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## Netherlands pensions paid in New Zealand

### FREQUENTLY ASKED QUESTIONS

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The Netherlands has a state pension scheme called AOW for people aged 65 years or over.

#### ***Who's entitled to an AOW pension?***

If you have lived in the Netherlands, you are covered by AOW regardless of whether you worked or not. You receive 2% of an AOW entitlement for every year between the ages of 15 and 65 that you live in the Netherlands. It takes 50 years of residence in the Netherlands to gain entitlement to a full AOW pension.

When you work in the Netherlands your employer deducts the appropriate amount of income tax from your salary and forwards this money to the Netherlands tax authority. Part of this tax is paid directly into the Netherlands Old Age Pension Fund. No individual record is kept of your AOW insurance because this amount is not set aside for you personally. It is used to pay the pensions of current AOW pensioners. If the income in the AOW Fund is not enough to cover AOW pension spending, the shortfall is made up by the Netherlands government from general tax revenue.

#### ***How to apply for an AOW pension?***

If you are not already getting an AOW pension, we need you to apply for this by filling in an application form. We will forward your application to Social Verzekeringsbank (SVB), an independent administrative body that administers the AOW scheme on behalf of a Netherlands government agency, the Ministry of Social Affairs and Employment. The SVB will decide whether you are entitled to an AOW pension. This may take a few months and the SVB will tell you what their decision is.

#### ***Why do I need to apply for an AOW pension?***

Section 69G of the Social Security Act 1964 requires you to apply for any overseas pension that you may be eligible for. If you or your partner do not apply to receive any AOW pension you may be eligible for, you risk losing your entitlement to a New Zealand Superannuation or Veteran's Pension.

# Factsheet

## ***How much AOW pension will I receive?***

This depends on your living situation. There are different rates for single people, single parents and married people. The SVB will determine the correct rate for you.

If you are married and have a partner who is under 65, you will be entitled to a supplementary allowance on top of your AOW pension. The rate of the supplementary allowance will depend, among other things, on your partner's income.

## ***How often will I receive my AOW pension?***

AOW pensions are paid monthly, usually around the 14th day of each month.

## ***Where can I get further information about AOW pensions?***

Further information on the AOW scheme can be obtained from the SVB. Their website is [www.svb.nl](http://www.svb.nl)

## ***Will my AOW pension affect the amount of New Zealand Superannuation or Veteran's Pension I get?***

If you are entitled to an AOW pension, your New Zealand Superannuation or Veteran's Pension payments will be reduced by the amount of your AOW pension. Section 70 (of the Social Security Act 1964) requires the rate of New Zealand Superannuation or Veteran's Pension to be reduced where an overseas pension is:

- part of a programme that provides benefits, pensions and periodical allowances for the same circumstances for which New Zealand benefits and pensions would be paid (for example old age/retirement, invalidity and survivors pensions)
- administered by, or on behalf of, an overseas government.

## ***Why does AOW affect the payment of New Zealand Superannuation or Veteran's Pension?***

AOW pensions fit within the requirements in section 70 because:

- the AOW pension is part of the Netherlands social security programme which provides Netherlands benefits and pensions for the same type of circumstances for which New Zealand benefits and pensions would be paid; (for example AOW and New Zealand Superannuation both provide a pension for people who are over 65); and
- the AOW pension scheme is administered by the SVB on behalf of the Netherlands Government.

# Factsheet

## ***What about the voluntary AOW insurance I made?***

A person can take out voluntary insurance in the following two instances:

- to make up an insurance shortfall between a person's 15<sup>th</sup> birthday and the date their Netherlands insurance began, if that person was absent from the Netherlands during that period; or
- to continue insurance coverage once a person's period of insurance ends (eg if they have moved from the Netherlands or started working elsewhere while living in the Netherlands). In this case, a person is offered voluntary insurance for a calendar year. This offer is made every year but is limited to ten years for all new cases.

The SVB will have a record of any portion of your AOW pension that is made up of voluntary insurance. If the SVB confirm that you took out voluntary insurance, the portion of your AOW pension based on this voluntary insurance will not affect your rate of New Zealand Superannuation or Veteran's Pension.

## ***How much New Zealand Superannuation or Veteran's Pension will I get paid?***

The amount paid depends on marital status and living arrangements. There are currently three basic rates: the married rate, the single sharing rate, and the single living alone rate. These three rates are not subject to an income or asset test.

A qualifying superannuitant or veteran's pensioner can choose to receive a married rate which includes payment for a spouse who is under 65 years of age (the "partner included" rate). However, this rate is subject to an income test.

Generally, New Zealand superannuitants and veteran's pensioners who receive a state pension from another country receive a rate of payment which is lower than the rate they would otherwise qualify for if they did not have a pension from overseas. If your AOW exceeds the amount of New Zealand Superannuation or Veteran's Pension you would have received if this was your only pension source, then you will continue to receive only your AOW amount.

