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Swiss Pension (AHV) and New Zealand

In July of this year I was made aware of the fact that a New Zealand First Bill to change the eligibility for the New Zealand Superannuation was introduced to Parliament on June 25th 2015. "The goal of this Bill is for New Zealand Superannuation to be more fairly allocated", says New Zealand First MP Denis O'Rourke, who proposed the so-called New Zealand Superannuation and Retirement Income (Pro Rata Entitlement) Amendment Bill.

The amount paid to individuals would depend on how many years the recipient has been resident in the country. The Bill proposes a fairer system of entitlement, based on years of residence between ages 20 and 65 (45 years). For example, a resident of 10 years would get 10/45th of New Zealand Superannuation. A resident of 35 years would get 35/45th. The Bill would also abolish the gross unfairness of the deduction of overseas pensions from the New Zealand Superannuation (including spouses' New Zealand Superannuation) under Section 70 of the Social Security Act 1964.

There are about 80,000 people who immigrated to New Zealand when they were over the age of 50, gained residency and became eligible for NZ Super at 65. They may never have worked in New Zealand, paid taxes and contributed to the NZ Super. This is unfair to Kiwis who have lived and worked here all their lives.

The Bill will also future-proof against the demand of hundreds of thousands of emigrants who may return to New Zealand after decades of working and gaining pensions overseas. This may include immigrants who used New Zealand as a back-door entry to Australia.

As other countries raise the age for pensions and otherwise tighten eligibility, New Zealand might be seen as a soft option. We could have a flood of older people entering the country.

The Bill will bring relief for over 70,000 people whose overseas pensions are now deducted from the NZ Super. The Bill will allow them to keep their pensions and they will be eligible for NZ Super on the length of time they have been resident and present in New Zealand. They will be pleased that New Zealand First had the courage to tackle the issue for them.

With this proposed Bill, it should become possible to maintain the full Swiss AHV you are entitled to, but only receive a partial New Zealand pension based on the number of years you have been in New Zealand.

You can read the full proposed Member's Bill on the website of the New Zealand Parliament (<http://www.parliament.nz>), checking for the New Zealand Superannuation and Retirement Income (Pro Rata Entitlement) Amendment Bill.

I wrote an e-mail to Mr O'Rourke (copy to Winston Peters) on July 4th 2015, giving him my support. See below:

Dear Mr O'Rourke

As the elected Council Member of the Swiss Abroad representing New Zealand I am delighted to hear about the New Zealand Superannuation and Retirement Income (Pro Rata Entitlement) Amendment Bill which has been put forward by you.

As you correctly pointed out, the present system is unjust and unfair to people who have lived overseas and paid into a pension system in their home countries and have now chosen to make New Zealand their home and are now contributing to the New Zealand economy. It also does injustice to New Zealanders who have gone overseas for work, either voluntarily or because they were made redundant here in New Zealand, paid into a pension system overseas, and have returned to New Zealand or will come back in the future. With the increasing globalisation the number of Kiwis born in NZ are negatively affected with the present system, will increase dramatically as time goes on.

On the 16th of May 2007 my predecessor Mr Heinz Leuenberger wrote to the Rt Hon Mr Winston Peters (then Minister of Foreign Affairs) with reply dated 19th June 2007 concerning the unjust Pension System. I am now very pleased to hear that New Zealand First is tackling the long overdue problem.

The Swiss living in New Zealand are particularly discriminated against by the present system. This is why in my opinion Switzerland and New Zealand have never signed a Social Security agreement and why in my opinion New Zealand has only 9 agreements worldwide.

You may not be aware of how the Swiss "Old Age and Invalids Insurance" scheme works (AHV/IV- Alters- und Hinterlassenen- und Invaliden Versicherung). The key word here is "Versicherung" meaning "Insurance" which arguably does not and should not come under the Portability Provision. In Switzerland the Pension (AHV/IV) is only overseen by the Government. The Swiss Government does not contribute a single Cent towards the pension. Only, and I emphasise "only", Employees and Employer each contribute a certain percentage of the salary towards the Pension.

To receive a full pension at the age of 65, a person must have paid into the fund for 44 years. For every year missed, a percentage of the pension is deducted. On retirement, payment into the fund automatically ceases. The pension payment varies between a minimum and maximum, depending on the amount paid into the fund.

Although the NZ Government is fully aware of the system, they refuse to accept the fact that the Swiss pension is an "Insurance scheme" and continue to treat it the same way as a fully Government paid Pension like New Zealand Super is. I am certain there are other countries with the same system that are also affected in this unjust way.

I am convinced that your proposal will bring justice into a system that is long due for renewal bringing it in compliance with OECD and world standards.

I am certain that close to 100'000 people are looking forward to a positive turn in this long overdue unjust Pension system New Zealand has been practising.

On behalf of the Swiss Community in New Zealand I thus welcome your Bill and wish you all the best.

*Peter Ehrler
Elected Council Member of the Swiss Abroad
Representing New Zealand*



Embassy News

The Embassy of Switzerland in Wellington communicates

The Embassy is currently looking, once again, into various aspects of the well-known issue of the Swiss AHV pension scheme. The most important aspect is, of course, the fact that New Zealand deducts most AHV pensions from Superannuation.

However, there is another question arising from these issues. Have Swiss citizens living in New Zealand who contribute on a voluntary base to the AHV system been able to deduct these contributions from their New Zealand taxable income? Your representation would be most grateful if you could share your experience concerning this particular aspect.

Please contact the Embassy by e-mail (wel.vertretung@eda.admin.ch) or by phone (04 472 15 93) and leave your name and contact details.

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Unfortunately the latest information I have received in August of this year, indicates that the New Zealand Government is not very keen on changing the present system with arguments like:

"NZ First's Bill would be complicated and costly to administer, and would throw our agreements with other countries into chaos".

"Our super system is recognised internationally as an easy system to operate, and importantly, it keeps a connection to New Zealand. We also have agreements with other countries".

I can only recommend that those affected by Section 70 to write to their MPs to lobby them to support this Bill. National MPs are bound to fall in behind their Prime Minister who has continually stifled all attempts to start a much needed debate on Superannuation in New Zealand.

I will keep you informed on further progress concerning this ongoing unjust issue being practised by the New Zealand Government.

Peter Ehrler



Gloria Giugno

Vice-Consul

Dear fellow compatriots

At the end of July 2015, I arrived in Wellington, together with my partner Julian Booyesen. After having served in Africa and Asia, I felt it was time for a change and to "conquer" new territories. I have taken up my new assignment as Vice-Consul, the position previously held by Ariane Pochon.

It makes me proud to represent our beautiful Ticino and the Swiss Italian speaking minority of Switzerland. Should anybody call me, my Swiss Italian accent will be quickly noticed. It is a great privilege to work for the Embassy of Switzerland in New Zealand, a country with such immense natural beauties and with such friendly and helpful people. I am looking forward to work, explore and discover everything that New Zealand and all the other consular districts covered by this Embassy have to offer. It is my goal and pleasure to create an even closer and beneficial relationship between the Embassy and all the Swiss citizens residing here. I will therefore keep our website updated and I will respond to all queries to the best of my ability.

Gloria Giugno

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