

# Payment options for overseas pensions

A guide for people who qualify for a pension from the United Kingdom, the Netherlands, Australia, Jersey, Guernsey, or the Republic of Ireland



**Work and Income**  
Te Hiranga Tangata

*A service of the Ministry of Social Development*

If you qualify for a pension from the United Kingdom, the Netherlands, Australia, Jersey, Guernsey, or the Republic of Ireland and you live in New Zealand, you can choose to have your pension paid in one of two ways:

- the Special Banking Option *or*
- the direct payment option.

People who qualify for a pension from any other country will be paid by the direct payment option.

## The Special Banking Option

Your overseas pension is paid into a special bank account here in New Zealand and we put this money towards paying you a New Zealand pension or benefit.

The overseas social security agency pays your overseas pension into a special bank account at Westpac in New Zealand. We withdraw your pension and put it towards the money we pay you. The special bank account is held in your name but you can't access it, and there are no fees or bank statements.

New Zealand payments are made every 2 weeks for pensions, or every week for benefits. With this option, your payment isn't affected by exchange rates.

If your pension is from **the Netherlands** your holiday pay and any part of your pension based on voluntary contributions will be paid directly to you.

Holiday pay and/or any part of your pension based on voluntary contributions are treated as income. So if you get a benefit from us, or you're included in your partner's New Zealand Superannuation or Veteran's Pension, your New Zealand payments can be affected.

### **Who is this option for?**

You can choose the Special Banking Option if you get a pension from the United Kingdom, the Netherlands, Australia, Jersey, Guernsey, or the Republic of Ireland paid to you in New Zealand, and you also get a New Zealand pension or benefit.

If you qualify for a married or civil union rate from us and your partner also gets a pension from one of these countries you can only choose the Special Banking Option jointly (you and your partner can't choose different options).

People who get a **Residential Care Subsidy** in New Zealand can also choose this option.

If you are deaf or find it hard to communicate by phone, you can send us a message on our Deaf Link free-fax **0800 621 621**.

## **When is this option not suitable?**

This option is not suitable if your overseas pension is more than the New Zealand pension or benefit (or is likely to become more if the exchange rate changes). This is because with the Special Banking Option we can only pay you the New Zealand rate. We can't pay extra if your overseas pension is more than this. It is also not suitable for people who are able to get the full rate of their New Zealand pension as well as their overseas pension.

## **What if I change my mind?**

You can switch to the direct payment option at any time, but generally if you do this you won't be able to take up the Special Banking Option again. If you want to stop the Special Banking Option you'll need to get in touch with us. We'll contact the overseas social security agency and tell them which account you want your overseas pension paid into.

## **What happens if I go overseas?**

It's very important that you talk with us before you go overseas. We can't continue your payments if you're away for more than a certain time (26 weeks for pensions or 4 weeks for benefits). If you'll be away longer than this, you'll need to arrange for your overseas pension to be paid direct to you and reapply for the Special Banking Option when you get back.

## **What about tax payments?**

With the Special Banking Option, we deduct tax before we pay you from the time your overseas pension starts going into the special bank account. You will still need to pay tax for any overseas payments received prior to this date. If you get a pension from the Netherlands and you haven't paid tax in the Netherlands on your holiday pay or any part of your pension based on voluntary contributions, you may have to pay tax here.

**You won't need a special tax code** if you only use it to pay tax on your overseas pension. However, you may still need one for a while if you take up the Special Banking Option part way through the tax year.

**You may not need to pay provisional tax,** although you may still need to make some provisional payments if you take up the Special Banking Option part way through the tax year.

If you have any questions about tax, contact Inland Revenue on 0800 227 774 (please have your IRD number handy).

## The direct payment option

With the direct payment option you ask the overseas social security agency to pay your overseas pension direct to you. If your overseas pension is less than what you would otherwise qualify for here, we'll pay you the difference between your overseas pension and the New Zealand pension or benefit. Your overseas pension will vary because of the exchange rate and you'll need to pay tax on the pension in New Zealand.

### When are payments made?

**United Kingdom** – every 4 or 13 weeks, or once a year, depending on the amount and how often you have asked to be paid. If your partner also gets a pension from the United Kingdom, you may be paid at different times because the payment cycle in the United Kingdom is based on national insurance numbers.

**The Netherlands** – once a month, generally on or about the 19th or 20th of each month.

**Australia, Jersey, Guernsey, or the Republic of Ireland** – every 4 weeks.

## Can I still get a New Zealand pension or benefit?

Yes. If you qualify for a New Zealand pension or benefit, and your overseas pension is less, we'll deduct the amount of your overseas pension and pay you the difference.

If your pension is from **the Netherlands** we won't count your holiday pay or any part of your pension based on voluntary contributions in our deductions. But if you get a benefit from us or are included in your partner's New Zealand Superannuation or Veteran's Pension you'll still need to tell us how much you get for your holiday pay and voluntary pensions. That's because these are treated as income, and could affect your New Zealand payments.

New Zealand payments are made every 2 weeks for pensions or every week for benefits. You won't get a payment from us if your overseas pension is more than the New Zealand pension or benefit.

We work out the New Zealand value of your overseas pension each month. This means the amount we pay to you is likely to vary.

- **United Kingdom:** we use an average of the previous month's exchange rates.
- **The Netherlands:** we use the actual exchange rate on the 20<sup>th</sup> day of the previous month.
- **Australia:** we use the actual exchange rate on the pay-day of the previous month.
- **Republic of Ireland:** we use an average of the previous month's exchange rates.
- **Jersey:** we use an average of the previous month's exchange rates.
- **Guernsey:** we use an average of the previous month's exchange rates.

