAL PROVISIONS

PROVISIONS OF THE ACT

- Allows a contributor who ceases Government service for any reason, except death, the option of transferring the value of his/her contributions to another superannuation scheme. Such a scheme has to be:
 - ◆ Registered under the Superannuation Schemes Act 1989 **and**
 - ◆ approved by the Superintendent.
- Establishes that this option is only available to those with at least 10 years contributory service.
- All elections have to be made in writing to the Superintendent within 3 months of the contributor ceasing to contribute to the Fund.
- Establishes that elections can be revoked at any time as long as no payment relating to the election has been accepted.
- The transfer value of contributions is to be the **lesser** of the following:
 - ◆ The amount of refund which would have been applied if the contributor had elected that his/her contributions be refunded increased by 10% per annum - of the refund amount - for the 11th and subsequent years of contributory service plus the proportionate amount of 10% for any part year of contributory service **or**
 - ◆ Twice the amount of refund had the contributor elected a refund instead of a transfer.

61S
71K
81P
81S
88H
88M
88U
88Z

61S

SCHEME DIFFERENCES

Old General Scheme

PROVISIONS OF THE ACT

This Scheme does not provide any transfer provisions.

28

POLICY

- Contributors must supply the registration number of the scheme they wish to transfer to.
- The scheme that the contributor wishes to transfer to must be a superannuation scheme in more than just name, i.e. not a scheme which allows the amount, once transferred, to be readily cashed up.
- Any additional amounts representing the equivalent of employer contributions which the contributor may have paid to meet the total cost of any anticipated future benefits (as a result of purchasing prior service) will not be included in the transfer value.

ADMINISTRATIVE PROCEDURES

- The Trustees of the superannuation scheme to which the transfer is being made must provide written confirmation that the superannuation scheme is registered under the Superannuation Schemes Act 1989.
- The transfer will take place the day after the contributor's last day of service.

LEAVE CONTRIBUTIONS IN THE FUND AND REACTIVATE LATER

GENERAL PROVISIONS

PROVISIONS OF THE ACT

- Establishes the basis for a contributor to stop contributing to the Fund but to leave his/her contributions in it on the basis of **either** making a subsequent refund election **or** reactivating his/her membership to the Fund. 61R
61S
60A
71K
- Is available to any contributor who is younger than 50. 74IA
88H
- Requires a contributor advising the Superintendent in writing of his/her wish to stop contributing and taking up this option 3 months before doing so. 88M
88U
88Z
- A contributor can cancel his/her notification only if he/she advises the Superintendent, in writing, before the 3-month period is up.
- Establishes that if the contributor does not make the subsequent refund election:
 - ◆ The amount that he/she left in the Fund is to be refunded to him/her without interest – interest is only payable if he/she ceased Government service - if he/she doesn't become a contributor again by the time he/she turns 50 **or**
 - ◆ If he/she rejoins the Fund before becoming 50 then his/her contributory service is reactivated and counts as continuous contributory service for the purposes of calculating any benefits payable under this Act. Establishes, however, that his/her service during such periods is to be discounted as follows:
 - 1.25% for each complete year that he/she was not a contributor that has a corresponding period of contributory service; part years are to be discounted proportionately **and**
 - 2.25% for each complete year that he/she wasn't a contributor and for which they don't have a corresponding period of contributory service; part years are to be discounted proportionately.
- Establishes that Sections 61M, 61Q and 61O do not apply to those who elect this option but who subsequently die before becoming a contributor again (Benefits where contributor under this Part dies before becoming entitled to retiring allowance and leaves spouse, Children's allowance and Benefit where contributor under this Part dies without leaving spouse) – see pages 105-119.

SCHEME DIFFERENCES

Old General Scheme

PROVISIONS OF THE ACT

- Contributions that are left in the Fund will be refunded in cases: 60A
 - ◆ Where the contributor turns 50 **or**

-
- ◆ where 15 years has lapsed since he/she contributed to the scheme **or**
 - ◆ within a shorter timeframe as determined by the Superintendent **or**
 - ◆ where the contributor becomes medically unfit for further duty or dies (in which case it is paid to his/her legal representative).
- If the person becomes a contributor again before turning 50 years and within either the 15-year period or the period determined by the Superintendent, his/her contributions are not refunded. In addition, his/her period of contributory service is reactivated and counts as continuous contributory service for the purposes of calculating benefits under the Act. This period of service will, however, be discounted as follows:
 - ◆ 1.25% for each full year in which he/she was not contributing to the Fund for which he/she has a corresponding period of contributory service; the discount for part years is to be determined proportionally, including a period of less than one full year **and**
 - ◆ 2.25% for each full year in which he/she was not contributing for which he/she does not have a corresponding year of service; the discount for part years is to be determined proportionally, including a period of less than one full year.
 - Establishes that the discounted service applies to the date immediately before the person became a contributor again.
 - Establishes that his/her rate of contributions is based on their age at the time that they became contributors again.
 - Establishes that whilst a person is not a contributor they are not able to elect any of the provisions outlined in Sections 23 and 24 (Contributing in respect of prior service and Contributing in respect of previous contributory service). Nor are they able to claim any allowance or annuity from the Fund.

Parliamentary Scheme

- Provisions are not applicable.

Armed Forces Scheme

- A member must resume regular service to be eligible to reactivate his/her membership.

71B

Additional Options Available to Those Who Are Eligible to Receive a Retiring Allowance

OPTIONS

- The following options **may be** available to a contributor who is eligible to receive a retiring allowance:
 - ◆ Capitalise a portion of his/her retiring allowance
 - ◆ Payment of a lump sum to increase his/her retiring allowance
 - ◆ Variable allowance
 - ◆ Allowance for spouse or approved dependant
 - ◆ Assignment of part of the retiring allowance

REQUIREMENTS

- The requirements which must be met by the contributor are outlined under each of the Options in the following pages.

CAPITALISE RETIRING ALLOWANCE

GENERAL PROVISIONS

PROVISIONS OF THE ACT

91

- A contributor may elect to surrender part of his/her annual retiring allowance in return for a cash payment when he/she:
 - ◆ Is entitled to an annual retiring allowance **or**
 - ◆ Will become entitled to a retiring allowance within 3 months of his/her election.
- It makes provision for the payment of an amount equal to either 12, 10.8 or 10 times the surrendered amount (see Scheme Differences section pages 85-87) with a maximum limit of the surrendered amount of one quarter of the member's annual retiring allowance.
- Payment of the surrendered amount is made at the earliest of:
 - ◆ The day the contributor becomes entitled to payment of the allowance **or**
 - ◆ The date of his/her death.
- It allows a contributor who was entitled to an allowance at the time of his/her election to make a further election – to receive up to half the amount that he/she was entitled to receive at the time of the initial election. This is payable irrespective of whether or not he/she stays in the Government service on leave after ceasing service. Interest is payable, by the contributor, on the amount paid out as a result of the second election. The Superintendent determines the rate of interest which is to cover the period between when payment is made and when the contributor became entitled to the allowance or the date of his/her death – whichever is the earliest. It establishes that all such interest is to be recovered as a debt to the Crown and can be deducted from any retiring allowance paid to the contributor or any annuity paid to a contributor's spouse.
- Establishes that the second election option is not available to any contributor who has:
 - ◆ had his/her retiring allowance deferred by the Superintendent under section 36(2) (Retiring allowance when contributor medically unfit for further duty), 68(4) (Retiring allowance of permanent members and regular servicemen compulsorily retired) or 69(1) (Retiring allowance when contributing member medically unfit for further duty) **or**
 - ◆ has made an election under section 61S(1)(d) (Rights and benefits where contributor ceases Government service, leaves contributions in the Fund and makes election within 3 months of 50th birthday to receive retiring allowance) or 81P(1)(c) (Rights and benefits where Judge ceases judicial service, leaves contributions in the Fund and makes election within 3 months of 50th birthday to receive retiring allowance).
- All elections are to be made to the Superintendent in writing before a contributor accepts any payment of his/her retiring allowance.
- Establishes that the only election which can be revoked or amended is any

second election. In such a case the contributor can make one more election to increase the proportion of the surrendered amount as long as he/she has not accepted payment of the retiring allowance.