## ***Am I entitled to extra payments in addition to New Zealand Superannuation or Veteran's Pension?***

You may be eligible for extra help such as a disability allowance or accommodation supplement from Work and Income to help you meet medical or accommodation related expenses. We encourage you to check with Work and Income whether you are entitled to extra help.

## ***Does my AOW affect the amount of my partner's New Zealand Superannuation or Veteran's Pension?***

This depends on the amount of your AOW. If the amount of AOW you receive is less than the amount of New Zealand Superannuation or Veteran's Pension, your partner's New Zealand Superannuation or Veteran's Pension is not affected. If the amount of AOW you receive is greater than the amount of New Zealand Superannuation or Veteran's Pension,, your partner's New Zealand Superannuation will be reduced by the amount that your AOW exceeds your New Zealand Superannuation or Veteran's Pension entitlement.

If you are receiving the "partner included" rate, the amount of AOW will be deducted from this married rate and the remaining New Zealand Superannuation or Veteran's Pension amount will be divided equally between the two of you.

## ***Why can't I receive AOW and full New Zealand Superannuation or Veteran's Pension?***

This is to ensure that the combined income you receive from your New Zealand Superannuation or Veteran's Pension and your overseas pensions is the same as you would receive if New Zealand Superannuation or Veteran's Pension was your only pension source. It takes 50 years of living or working in the Netherlands before a person becomes entitled to the full amount of AOW. It takes 10 years of living in New Zealand before a person becomes entitled to the full rate of New Zealand Superannuation. If a person were to receive a partial AOW pension as well as their New Zealand Superannuation, they would receive more state retirement income than those superannuitants who have lived all their life in New Zealand and who have contributed through their taxes to the funding of New Zealand Superannuation for a longer period of time.

## ***What options are available for payment of my AOW pension in New Zealand?***

There are two payment methods for getting an AOW pension paid into New Zealand - the Direct Payment method and the Special Banking Option. To discuss the most suitable option for you, please contact our International Services team.

Under the Direct Payment Method you can choose to have your AOW pension paid directly into your own bank account. Your New Zealand Superannuation or Veteran's Pension is reduced by the amount of your AOW pension. However, together the two pensions add up to an amount that is similar to the full rate of New Zealand Superannuation or Veteran's Pension.

Under the Special Banking Option you can choose to have your AOW pension paid into a special bank account that only Work and Income and the bank can access. In return, you get the full amount of New Zealand Superannuation or Veteran's Pension.

## ***What about Netherlands holiday pay?***

Netherlands holiday pay is paid in addition to the AOW pension. The amount of holiday pay accumulates each month and is paid out as an annual amount each May.

Holiday pay is not treated as part of AOW and therefore it does not reduce New Zealand Superannuation or Veteran's Pension. However, it will affect the rate of any income tested New Zealand payment eg where a person is receiving a "partner included" rate or any additional extra help, such as a disability allowance or an accommodation supplement, that a person might receive.

The SVB and International Services are committed to ensuring that AOW pensioners in New Zealand who have chosen the special banking option are able to receive their future holiday pay in a timely manner and try to pay the correct holiday pay amount as soon as possible. Holiday payments made to those AOW pensioners who have chosen the Special Banking Option will generally be delayed. Because the holiday pay is paid together with the May AOW payment as a lump sum amount, International Services need the SVB to provide them with the correct amount of holiday pay for each AOW pensioner so this amount can be withdrawn from the special bank account and paid out.

Holiday payments made through the Special Banking Option are paid at a gross rate and are therefore liable for income tax. A person can discuss this tax liability with the New Zealand Inland Revenue Department.

## ***Does the Social Security Agreement between the Netherlands and New Zealand affect how my AOW is treated?***

The reduction of New Zealand Superannuation or Veteran's Pension by the amount of AOW pension does not happen as a result of the Social Security Agreement. AOW pensions would reduce a person's New Zealand entitlement under the provisions of section 70 of the Social Security Act, regardless of the existence of the Social Security Agreement.

## ***Do similar pensions from other countries also affect payment of New Zealand Superannuation or Veteran's Pensions?***

Yes, people who have lived in other countries and who are also eligible for an overseas pension will have their New Zealand Superannuation or Veteran's Pension reduced in the same way.

# Factsheet

Further information can be found at: [www.workandincome.govt.nz/individuals/](http://www.workandincome.govt.nz/individuals/)

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Email us at: <a href="mailto:international.services@msd.govt.nz">international.services@msd.govt.nz</a>		

If you are deaf or hearing impaired you can send a message to our Deaf Link free-fax 0800 621 621. A translator is also available to you when you contact us on 0800 777 227.