### **What if I don't want my overseas pension?**

If you are able to get an overseas pension, we must deduct it from any New Zealand pension or benefit you get. This is required by law, even if you choose not to receive your overseas pension for some reason.

### **What happens if I go overseas?**

It's very important that you talk with us before you go overseas because the New Zealand part of your payments could be affected.

## What about tax payments?

We deduct tax from any New Zealand pension or benefit before we pay you. But if you get New Zealand Superannuation or a Veteran's Pension you'll have to pay New Zealand income tax on your overseas pension and fill in a tax return each year. It's a good idea to keep your bank statements so you can work out what your tax bill will be at the end of the year.

You won't have to pay tax on your overseas pension if you are getting a New Zealand benefit (not including New Zealand Superannuation or Veteran's Pension). However, remember you will still have to pay tax on your New Zealand benefit.

You can ask Inland Revenue for a **special tax code** so that your New Zealand pension is taxed at a higher rate to cover some of the tax liability on your overseas pension. You can also arrange to pay **provisional tax** on your overseas pension during the year.

If you have any questions about tax, contact Inland Revenue on 0800 227 774 (please have your IRD number handy).

## The Options at a glance

Special Banking Option...	
<b>How often will I be paid?</b>	You get a single payment. This is paid by us, every 2 weeks for pensions or every week for benefits.
<b>How much will I get?</b>	You get the full rate of the New Zealand entitlement, regardless of how much your overseas pension is.
<b>How will exchange rates affect me?</b>	Your payments are not affected by exchange rates so you know exactly how much you'll get each pay day.
<b>What about tax?</b>	We deduct tax before we pay you from the time your overseas pension starts going into the special bank account. You will need to make arrangements with Inland Revenue to pay tax on any payments of your overseas pension that continue to be paid directly to you. For example Holiday Pay, private pensions or any portion of your pension based on voluntary contributions.

## How to apply

Your overseas pension or benefit will be paid by the Direct Payment Option unless you tell us you want it to be paid through the Special Banking Option.

To get your overseas pension through the Direct Payment Option, you'll need to supply your bank account details to the social security agency paying your pension.

### Direct Payment Option...

Your overseas pension and New Zealand payments are separate. The overseas social security agency pays you according to their payment cycle. Any money you get from us is paid every 1 or 2 weeks.

You get your full overseas pension. If you qualify for a New Zealand pension or benefit, we'll deduct your overseas pension and pay you the difference.

Both your overseas and New Zealand payments will vary with exchange rates (the rates used by your bank when direct-crediting your overseas pension to your account will be different from the rates we use). Any money you get from us is based on exchange rates for the previous month.

You are responsible for paying tax in New Zealand on your overseas pension. You won't have to do this if you're getting a New Zealand benefit (other than New Zealand Superannuation or Veteran's Pension) as there is an exemption in the Income Tax Act.

If you want to choose the Special Banking Option call our International Services team free on **0800 777 227**.

We'll send you three forms to fill in:

- a bank account application form to set up your special bank account
- a Special Banking Option offer form with the terms and conditions of the option
- an information release form so that we can share information with the overseas social security agency about your overseas pension.

Once you have completed your forms, please send them back to us at:

International Services

PO Box 27 178

Wellington 6140

New Zealand



If you have any tax questions contact  
Inland Revenue on **0800 227 774**.  
Have your IRD number handy.

## Who to contact overseas

### United Kingdom

The Pension Service

The International Pension Centre

Tyneview Park

Newcastle Upon Tyne

NE98 1BA

United Kingdom

Tel International Services Helpline

0044 191 218 7777

Website [www.dwp.gov.uk](http://www.dwp.gov.uk)

### Australia

Centrelink International Services

GPO Box 273 C

Hobart TAS 7001

Australia

Calling from Australia 13 1673

Calling from New Zealand 0800 441 248

Website [www.centrelink.gov.au](http://www.centrelink.gov.au)

### The Netherlands

Sociale Verzekeringsbank (SVB)

Vestiging Nijmegen

Department AOW/ANW

Postbus 9032

6500 JN Nijmegen

The Netherlands

Tel 00312 4343 1010

Website [www.svb.nl](http://www.svb.nl)

## **Republic of Ireland**

Pension Services Office  
Department of Social, Community  
and Family Affairs  
College Road  
Sligo  
Republic of Ireland  
Tel 00353 1 704 3000  
Website [www.welfare.ie](http://www.welfare.ie)

## **Jersey**

Jersey Employment and  
Social Security Department,  
P O Box 55  
Philip le Feurve House  
La Motte Street  
St. Helier  
Jersey  
Channel Islands JE2 8PE  
Tel 0044 1534 280 000  
Website [www.ess.gov.je](http://www.ess.gov.je)

## **Guernsey**

The Administrator  
Guernsey Social Security Authority,  
Edward T Wheadon House  
Le Truchot  
St. Peter Port  
Guernsey  
Channel Islands GY1 3WH  
Tel 0044 1481 732 500  
Website [www.gov.gg](http://www.gov.gg)

If you have any questions, please call our  
International Services team on **0800 777 227**.

Please call us to find out more about receiving your overseas pension in New Zealand. We're here to take your call from 8am to 5pm Monday to Friday, and we look forward to hearing from you.

If you are deaf, hearing impaired, or find it hard to communicate by phone, you can send a message to Work and Income's DeafLink freefax on **0800 621 621**.

You can also contact us via the Teletypewriter telephone (TTY) on **0800 111 113** or by emailing us on **MSD\_Deaf\_Services@msd.govt.nz**

**[www.workandincome.govt.nz/  
international-services/](http://www.workandincome.govt.nz/international-services/)**

New Zealand Government