- Establishes that if a contributor has completed an election under this section in respect of a previous period of contributory service the amount surrendered will be taken off the retiring allowance that he/she may elect to surrender.
- Establishes that once an election is effective the contributor's annual allowance is reduced by the same proportion of the surrender and has no rights associated with the surrendered amount.

SCHEME DIFFERENCES

Old General Scheme, Armed Forces Contributors under Part III and Judges Contributing Under Part V

PROVISIONS OF THE ACT

- The amount is multiplied by 10.8 to give the capitalisation sum. 91

New General Scheme and Judges and Solicitor General Contributing under Parts IV or Part VA, Parliamentary Scheme, Police Scheme and Prisons Service Scheme

PROVISIONS OF THE ACT

- The amount is multiplied by 12 to give the capitalisation sum. 91

Armed Forces Scheme

PROVISIONS OF THE ACT

- Allows contributors who are entitled to a retiring allowance the option of electing to surrender part of this for cash - specifies that this includes those who could retire on the day that they make their election. 91
71M
- The maximum that can be surrendered is one quarter of the allowance.
- The cash payment is calculated using the following formula:

A x B

- ◆ Where A = amount by which contributor's allowance is reduced as a result of the surrender and
- ◆ Where B =
 - 21 if the contributor is no more than 40 years of age **or**
 - 21 – 0.075 for each month between the contributor's 40th birthday and his/her age at retirement if the contributor is more than 40 but no more than 50 years of age **or**
 - 12 if the contributor is older than 50 at his/her retirement.
- Once an election is effective the contributor's annual allowance is reduced by the same proportion of the surrender and has no rights associated with the

surrendered amount.

- Requires elections to be made within 3 months of a contributor becoming entitled to his/her allowance. Contributors have the option of making a further election – unless the Superintendent determines that they cannot – within 3 months of being discharged or released to receive up to half of the amount of the cash payment.
- Contributors whose retiring allowance has been deferred by the Superintendent under section 71H(2) – Entitlement to a retiring allowance where retirement on the grounds of disability (discretion to suspend/reduce/cancel a medically unfit retirement allowance if considers degree of disability doesn't justify part/full allowance or contributor doesn't go for medical examinations as often as Superintendent requires or Superintendent doesn't know if the contributor is dead or alive) – cannot make this further election.
- Interest is payable, by the contributor, on the amount paid out as a result of the second election. This is on the same basis as outlined on page 84.

Parliamentary Scheme

PROVISIONS OF THE ACT

- Provides for an election to be made by a member who is either: 91
84A
 - ◆ entitled to an annual retiring allowance **or**
 - ◆ intends to cease being a member within 3 months.
- A member who intends to cease being a member can make a second election to receive up to half the amount that he/she would be entitled to receive if he/she had been entitled to the allowance at the time of the initial election. Interest is payable on the same basis as outlined above.
- The only elections which can be revoked or amended are:
 - ◆ second elections as outlined on pages 84-85 – a member can make one more election to increase the proportion of the surrendered amount as long as he/she has not accepted payment of the retiring allowance
 - ◆ those who could have retired on the day that they make their election – can make a further election to increase the proportion of their cash payment up to the 12 times/quarter of allowance maximums.
- Allows a member who is not entitled to an annual retiring allowance to elect to surrender a proportion of this in return for a cash payment. This applies to any member who: 84AA
 - ◆ ceases to be a member from 1 April 1987 **and**
 - ◆ is not 50 years of age when ceasing to be a member **and**
 - ◆ will, if gets to 50, become entitled under section 84 (Retiring allowance of members) to an annual retiring allowance.
- Deems that the member becomes entitled to an annual retiring allowance on the day after he/she ceases to be a member - the allowance is calculated as if

he/she had become entitled to it on that day.

- Provides for the payment of an amount equal to 12 times the surrendered amount. It sets an absolute limit for the surrender however – this is one quarter of the member’s annual retiring allowance under Part VI of the Act.
- Election has to be made within 3 months of the member ceasing to be a member and before turning 50.
- Establishes that when the annual retiring allowance subsequently becomes payable to the person in terms of section 84 (Retiring allowance of members) or, an annuity becomes payable to the member’s spouse under either section 86B or 86C (Benefits where retired member dies before becoming entitled to retiring allowance and leaves spouse and Benefits where retired member dies after becoming entitled to retiring allowance and leaves spouse):
 - ◆ It is calculated according to section 84 **and**
 - ◆ The member’s annual allowance or the annual allowance on which the annuity is based is reduced by the same proportion of the surrender.
- Establishes that there are no further rights associated with the surrendered amount.
- All elections are to be made to the Superintendent in writing before a member accepts any payment of his/her retiring allowance. Further, that the only change which can be made to an election is to increase the proportion of the surrendered amount – up to the 12 times/quarter of allowance maximums before he/she has accepted any installment of his/her annual retiring allowance; it does not allow any new elections to be made.
- If a member has completed an election under this section or under section 91 (Election to surrender proportion of retiring allowance and receive cash payment) in respect of a previous period of service as a member the amount surrendered will be taken off the retiring allowance that he/she may elect to surrender.

Niue, Tokelau, Cook Islands and Western Samoan Sub-Schemes

- The amount is multiplied by 10 to give the capitalisation sum.

<p>POLICY</p> <ul style="list-style-type: none">• The current interest rate is 10.25% per annum.• The Superintendent, in exercising his/her discretion considers each case on its merits.

PAYMENT OF A LUMP SUM TO INCREASE RETIRING ALLOWANCE

NEW GENERAL SCHEME

PROVISIONS OF THE ACT

- Allows a contributor who meets specific criteria to make payments into the Fund to increase his/her retiring allowance. The contributor must: 61L(4)
 - ◆ be at least 50 years of age **and**
 - ◆ have at least 10 years contributory service **and**
 - ◆ agree in writing that section 61I (Entitlement to a retiring allowance) applies to them and whose controlling authority also agrees in writing that it should apply.
- Gives the Superintendent the discretion to determine the amount by which an allowance is increased but establishes an upper limit for it. The allowance can be no more than the allowance the contributor would have been entitled to had it been determined on the basis of the pension percentage of his/her final average earnings.
- Gives the Superintendent the discretion to set terms and conditions on such approvals – including the amount/s that the contributor or someone on his/her behalf must pay into the Fund.
- This option is not available to a contributor who has elected to receive a deferred retiring allowance or to someone who qualifies for a medical retiring allowance.

SCHEME DIFFERENCES

- Provisions are not applicable to any of the other schemes.

