

[AS REPORTED FROM THE FINANCE AND EXPENDITURE
COMMITTEE]

House of Representatives, 29 March 1990.

Words struck out are shown in italics within bold round brackets, or with black rule at beginning and after last line; words inserted are shown in roman underlined with a single rule, or with single rule before first line and after last line.

Hon. Peter Neilson

**GOVERNMENT SUPERANNUATION FUND
AMENDMENT (NO. 4)**

ANALYSIS

Title	10. Computation of retiring allowance under Part IIa
1. Short Title	11. Entitlement to retiring allowance under Part IIIa
PART I	12. Retiring allowance under Part IIIa where retirement on grounds of disability
REDUCTION OF EXISTING ALLOWANCES AND ANNUITIES	13. Election under Part IIIa to surrender portion of retiring allowance and receive cash payment
2. Application of this Part	14. Right under Part IIIa to defer retiring allowance to age 55 or 60 in return for lump sum at retirement
3. Existing retiring allowances, annual allowances, and annuities to be reduced	15. Computation of retiring allowance under Part VIa
4. Amount of reduction	16. Calculation of retiring allowance under Part VIb
5. Amount of retiring allowance, etc., to include amount of any cost of living bonus or other adjustment	17. Election to surrender proportion of retiring allowance and receive cash payment
6. Suspended allowances, etc.	18. Election to surrender proportion of annuity and receive cash payment
7. Date on which allowance or annuity becomes payable under section 71N	19. Savings in respect of certain overseas staff
PART II	PART III
AMENDMENTS TO PRINCIPAL ACT IN RESPECT OF ALLOWANCES, ANNUITIES, AND PAYMENTS COMMENCING ON AND AFTER 1 APRIL 1990	FURTHER VARIATION OF ALLOWANCES AND ANNUITIES COMMENCING BETWEEN 1 APRIL 1990 AND 31 MARCH 1994
8. Retiring allowance under Part II	20. Application of this Part
9. Computation of retiring allowances under Part II on average salary for last 5 years of service	21. Retiring allowances, annual allowances, and annuities to be reduced

*Government Superannuation Fund
Amendment (No. 4)*

22. Amount of varied retiring allowance, etc.
23. Amount of retiring allowance, etc., to include amount of any cost of living bonus or other adjustment

24. Amount of retiring allowance, etc., to mean amount as reduced under Part II

A BILL INTITULED

An Act to make miscellaneous amendments in relation to government superannuation

BE IT ENACTED by the Parliament of New Zealand as follows:

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1. Short Title—(1) This Act may be cited as the Government Superannuation Fund Amendment Act (No. 4) 1989.

(2) This Act shall come into force on the 1st day of April 1990.

10

New

1. Short Title and commencement—(1) This Act may be cited as the Government Superannuation Fund Amendment Act (No. 4) 1990, and shall be read together with and deemed part of the Government Superannuation Fund Act 1956 (hereinafter referred to as the principal Act).

(2) This Act shall come into force on the 1st day of April 1990.

15

PART I

REDUCTION OF EXISTING ALLOWANCES AND ANNUITIES

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2. Application of this Part—This Part of this Act applies to every retiring allowance, annual allowance, and annuity that is, as at the 31st day of March 1990, payable under Part II or Part IIA or Part III or Part IIIA or Part VIA or Part VIB of the principal Act, but does not apply to—

25

(a) Any children's allowance payable under section 47 or section 61Q of the principal Act:

Struck Out

(b) Any allowance or annuity payable in respect of any contributor to the Fund under section 22B or section 22BA or section 50 or section 50A of the principal Act.

5

New

- 2. Application of this Part**—This Part of this Act applies to every retiring allowance, annual allowance, and annuity that is, as at the 31st day of March 1990, payable under the principal Act, except—
- 10 (a) Any children's allowance payable under the principal Act;
or
(b) Any allowance or annuity payable in respect of any contributor to the Fund under section 22B or section 22BA or section 50 or section 50A of the principal Act;
15 or
(c) Any allowance or annuity to which **section 7b** of this Act applies.

3. Existing retiring allowances, annual allowances, and annuities to be reduced—Every instalment payable under section 89 of the principal Act after the 31st day of March 1990 of every retiring allowance, annual allowance, and annuity to which this Part applies shall be reduced in accordance with the provisions of this Part of this Act.

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4. Amount of reduction—The amount of the reduction to be made in accordance with this Part of this Act to each instalment of a retiring allowance, annual allowance, or annuity that would, but for this Part of this Act, have been payable, shall be a percentage of that instalment where the percentage to apply in respect of that allowance or annuity is calculated at the commencement of this Act in accordance with the following formula:

25
30

$$\frac{T}{P} \times \frac{100}{I}$$

where—

*Government Superannuation Fund
Amendment (No. 4)*

- P is the amount of the first full instalment of the retiring allowance, annual allowance, or annuity that would, but for this Part of this Act, have been payable on and after the 1st day of April 1990:
- T is the amount of the total tax deduction that would have been required to be made in respect of that instalment if,—
- (a) Notwithstanding the enactment of the Income Tax Amendment Act 1989, deductions in respect of income tax were required to be made from those allowances and annuities; and
 - (b) The rates of tax were the rates of tax prescribed in Part B of the First Schedule to the Income Tax Act 1976 that apply for the income year commencing on the 1st day of April 1989; and
 - (c) The recipient of the allowance or annuity was resident in New Zealand; and
 - (d) In the case of a person who is entitled, as at the 31st day of March 1990, to the use of the tax code “T”, that tax code applied to that person; and
 - (e) In the case of any other person, the tax code “G” applied to that person.

