

Fact sheet – NZ Super and Veterans Pension

What is changing?

- From 1 October 2010, New Zealand Superannuation and Veterans Pension payments will rise, by the amounts shown in the table below.

Fortnightly payments, net after tax

	Current rate	New rate	Increase
Single living alone	\$636.24	\$667.50	\$31.26
Single sharing	\$587.30	\$615.34	\$28.04
Married couple (each)	\$489.42	\$511.06	\$21.64

- People who receive CPI-adjusted payments from the Government Superannuation Fund or the National Provident Fund will have these payments increased by 2.02 per cent, from 1 October 2010.
- The maximum Disability Allowance rate will also increase by 2.02 per cent, from 1 October 2010.
- If local authorities factor the GST increase into the rates-setting process for 2010/11, the rates rebate scheme will be adjusted to take account of the corresponding upward CPI movement.

Why?

- People receiving NZ Superannuation or the Veterans Pension will get an increase in income for two reasons – across the board personal income tax cuts and a special 2.02 per cent increase in NZ Superannuation payments to compensate for the rise in GST.
- Statistics New Zealand expects overall prices – reflected in the CPI – to rise by about 2 per cent as a result of increasing GST, and that has determined the level of compensation for NZ Superannuation and other payments.

Key facts

- The Prime Minister has personally committed to maintaining the NZ Superannuation married rate payment at 66 per cent of the after-tax average wage, from the age of 65. Future funding at this level is locked into the Government's long-term spending path.

- Compensation for benefits, NZ Superannuation and Veterans Pension will never run out or expire – the usual adjustments from 1 April 2011 will ensure this is permanent.
- Any rise in prices above Statistics NZ's estimation, excluding the impact of recent tobacco excise tax increases, will be picked up in the Consumer Price Index and reflected in the usual inflation adjustment that will take place for government assistance from 1 April 2011.
- The tax package will also provide a boost for savings. From 1 October 2010 resident withholding tax (RWT) rates applying to interest will be reduced so they align with the new personal tax rates. The rates for PIEs and managed funds will also drop. These changes will increase after-tax earnings on savings.
- The new rates will automatically apply to people who have investments in banks, KiwiSaver funds and most other PIEs. In other words, people will not need to elect the new lower rate with their bank or fund.

More information

- *Recipients of NZ Superannuation and Veterans Pension can work out how Budget 2010 tax changes personally affect them at www.taxguide.govt.nz*
- *A complete schedule of new NZ Super and Veterans Pension rates, along with other relevant information, can also be viewed on the Ministry of Social Development's website at www.msd.govt.nz*