POLICY

- Applications seeking an increased retiring allowance (see page 50) are considered as follows:
 - ◆ From contributors up to the age of 60.
 - ◆ The maximum amount of the retiring allowance will be that which the contributor would have been entitled to as if he/she continued to be employed and contributed to the age of 65.
 - ◆ Assumed age in the formula is to be no more than 65.
- In considering whether to impose any terms or conditions to any approval he/she gives the Superintendent considers each case on its merits – having regard for the individual concerned, other GSF members and the Fund itself.
- A condition of all approvals will be that if the member dies soon after retiring, without leaving a spouse, the refund made will be based on the contributor's contributions plus a proportion of the lump sum payment which is the equivalent of the contributor's contributions. This is calculated on current salary for the contributory period which would have been necessary to achieve

the increase in the retiring allowance.

VARIABLE ALLOWANCE

GENERAL PROVISIONS

PROVISIONS OF THE ACT

- Allows a contributor to elect to surrender a specified portion of his/her retiring allowance for specified periods. The effect of this is to increase the allowance during the period specified but at the expense of an actuarially calculated decrease at the end of the period. 40
61T
71S
84C
88M
88C
- Allows for any number of surrenders but the Superintendent's consent is required for all surrenders other than a contributor's first.
- All surrenders – including the first – must be made to the Superintendent:
 - ◆ within 3 months of retirement **or**
 - ◆ before receiving first retirement allowance installment **or**
 - ◆ at any other time determined by the Superintendent - in which case the Superintendent has the power to impose whatever terms and conditions he/she thinks appropriate.
- The Superintendent has the power to determine the maximum amount of a retirement allowance - or proportion - that a contributor can surrender if such rates are not set by regulation.
- Gives the Superintendent the power to impose any terms and conditions that he/she thinks appropriate on all surrenders except the contributor's first.
- A contributor can cancel a surrender but must obtain the Superintendent's consent. To do so he/she must write to the Superintendent - the Superintendent can impose whatever terms and conditions he/she thinks are appropriate in such cases.
- Gives the Superintendent the discretion to obtain medical evidence as to the health of any contributor.
- Establishes that this is not an option for contributors who are retiring on the basis of being medically unfit.
- The contributor cannot capitalise the variable portion of the allowance.
- Cost of living adjustments are not made to the variable portion. 61N
- The variable allowance is not taken into consideration when calculating a spousal allowance; instead the calculation uses the basic allowance (cost of living adjusted, if applicable).

SCHEME DIFFERENCES

Armed Forces Scheme

- Where a contributor has elected to defer receipt of his/her retiring allowance until age 55 or 60, the variable allowance is included as part of the retiring 71N

allowance in the calculation of the deferral lump sum.

Parliamentary Scheme

84C

- A contributor of this scheme only has two options as to when to make his/her surrender request/s to the Superintendent – these are any time:
 - ◆ Within 3 months of becoming entitled to his/her annual retiring allowance
or
 - ◆ Before receiving his/her first retirement allowance installment.

POLICY

- All elections must be accompanied by a medical certificate attesting to the health of the contributor.
- If the Superintendent approves the cancellation of a surrender, the contributor will be paid his/her retiring allowance as if he/she had not made an election. However, an adjustment will be made to the retiring allowance, calculated actuarially, in respect of the variable portion that was paid while the election was in force. The formula for the adjustment is provided by the Government Actuary.

ALLOWANCE FOR WIFE/HUSBAND OR APPROVED DEPENDANT ON DEATH OF A CONTRIBUTOR

GENERAL PROVISIONS

PROVISIONS OF THE ACT

- Allows a contributor to surrender part of his/her retiring allowance to make provision for the payment of an annual allowance to his/her “widow” or approved dependent after the contributor’s death.
- A contributor’s “widow” is defined as the woman who is the contributor’s wife at the time that the contributor makes his election; the husband of any woman making an election is regarded as the equivalent of a widow.
- An approved dependent is defined as a person who is wholly or partially dependent on the contributor at the time that the contributor makes an election and who the Superintendent approves as being dependent.
- Gives the Superintendent the discretion to determine the amount of the allowance.
- Such an allowance is additional to any other allowance or annuity that a “widow” or approved dependant is entitled to from the Fund. However, the sum of these cannot be more than the reduced retiring allowance which the contributor would receive.
- Gives a contributor three surrender options:
 - ◆ An absolute election to surrender part of the retiring allowance **or**
 - ◆ a contingent election to surrender part of the retiring allowance - in case the contributor survives the “widow” or approved dependent **or**
 - ◆ a combination election of absolute and contingent.
- Establishes that the maximum amount a contributor can surrender is either fixed by regulations or is set by the Superintendent.
- Requires contributors wanting to exercise any of these options to write to the Superintendent:
 - ◆ Within 3 months of retiring **or**
 - ◆ After retiring but before accepting the first installment of their retiring allowance **or**
 - ◆ if he/she marries whilst in receipt of a retirement allowance within 3 months of getting married.
- Establishes that this is not an option which is available to any contributor who retires on the grounds of being medically unfit for further duty.
- Establishes that a contributor may be required to provide medical evidence as to the state of his/her health – the basis for this is either through regulations or, in the absence of regulations, the Superintendent requiring it.

48
61T
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88M
88Z

- Establishes that the effect of any surrender on the Fund is to be financially neutral.
- Establishes that on the contributor's death, his/her:
 - ◆ "widow's" right to receive a refund of the contributor's contributions ceases
 - ◆ personal representatives' right to receive a refund of the contributor's contributions ceases.
- Once the contributor, his/her "widow" and approved dependent all die, whatever remains of the contributor's contributions (i.e. the amount of the contributor's original contributions, less any sums paid out to the contributor while he/she was still alive, less what was paid to the "widow" or approved dependent under this section, less anything which has/may be paid out in the future to or on behalf of any of the contributor's child/ren) is to be paid to the contributor's personal representatives; this is to go into trust for those named as beneficiaries in the contributor's will or, in the absence of a will, the statutes relating to the distribution of intestates estates apply.
- Allows a contributor to advance his/her retirement on the basis of age **or** length of service. To do so he/she must:
 - ◆ Provide the Superintendent with satisfactory evidence as to his/her health **and**
 - ◆ Obtain the agreement of his/her controlling authority.
- Establishes that any such election is irrevocable. In the event of the contributor dying before he/she is entitled to a retiring allowance his/her election is transferred to his/her widow or approved dependent.

POLICY

- The Superintendent considers each case on its merits. In doing so the Superintendent has regard to the individuals concerned, other GSF members and the GSF itself.
- The Superintendent determines both the amount surrendered and the amount of the allowance for the spouse or approved dependant on the basis of an actuarial formula. This takes account of the ages of the contributor, the wife/husband and/or approved dependant. The formula is supplied by the Government Actuary.
- The Superintendent will not consider any application unless it is accompanied by medical evidence. A contributor must provide:
 - ◆ a medical certificate;
 - ◆ a birth certificate for the wife/husband or approved dependant; and
 - ◆ the marriage certificate, if relevant.

ADMINISTRATIVE PROCEDURES

- Benefits commence to be paid within 10 working days of:
 - ◆ The Schemes Administrator receiving complete information **and**
 - ◆ All outstanding debts being discharged **and**
 - ◆ Any charges over the member's contributions being removed.
- Lump sums are payable within 10 days of the Schemes Administrator receiving the necessary information to enable it to make the payment.
- Immediate retiring allowances are payable from the day that the contributor ceases his/her Government service. In practice, they are paid within 10 days of the Schemes Administrator receiving the necessary information to enable it to make a payment.
- Spousal allowances, child allowances, and allowances for spouses or approved dependents are payable from the day after the member's death. In practice, they are paid within 10 days from the Schemes Administrator receiving the necessary information to enable it to make a payment.
- Assigned allowances are payable from the day after the member's death or from the date on which the assignment is to take effect. In practice they are paid within 10 days from the Schemes Administrator receiving the necessary information to enable it to make a payment.
- Where a beneficiary is to receive an ongoing allowance, he/she will receive an initial installment representing the amount of the allowance the beneficiary is entitled to receive until the next scheduled payment date. After the initial installment, installments of allowances will be paid in advance every 28 days by direct credit into a nominated bank account.
- A beneficiary can also request that certain deductions be made from his/her benefit, for example, PSIS payments, Tower Corporation premiums or subscriptions for membership of the Government Superannuitants' Association.
- If installments of an allowance are paid into any overseas bank other than in Australia an account a fee of \$15 is charged for each installment. The fee for paying an allowance into an Australian bank account is \$5 per installment.
- If a benefit is not paid within the required timeframe, the beneficiary is eligible to receive additional interest on the amount outstanding for the number of days that the payment is late. The current interest rate applicable, as designated by the Minister of Finance, is 5% per annum.
- Any overpayments of benefits to a beneficiary will be recovered by the Schemes Administrator on behalf of the Fund.

ASSIGNMENT OF PART OF RETIRING ALLOWANCE TO ANOTHER PERSON

GENERAL PROVISIONS

PROVISIONS OF THE ACT

91B

- Allows a contributor to elect to surrender a portion of his/her basic retiring allowance to another person – an assignee.
- This can be done at any time:
 - ◆ Within 3 months of the contributor becoming entitled to his/her allowance **or**
 - ◆ After entitlement to the allowance.
- The maximum amount that can be surrendered is up to half of the basic retiring allowance.
- “Basic retiring allowance” is defined as the annual amount of the retiring allowance payable under this Act:
 - ◆ after taking into account the effect of any surrender under section 48 or 91, see pages 92-94 and 84-87 of this document (48 – Annual allowances to widows or approved dependants in consideration of election to accept reduced retiring allowances, 91 – Election to surrender proportion of retiring allowance and receive cash payment) **but**
 - ◆ disregarding any section 40 election see pages 90-91 of this document (40 – Election of variable retiring allowance to secure a level income).
- Establishes that if the basic retiring allowance is increased then the assignee’s allowance increases proportionately too.
- Establishes that the Superintendent must determine the amount of the assignee’s allowance on an actuarial basis. The reason for this is to ensure that the effect of the payment on the Fund is a fiscally neutral one.
- All elections are to be made to the Superintendent in writing.
- Elections are irrevocable once payment has been accepted.
- On the death of the assignee:
 - ◆ the payment of the assignee’s allowance stops **and**
 - ◆ no increase is made to the retiring allowance of the person who made the election to surrender part of his allowance to the assignee.
- Establishes that if the person who made the election dies:
 - ◆ any annuity payable in respect of the basic retiring allowance is calculated on the portion of the basic retiring allowance which has not been surrendered **and**
 - ◆ the allowance to the assignee continues to be paid until the assignee dies and is to be increased as if the basic retiring allowance continued to be

payable.

- Establishes that the minimum annuities referred to in sections 45, 74J and 81K are to be reduced by the proportion that the basic retiring allowance on which they are based has been surrendered under this section (45 – Benefits where contributor under this Part dies and leaves spouse, 74J – Benefits payable on death of Judge, 81K – Minimum annuity payable to eligible spouse of deceased Judge).
- Establishes that nothing in this section restricts or prevents the suspension, reduction or cancellation of any payment under this Act. Further, that any such action is to be applied equally to the retiring allowance and the payment to the assignee.
- Establishes that nothing in this section is to affect the payment of any Child Allowance made under sections 47, 61Q or 81O.

POLICY

- The allowance can only be paid to a natural person/s.
- Successive surrenders can be made. The sum, however, of the first and any subsequent surrenders may not exceed 50% of the contributor's basic retiring allowance.
- The value of all successive surrenders will be actuarially assessed so that there is no impact on the Fund.

ADMINISTRATIVE PROCEDURES

- Payment of the assigned allowance starts from the first available payment date after the election has been received.

ASSIGNMENT OF PART OF RETIRING ALLOWANCE UNDER MATRIMONIAL PROPERTY AGREEMENT

GENERAL PROVISIONS

PROVISIONS OF THE ACT

- Establishes that all Matrimonial Property agreements are to be binding on the Fund. 92
- Requires the Superintendent to effect each agreement so long as the agreement does not increase the Fund's liabilities.
- One means of giving effect to a Matrimonial Property order is to make an assignment under Section 91B – See pages 95-96

POLICY

- Matrimonial property settlements may be complicated. All cases must be referred to the Superintendent and will be considered on their merits.
- The Superintendent seeks actuarial advice to ensure that there is no detrimental financial impact on the Fund.

Allowances if Retire as Medically Unfit

APPLICATIONS FOR MEDICAL RETIRING ALLOWANCES

GENERAL PROVISIONS

PROVISIONS OF THE ACT

61K

- Allows the Superintendent to approve the payment of an annual retiring allowance to a contributor who is under 60 years of age i.e. before he/she is entitled to receive such an allowance.
- In such cases the contributor ceases Government service with the consent of his/her controlling authority on the grounds of being medically unfit for further duty.
- In order to receive such an allowance the Superintendent has to be satisfied that the contributor is, and is likely to remain, substantially unable to perform any duties that the controlling authority and the Superintendent consider to be suitable and reasonable for the contributor.
- Requires the contributor to obtain evidence from at least two registered medical practitioners that he/she is medically unfit; the Superintendent has to approve the registered medical practitioners used.
- Gives the Superintendent the power to suspend, reduce, or cancel any such allowance to any contributor younger than 60 if the:
 - ◆ Contributor resumes employment – anywhere - or becomes gainfully self employed **or**
 - ◆ Contributor has ceased to be medically unfit and doesn't accept any employment offered by a controlling authority that the Superintendent considers to be suitable and reasonable for the contributor **or**
 - ◆ Superintendent is satisfied that the degree of disability is not sufficient to justify the allowance – either in full or in part **or**
 - ◆ Contributor doesn't go for a medical examination when and as often as the Superintendent requires and doesn't explain why he/she fails to do so **or**
 - ◆ Superintendent doesn't know the whereabouts of the contributor or even if the contributor is alive.
- Any cancellation/suspension/reduction, however, is to be disregarded for the purposes of Sections 61N, 61O and 61Q (Benefits where contributor dies after becoming entitled to a retiring allowance and leaves a spouse, Benefit where contributor dies without leaving a spouse, and Children's allowance) – see pages 105-119.
- Any suspension/reduction or cancellation of an allowance ceases when the contributor reaches 60 years of age.
- Once a person retires under section 61K they may not revert that medical retirement into a "normal" retirement under section 61I once they reach 50 years of age (and thus avoid the reduction and suspension regime under

71H
88F
88T

section 61K).

- Allows the Superintendent to approve payment of a higher allowance if a contributor ceases Government service because:
 - ◆ he/she becomes medically unfit as a result of injuries sustained in the course of his/her employment **or**
 - ◆ dies due to injuries sustained in the course of his/her employment.

36, 37, 61K,
61T, 69,
71H, 71S,
88A
R 5 GSF
Regulations
1995

This can be paid to the contributor, spouse or any dependant.

SCHEME DIFFERENCES

Old General Scheme

- In order to receive such an allowance the Superintendent has to be satisfied that the contributor is substantially unable to perform any duties that the controlling authority and the Superintendent consider to be suitable and reasonable for the contributor.

Parliamentary Scheme

- Provisions are not applicable for the Parliamentary Scheme.

Armed Forces Scheme

69, 71H
R 5 GSF
Regulations
1995

PROVISIONS OF THE ACT

- A contributor is deemed to be medically unfit if at least two medical practitioners establish, to the Superintendent's satisfaction, that the contributor has become substantially unable to performance any duties which the New Zealand Defence Council considers suitable and reasonable.
- The Superintendent can reduce/suspend or cancel any allowance on the basis of the following grounds only:
 - ◆ The Superintendent is satisfied that the degree of disability is not sufficient to justify the allowance – either in full or in part **or**
 - ◆ The contributor doesn't go for a medical examination when and as often as the Superintendent requires and doesn't explain why he/she fails to do so **or**
 - ◆ The Superintendent doesn't know the whereabouts of the contributor or even if the contributor is alive.
- Gives a contributor the option of electing to receive a refund of his/her contributions, less any amounts already received, if the Superintendent has reduced/cancelled or suspended any allowance. Such an election can be made at any time during the suspension/cancellation/reduction of the allowance.

Judges Scheme

PROVISIONS OF THE ACT

81H

- A Judge who satisfies the Governor-General that he/she has become incapable of performing his/her duties for any reason – including a permanent infirmity - is entitled to a retiring allowance.

Police Scheme

PROVISIONS OF THE ACT

88F

- Provides for an allowance to be paid on 2 different basis:
 1. A contributor who has elected or is required to retire from the Police under either section 27 or 28 of the Police Act 1958 is entitled to a retiring allowance.
 2. To a contributor who is considered to be medically unfit for duty if the Superintendent is satisfied that the contributor is and is likely to remain substantially unable to perform any duties which the Commissioner of Police and the Superintendent consider to be suitable and reasonable for him/her.
- The Superintendent has the power to suspend, reduce, or cancel any retiring allowance to any contributor who is less than 55 years of age if:
 - ◆ The contributor resumes employment – anywhere - or becomes gainfully self employed **or**
 - ◆ The contributor has ceased to be medically unfit and doesn't accept any employment offered by a controlling authority that the Superintendent considers to be suitable and reasonable for the contributor **or**
 - ◆ The Superintendent is satisfied that the degree of disability is not sufficient to justify the allowance – either in full or in part **or**
 - ◆ The contributor doesn't go for a medical examination when and as often as the Superintendent requires and doesn't explain why he/she fails to do so **or**
 - ◆ The Superintendent doesn't know the whereabouts of the contributor or even if the contributor is alive or dead.
- Establishes that any suspension/reduction or cancellation of an allowance on any of the above grounds ceases when the contributor reaches 55 years of age.
- Establishes that a contributor is considered to be medically unfit for duty if the Superintendent is satisfied that the contributor is and is likely to remain substantially unable to perform any duties which the Commissioner of Police and the Superintendent consider to be suitable and reasonable for him/her.
- Requires the contributor to obtain evidence from at least 2 registered medical practitioners that he/she is medically unfit; the Superintendent has to approve the practitioners used.

PROVISIONS OF THE ACT

- Provides for the payment of a retiring allowance to a contributor who is entitled to one under section 61K (Retiring allowance where contributor medically unfit). This section is applied by virtue of section 88Z.
- Gives the Superintendent the power to suspend, reduce, or cancel any retiring allowance payable to any contributor who is less than 58 years of age if:
 - ◆ The contributor resumes employment – anywhere - or becomes gainfully self employed **or**
 - ◆ The contributor has ceased to be medically unfit and doesn't accept any employment offered by a controlling authority that the Superintendent considers to be suitable and reasonable for the contributor **or**
 - ◆ The Superintendent is satisfied that the degree of disability is not sufficient to justify the allowance – either in full or in part **or**
 - ◆ The contributor doesn't go for a medical examination when and as often as the Superintendent requires and doesn't explain why he/she fails to do so **or**
 - ◆ The Superintendent doesn't know the whereabouts of the contributor or even if the contributor is alive or dead.
- Establishes that any suspension/reduction or cancellation of an allowance on any of the above grounds ceases when the contributor reaches 58 years of age.

POLICY

- The Superintendent considers each case on its merits. In doing so the Superintendent has regard to the individual concerned, other GSF members and the GSF itself.
- The Superintendent may consider the following factors when considering whether to reduce, cancel or suspend an allowance because the recipient is in paid employment.
 1. The nature of the new employment
 - ◆ How comparable are the duties to the duties undertaken before the medical retirement
 - ◆ Are the duties menial?
 - ◆ Is there an opportunity for the person to advance in the workplace or in that type of position?
 - ◆ Is it full time or part?
 - ◆ Is the position a permanent one or is it for a fixed term; if it is fixed term, is it likely to be renewed?

-
- ◆ How does the remuneration compare with the Government position?
 - 2. The medical evidence – commenting on the type of work the person is able to perform and his/her long-term medical prognosis.
 - 3. Evidence relating to the job market
 - ◆ Types of employment opportunities that are available for the person
 - ◆ Remuneration rates for any relevant positions.
 - 4. Other evidence, e.g. the minimum wage rate.
 - ◆ The Superintendent will not make a decision on the reduction/suspension/cancellation until he/she has given the person concerned the opportunity to make a submission to him/her.
 - ◆ Medical allowances will be reviewed on a case by case basis as determined by the Superintendent. The Superintendent will advise those concerned about the frequency of their review - it could be for example once every two years, once every year, once every five years, etc.

ADMINISTRATIVE PROCEDURES

- The contributor's employer must advise the Superintendent in writing of its support for the application and confirm that there are no duties that the contributor can perform.
- The maximum fee payable is set by the Superintendent. Currently the approved fee for the preparation of a medical report is \$42.50 plus GST.
- As part of the ongoing review of a medical allowance, the person concerned is obliged to provide the Superintendent with the following:
 - ◆ a written report from a registered medical practitioner approved by the Superintendent commenting on whether the person is still medically unfit and his/her longer term prospects; and
 - ◆ a statement detailing any income that he/she is receiving.

Death Benefits

SPOUSES OPTIONS

GENERAL PROVISIONS

PROVISIONS OF THE ACT

- Spouse includes any man or woman that the Superintendent considers to be the wife or husband of a person immediately before that person dies. 2
- Establishes the basis for paying a deceased member's annuity or any other payment to more than one spouse. It gives the Superintendent the power to divide the payment as he/she thinks appropriate. 90A
- Establishes the basis for the Superintendent determining what election had been made by the deceased member if there is disagreement between the spouses about this – the Superintendent deems the deceased member to have made an election.

Options if Contributor Dies Before Becoming Entitled to a Retiring Allowance

PROVISIONS OF THE ACT

- Provides the spouse with two election options. For a:
 - 1. Lump sum payment. Either the equivalent of the contributor's annual salary at the time he/she had last contributed to the Fund **or** a refund of contributions with interest - whichever is the greater of the two – **or**
 - 61M
 - 71L
 - 81M
 - 88I
 - 88M
 - 88V
 - 88Z
 - 2. a combination of lump sum and annuity payment, where the:
 - ◆ lump sum cannot be more than 80% of the maximum sum that the contributor could have elected to receive under Section 91 or 71M (Election to surrender proportion of retiring allowance and receive cash payment) had he/she retired as medically unfit on the date of his/her death (see pages 84-87 of this document) **and**
 - ◆ annuity element is half the rate of the retiring allowance which the contributor would have been entitled to had she/he retired as medically unfit on the day of his/her death – reduced by the amount surrendered in return of the lump sum element.
- Establishes that a spouse cannot make any further claims against the Fund if he/she elects either of the options under 1.
- Establishes that all elections have to be made in writing to the Superintendent and that these cannot be revoked or varied once payment has been received by the spouse.
- Establishes that a spouse's change in marital status does not affect his/her entitlement to any lump sum or annuity payment.

Options if Contributor Dies After Becoming Entitled to a Retiring Allowance

PROVISIONS OF THE ACT

- Options available depend on whether the spouse was the contributor's spouse before or after the contributor became entitled to the allowance.

61N

71L

81M

86C

88I

Spouse Before the Contributor Became Entitled to His/Her Retiring Allowance

88M

88V

88Z

- Spouse has the option of electing:
 - ◆ a refund of contributions plus 0.25% for every month that contributions were made from 1 May 1985, less any amounts already paid to the contributor [as if the contributor had made an election under Section 61S(1)(a) or 71K or 81P(1)((a)] **or**
 - ◆ an annuity at half the rate of the retiring allowance that the contributor would have been entitled to at the date of his/her death.
- Establishes that if the spouse elects an annuity then any election made by the contributor under either Section 40 (Election of variable retiring allowance to secure a level income) or 48 (Annual allowances to widows or approved dependants in consideration of election to accept reduced retiring allowances is to be disregarded).

Spouse After the Contributor Became Entitled to the Retiring Allowance

- Spouse has the option of electing:
 - ◆ a refund as above **or**
 - ◆ an annuity which is proportionately based on the retiring allowance which the contributor would have been entitled to on the day of his/her death had he/she not died. The rate of the annuity is determined according to the following:
 - 10% of the allowance if the contributor dies less than 2 years after the spouse became the contributor's spouse
 - 20% of the allowance if the contributor dies 2 or more years but less than 3 after the spouse became the contributor's spouse
 - 30% of the allowance if the contributor dies 3 or more years but less than 4 after the spouse became the contributor's spouse
 - 40% of the allowance if the contributor dies 4 or more years but less than 5 after the spouse became the contributor's spouse
 - 50% of the allowance if the contributor dies 5 or more years after the spouse became the contributor's spouse.
- Establishes that if the spouse elects an annuity then any election made by a contributor under either Section 40 (Election of variable retiring allowance to secure a level income) or 48 (Annual allowances to widows or approved dependants in consideration of election to accept reduced retiring allowances) is to be disregarded.

Common to Both (Spouse Before/After Entitlement)

- Establishes that all elections have to be made in writing to the Superintendent.
- Establishes that a spouse is not able to revoke or vary his/her election once he/she receives payment.
- Establishes that a spouse's change in marital status does not affect his/her entitlement to an annuity payment, except under the old schemes.

Options in Other Situations

PROVISIONS OF THE ACT

Where Contributions have Ceased

- Establishes that the provisions of section 61M do not apply if a contributor has made an election under section 61R (Right to cease to be a contributor) to leave his/her contributions in the Fund and receive either a refund or a deferred pension but dies before doing so. Nor do the provisions of section 81L apply in if a Judge has made an election under section 81P(1) (Rights and benefits where Judge ceases judicial service) to leave his/her contributions in the Fund on the basis of making a later election but dies before doing so or is eligible to make the 81P(1) election but dies before making it. Instead:
 - ◆ Spouse can elect a refund of contributions or an annuity payment.
 - ◆ If elects a refund, this is increased by 0.25% for every month that contributions were paid after 1 May 1985 up until the day the contributor died.
 - ◆ If elects an annuity, this is to be at half the rate of the retiring allowance which the contributor would have been entitled to had he/she become entitled to such an allowance in terms of Section 61I on the day of his/her death.
- Establishes that a spouse's entitlement to either an annuity or a refund is not to be affected by any change to his/her marital status.
- Establishes that Section 61L or 81I is to be used for calculating the retiring allowance that would have been paid – so as to determine the amount of the annuity to be paid – **but that**:
 - ◆ The contributor's final average earnings are to be determined as if the date on which the contributor ceased Government service was the date of his/her retirement **and**
 - ◆ The contributor's final average earnings are to be increased by the percentage – if any – by which the Government Statistician certifies that the CPI's all groups index for the quarter immediately before the date on which the retiring allowance is to be paid is greater than the index number for the quarter immediately before the date of resignation.
- Establishes that the date of the contributor's death is to be treated as the date of his/her retirement.
- Establishes that the provisions of section 61M as outlined above do not apply if

61R
88M
88Z

81Q

61S

a contributor has made an election under section 61S (Rights and benefits where contributor ceases Government service) to receive a deferred pension but dies before doing so. Instead:

88M
88Z

- ◆ Spouse can elect a refund of contributions or an annuity payment.
- ◆ If elects a refund, this is increased by 0.25% for every month that contributions were paid after 1 May 1985 up until the day the contributor died.
- ◆ If elects an annuity, this is to be at half the rate of the retiring allowance which the contributor would have been entitled to had he/she become entitled to such an allowance in terms of Section 61I on the day of his/her death.
- Establishes that a spouse's entitlement to either an annuity or a refund is not to be affected by any change to his/her marital status.
- Establishes that Section 61L is to be used for calculating the retiring allowance that would have been paid – so as to determine the amount of the annuity to be paid – **but that:**
 - ◆ The contributor's final average earnings are to be determined as if the date on which the contributor ceased Government service was the date of his/her retirement **and**
 - ◆ The contributor's final average earnings are to be increased by the percentage – if any – by which the Government Statistician certifies that the CPI's all groups index for the quarter immediately before the date on which the retiring allowance is to be paid is greater than the index number for the quarter immediately before the date of resignation.
- Establishes that the date that the retiring allowance is to commence being paid is to be the date of the contributor's retirement.
- Gives the Superintendent a number of powers relating to the recovery of unpaid contributions. Specifically, he/she can:
 - ◆ Allow an extended period for the payment of contributions in cases where a contributor dies or retires but has not fully paid up his/her contributions. The Superintendent can specify when these contributions should be paid by; **and**
 - ◆ Deduct any unpaid contributions from any retiring allowance, annuity, any other allowance or payment except a Child Allowance if the contributions continue to be unpaid **or**
 - ◆ Reduce the contributor's service to take account of the unpaid contributions. This can be done in cases where the benefits payable are less than the contributions owing or if the contributor wishes that this happen.

89E

Capitalisation of Spouses Annuity Following Death of Contributor

GENERAL PROVISIONS

PROVISIONS OF THE ACT

- Provides the basis for the spouse of a deceased contributor to surrender part of his/her annuity (spousal allowance) and receive a lump sum payment instead. 91A
86F
- To do so the spouse has to be younger than 61 at the time that he/she becomes entitled to the annuity.
- The payment is of an amount equal to 12 times the surrendered amount if the contributor had contributed under the New General Scheme, the Armed Forces Scheme (Part IIIA), Judges (Parts IV or VA), Parliamentary Scheme, Prisons Service Scheme and Police Scheme.
- It sets an absolute limit for the surrender however – this is one quarter of the annuity.
- Specifies that all elections are to be made to the Superintendent in writing before the spouse accepts any payment of the annuity.
- Further, that once an election is made this cannot be revoked, amended or extended.
- Establishes that once an election is effective:
 - ◆ The spouse's annuity is reduced by the same proportion of the surrender and
 - ◆ The spouse has no rights associated with the surrendered amount.

SCHEME DIFFERENCES

Old General Scheme

PROVISIONS OF THE ACT

- The amount paid to a spouse who wishes to capitalise part of his/her allowance is 10.8 times the surrendered amount. 91A
- If a contributor dies before becoming entitled to a retiring allowance the spouse may elect either: 45
 - ◆ A refund of contributions less any payments made to the contributor; **or**
 - ◆ An annuity of the greater of:
 - Half the retiring allowance that the contributor would have been entitled to if he/she had retired medically unfit at date of death disregarding the effect of any elections made under sections 40 or 48; **or**
 - \$390 per year.
- If a member dies after becoming entitled to receive a retiring allowance and 45

while still entitled to this the spouse may elect either:

- ◆ A refund of contributions less any payments made to the contributor; **or**
- ◆ An annuity of the greater of:
 - Half the retiring allowance that the contributor would have been entitled to if he/she had retired medically unfit at date of death disregarding the effect of any elections made under sections 40 or 48; **or**
 - \$390 per year.
- Establishes that the spouse in such a case is either:
 - ◆ the spouse who last became the spouse of the contributor before the contributor became entitled to the allowance **or**
 - ◆ the widow or widower of the contributor whom the contributor married after becoming entitled to his/her allowance **and**
 - ◆ whom the Superintendent considers as having been the wife or husband of the contributor immediately before the contributor became entitled to a retiring allowance.
- If a contributor dies and leaves a spouse who last became the spouse of the contributor after the contributor became entitled to a retiring allowance and who is not entitled to any payment of an annuity or refund as outlined above:
 - ◆ The spouse may elect either:
 - a refund of contributions less any payments made to the contributor **or**
 - an annuity which is proportionately based on the retiring allowance which the contributor would have been entitled to on the day of his/her death had he/she not died. The rate of the annuity is determined according to the following:
 - 10% of the allowance if the contributor dies less than 2 years after the spouse last became the contributor's spouse
 - 20% of the allowance if the contributor dies 2 or more years but less than 3 after the spouse last became the contributor's spouse
 - 30% of the allowance if the contributor dies 3 or more years but less than 4 after the spouse last became the contributor's spouse
 - 40% of the allowance if the contributor dies 4 or more years but less than 5 after the spouse last became the contributor's spouse
 - 50% of the allowance if the contributor dies 5 or more years after the spouse last became the contributor's spouse.

- Establishes that if the spouse elects an annuity then any election made by a contributor under either Section 40 (Election of variable retiring allowance to secure a level income – see pages 90-91) (Annual allowances to widows or approved dependants in consideration of election to accept reduced retiring allowances – see pages 92-94) is to be disregarded.
- Establishes that all elections have to be made in writing to the Superintendent.
- Establishes that a spouse is not able to revoke or vary his/her election once he/she receives payment.
- Establishes that the payment of any annuity ceases on the spouse remarrying. It becomes payable again only if:
 - ◆ the spouse's partner dies **or**
 - ◆ the spouse's marriage is dissolved **or**
 - ◆ the spouse has a separation order or a separation agreement with their partner **or**
 - ◆ the Superintendent is satisfied that the spouse is not living with their partner and would be likely to be granted a separation order if an application was made.
- It would cease again, however, if the spouse remarried.
- Restricts the number of annuities that a spouse is entitled to receive to one.

Armed Forces Scheme

PROVISIONS OF THE ACT

71J

- Establishes that the Superintendent may approve the payment of benefits to a contributor's spouse if the contributor dies:
 - ◆ whilst a deserter or absent without leave for 28 days or more **or**
 - ◆ after having been discharged on the grounds of being absent without leave for at least 3 continuous years.
- Requires the Superintendent to consider the New Zealand Defence Council's recommendation in determining the spouse's benefits. Establishes that these cannot be:
 - ◆ more than those which the spouse would have been entitled to receive under section 71P (Option where contributor on leave of absence without salary) had the contributor died while on leave without pay **nor**
 - ◆ less than those to which the contributor would have been entitled under section 71K (Benefits where contributor leaves regular forces and is not entitled to retiring allowance) if that applied.

71K

- Establishes that sections 61M and 61Q (Benefits where contributor under this Part dies before becoming entitled to retiring allowance and leaves spouse and Children's allowance) do not apply in cases where a contributor who has made an election under section 71K (Benefits where contributor leaves regular forces

and is not entitled to retiring allowance) to leave his/her contributions in the Fund to make a later election to receive a refund subsequently dies. Instead:

- ◆ Spouse can elect a refund of contributions or an annuity payment.
 - If elects a refund, this is increased by 0.25% for every month that contributions were paid under the Armed Forces Scheme up until the day the contributor died **or**
 - If elects an annuity, this is to be at half the rate of the retiring allowance which the contributor would have been entitled to had he/she become entitled to such an allowance in terms of Section 71G on the day of his/her death.
- Establishes that a spouse's entitlement to either an annuity or a refund is not to be affected by any change to his/her marital status.
- Establishes that Section 71G is to be used for calculating the retiring allowance that would have been paid – so as to determine the amount of the annuity to be paid – **but that**:
 - ◆ The contributor's final average earnings are to be increased by the percentage – if any – by which the Government Statistician certifies that the CPI's all groups index for the quarter immediately before the date on which the retiring allowance is to be paid is greater than the index number for the quarter immediately after the contributor was released or discharged.
- Establishes that the date of the contributor's death is to be treated as the date of his/her retirement.
- If the contributor dies before becoming entitled to a retiring allowance, the spouse has an additional option – to receive a lump sum of one year's salary – last salary on which contributed to the Fund. 71L

Judges Scheme

PROVISIONS OF THE ACT

- Establishes a minimum annuity for a Judge's spouse. This is 25% of the salary payable at the date of the Judge's retirement or death – whichever occurs first. The minimum annuity is to be reduced by the same proportion as that which:
 - ◆ The spouse elects to surrender under section 81L(1)(b) – Benefits where Judge dies while in office and leaves spouse – **and**
 - ◆ The Judge elected to surrender under section 91 – Election to surrender proportion of retiring allowance and receive cash payment - if such an election was made.
- Establishes that this annuity applies to a spouse who:
 - ◆ is the deceased Judge's spouse **and**
 - ◆ last became the Judge's spouse before the Judge received any installment of a retiring allowance – irrespective of the date at which the 81K

Judge became entitled to receive a retiring allowance **and**

- ◆ is entitled to a benefit under section 81L – Benefits where Judge dies while in office and leaves spouse - or section 81M(1) – Benefits where Judge dies after becoming entitled to retiring allowance and leaves spouse – and who elects to receive an annuity.
- Establishes the basis for a spouse of a Judge who has died whilst in office to elect payment of: 81L
 1. A lump sum, the greater of:
 - ◆ One year of the Judge’s salary, calculated at the rate he/she was paid when he/she was last a contributor to the Judge’s Superannuation Account **or**
 - ◆ A refund of the Judge’s contributions to the Judge’s Superannuation Account including interest as if he/she had ceased judicial service on the day of his/her death and made an election under 81P(1)(a) – refund of contributions + .25% for every month that contributions were made from 1 May 1985 **or**
 2. Both:
 - ◆ A lump sum but no more than 80% of the maximum that the Judge could have elected to receive under section 91 – Election to surrender proportion of retiring allowance and receive cash payment – had he/she resigned from office under section 81H(c) - satisfied the Governor-General that incapable of performing duties – on the date of his/her death and if he/she had been entitled to make a section 91 election at that time **and**
 - ◆ An annuity at half the rate of the retiring allowance which the Judge would have been entitled to receive had he/she resigned from office under section 81H(c) – satisfied the Governor-General that incapable of performing duties – on the date of his/her death, reduced by the same proportion of the amount that would have been surrendered to get the section 91 lump sum payment.
- Establishes that option 1 above does not apply in cases where a Judge who has made an election under section 91 dies while in office and leaves a spouse. In such a case any lump sum payable under option 2 is to be reduced by the amount that the Judge had elected to receive under section 91.

Parliamentary Scheme

PROVISIONS OF THE ACT

- Provides for a cash payment to a spouse - or if there is no spouse, to the member’s personal representatives - if a retired member who is not entitled to a retiring allowance dies before receiving a cash benefit. 85A
- Payment is for the amount the member would have received had he/she made an election under 85(1) (Elections to receive cash benefits etc). This equates to twice his/her contributions without interest. The effect of this is that any reference to a “refund of contributions” means a refund of twice the member’s

contributions.

- Provides the basis for the payment of benefits to the spouse of a deceased member who had ceased being a member but who would, if he/she lived, become entitled to an annual retiring allowance at 50, 55 or 60 years of age. Gives spouses 2 election options – to receive either: 86B
 - ◆ A lump sum payment – twice the amount of the member’s contributions under the Parliamentary Scheme (less any amount/s paid to the member) without interest **or**
 - ◆ An annuity.
- The annuity paid depends on when the deceased member would have become entitled to his/her allowance. In cases where he/she would have become entitled to the allowance on reaching the age of:
 - ◆ 50, his/her spouse is entitled to the annuity the day after the member died. The annuity is paid at half the rate of the allowance that the member would have been entitled to under Part VI if he/she did not need to reach that age; **or**
 - ◆ 55 or 60, his/her spouse is entitled to the annuity on the day that the member would have become entitled to the allowance had he/she not died. The annuity is paid at half the rate of the allowance that would have been paid to the member under the Parliamentary Scheme had he/she lived until the day that he/she would have become entitled to the allowance.
- Establishes that a spouse’s change in marital status does not affect their entitlement to any lump sum or annuity payment.
- Provides the basis for the payment of benefits to a deceased contributor’s spouse. Gives spouses 3 election options: S86A
 1. a lump sum payment, the greater of either:
 - ◆ an ordinary member’s annual salary calculated at the rate payable at the date of death **or** twice the amount of the member’s Part VI contributions without interest **or**
 2. an annuity at half the rate of the annual retiring allowance that the member would have been entitled to under section 84 (Retiring allowance of members) if he/she ceased to be a member on the date of death **and** as if he/she did not have to meet that section’s 50 years of age and 9 year service minima **or**
 3. a combination of lump sum and annuity payment. In which case, the lump sum cannot be more than 80% of the maximum sum that the member could have elected to receive under Section 84A (Election to surrender proportion of retiring allowance and receive cash payment) had he/she been entitled to make this election at the date of death **and** as if he/she did not have to meet that section’s 50 years of age and 9 year service minima. The annuity element is reduced by the amount of the lump sum element of this option.
- Establishes that a spouse’s change in marital status does not affect their

entitlement to any lump sum or annuity payment.

POLICY

- Same sex relationships are recognised.
- There is no minimum timeframe for a relationship to be recognised but the Superintendent requires the spouse to provide some form of evidence to back his/her claim of a relationship and how long it was going, e.g. a statutory declaration, a marriage certificate, etc. In the past the Superintendent has regarded 2 years as a reasonable period to establish a spousal relationship.
- In cases where the Superintendent has a discretionary power he/she considers each case on its merits.

ADMINISTRATIVE PROCEDURES

- The spouse applying for the allowance needs to provide a copy of the:
 - ◆ Contributor's/beneficiary's death certificate;
 - ◆ Spouse's birth certificate.

BENEFIT IF NO SPOUSE

GENERAL PROVISIONS

PROVISIONS OF THE ACT

- Provides for a refund of contributions where a contributor dies but leaves no spouse. This is paid to the contributor's personal representatives in trust. 46
61O
71K
71L
71S
- This refund is: 81N
 - ◆ Less any amounts that were paid out to the contributor during his/her lifetime. 81Q
81R
88I
86D
 - ◆ Increased by 0.25% for every month that contributions were paid from 1 May 1985. 88M
88V
88Z
 - ◆ Establishes that if no grant of probate/letters of administration are received within 3 months of the contributor's death, the amount paid may go to the Public Trustee – to hold in trust for the contributor's beneficiaries.

SCHEME DIFFERENCES

Old General Scheme

PROVISIONS OF THE ACT

- There is no provision to increase the refund by 0.25% for each month that contributions were paid from 1 May 1985. 46
- Refund is less any amounts that have been paid, or may be paid, to or on behalf of any of the contributor's children.

Armed Forces Scheme

PROVISIONS OF THE ACT

- Refund is calculated differently if the contributor dies before becoming entitled to a retiring allowance. In such a case the payment is to be the greater of the following: 71L
 - ◆ One years salary – calculated at the contributor's last salary rate on which he/she was contributing to the Fund **or**
 - ◆ a refund of contributions, including interest, as if the contributor had ceased service in the regular forces on the date of his/her death and became entitled to a refund under section 71K.

Parliamentary Scheme

PROVISIONS OF THE ACT

- Provides for the payment of twice the contributor's contributions without interest, less any amounts paid to the contributor. 85A
86D

ADMINISTRATIVE PROCEDURES

- The executor of the contributor's estate must provide the contributor's death certificate and a copy of probate or letters of administration where granted or other such evidence as required

CHILD ALLOWANCE

PROVISIONS OF THE ACT

47, 61T,
71L, 71S,
81O, 86E,
88M, 88Z

- Provides for the payment of an annual allowance to a contributor's child/ren on the contributor's death.
- The allowance is payable irrespective of whether the contributor dies before becoming entitled to a retiring allowance.
- Provides for the allowance to be paid until the child/ren become/s 16 years old. Gives the Superintendent the discretion, however, to extend the time: 61Q
 - ◆ to assist the child's education till the child turns 18 – allowance stops at the end of the calendar year in which the child becomes 18 **or**
 - ◆ in cases where the Superintendent considers that the child has a physical or mental disability that prevents him/her from earning a living - for whatever period the Superintendent thinks appropriate.
- Gives the Superintendent the discretion to:
 - ◆ Pay the allowance directly to the child/ren **or**
 - ◆ Pay the allowance to the Public Trustee or another trustee to be spent on behalf of the child/ren in a way that the trustee thinks fit **or**
 - ◆ To spend the allowance for the benefit of the child.
- It defines a contributor's child as any:
 - ◆ child for whom an interim order under section 5 of the Adoption Act 1955 has been made in favour of the contributor **and**
 - ◆ person whom the Superintendent regards as being a member of the family of the contributor immediately before the contributor's death.
- Establishes that a child is not eligible to receive a child allowance if he/she is already receiving one under the Act.
- Establishes a formula to calculate the child allowance in each financial year. This is:

$$1,000 * (A / B)$$

- ◆ A = The all groups Consumer Price Index figure for the December quarter preceding the year in respect of which the allowance is payable.
 - ◆ B = The all groups Consumer Price Index figure for the December quarter in 1982.
- 47, 61Q,
71L, 71S,
81O, 86E,
88M, 88Z

POLICY

- Applications for an extended allowance, i.e. seeking payment of the allowance

beyond 16 years of age, are to be made in writing to the Superintendent.

- Reasons why the extension is sought must be given.
- The Superintendent considers each case on its merits. In doing so the Superintendent has regard to the individual concerned, other GSF members and the GSF itself.

ADMINISTRATIVE REQUIREMENTS

- The applicant must provide the member's death certificate and the child's(rens') birth certificate/s.

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