5. Amount of retiring allowance, etc., to include amount of any cost of living bonus or other adjustment—For the purpose of calculating the amount of any reduction to be made on any date in accordance with this Part of this Act, the amount of any retiring allowance, annual allowance, or annuity shall be taken to include any adjustments as at that date in accordance with the Government Superannuation Fund Amendment Act 1969 or the Government Superannuation Fund Amendment Act 1979 or the principal Act.

6. Suspended allowances, etc.—Where any retiring allowance, annual allowance, or annuity that is, before the 1st day of April 1990, payable under the principal Act ceases, or has ceased, to be payable because of any reason and subsequently again becomes payable, this Part of this Act shall apply to that retiring allowance, annual allowance, or annuity and a reduction shall be made pursuant to this Part of this Act as if—

- (a) The allowance or annuity had been payable at the 31st day of March 1990; and

- (b) A full instalment had been payable on the first payment date for allowances and annuities after the 31st day of March 1990.

7. Date on which allowance or annuity becomes payable under section 71N—For the purposes of determining whether any retiring allowance, annual allowance, or annuity is payable as at the 31st day of March 1990, no account shall be taken of section 71N (6) of the principal Act (which provides that certain contributors under Part IIIA shall be deemed to have been receiving an annual retiring allowance from the date of retirement).

New

7A. Amount of annuity payable to spouse where contributor dies before 1 April 1996—(1) This section applies to any annuity that becomes payable to the surviving spouse of any contributor—

(a) Who dies before the 1st day of April 1996; and

(b) Who was, at the 31st day of March 1990, in receipt of a retiring or annual allowance payable under the principal Act.

(2) The amount of the annuity to which the surviving spouse becomes entitled upon the death of the contributor shall not be less than the amount of the annuity to which the spouse would have been entitled—

(a) Had the contributor died on the 31st day of March 1990; and

(b) Had that annuity been reduced in accordance with section 4 of this Act.

7B. Part not to apply to pensioners and annuitants who are resident overseas as at 31 March 1990—This Part of this Act does not apply to any retiring allowance, annual allowance, or annuity that is, as at the 31st day of March 1990, being paid by the Board to an address outside New Zealand in respect of a person whom the Board is satisfied is not resident in New Zealand within the meaning of the Income Tax Act 1976.

7c. Reduction of pensions on return to New Zealand—(1) Notwithstanding anything in section 7B of this Act, every

New

retiring allowance, annual allowance, or annuity that is payable under the principal Act to any person—

- (a) To whom **section 7b** of this Act refers, or who is the spouse of any such person who becomes entitled to an annuity on the death of that person; and 5
- (b) Who becomes resident in New Zealand within the meaning of the Income Tax Act 1976—
- shall be reduced, as from the date on which the person becomes so resident, in accordance with this Part of this Act. 10
- (2) Any reduction required to be made under this section shall be calculated—
- (a) As if, for the purposes of **section 4** of this Act, the item “P” is the amount of the first full instalment of the retiring allowance, annual allowance, or annuity that would, but for this section, have been payable on and after the date on which the person becomes so resident; and 15
- (b) As if, for the purposes of calculating the item “T” in that section, the tax code “G” that was in force for the income year commencing on the 1st day of April 1989 applied to that person. 20
- (3) Every person to whom **subsection (1)** of this section refers shall, within 20 days of becoming resident in New Zealand within the meaning of the Income Tax Act 1976, notify the Board that that person has become so resident. 25
- (4) The Board may deduct, from any payments due under the principal Act to any person who fails to comply with **subsection (3)** of this section, the amount of any overpayment caused by any reduction not having been made on time in accordance with this section. 30

PART II

AMENDMENTS TO PRINCIPAL ACT IN RESPECT OF ALLOWANCES,
ANNUITIES, AND PAYMENTS COMMENCING ON AND AFTER 1
APRIL 1990

35

8. Retiring allowance under Part II—(1) Section 35 of the principal Act (as substituted by section 8 (1) of the Government Superannuation Fund Amendment Act 1962 and amended by section 4 (1) of the Government Superannuation Fund

Amendment Act 1964) is hereby amended by repealing subsection (1), and substituting the following subsections:

5 “(1) Every contributor to whom this section applies may at any time retire from the Government service, and shall after his or her retirement in any manner from the Government service be entitled to receive from the Fund an annual retiring allowance for the rest of his or her life.

10 “(1A) The amount of any such annual retiring allowance shall, except as provided in subsection (6) of this section, be the pension percentage of the contributor’s annual salary calculated in accordance with this section and increased in accordance with **subsection (1D)** of this section.

“(1B) For the purposes of this section—

15 “‘Appropriate fraction’ means one one hundred-and-twentieth part:

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“ ‘Pension percentage’ means the percentage calculated in accordance with the following formula:

$$0.6 \times PT + 0.233 \times (1 - 0.05 \times n) \times PA$$

20 “where—

“PT is the appropriate fraction multiplied by the number of years (including fractions of a year) of contributory service:

25 “n is the number (not exceeding 20) of years (including fractions of a year) between the 1st day of April 1990 and the date on which the retiring allowance commences to be payable:

30 “PA is the appropriate fraction multiplied by the number of years (including fractions of a year) of contributory service that were completed before the 1st day of April 1990.

New

35 “ ‘Pension percentage’ means the percentage calculated in accordance with the following formula:

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

New

“where—

“P is the appropriate fraction multiplied by the number of years (including fractions of a year) of contributory service: 5

“t is the number, if any, of years (including fractions of a year) by which the date on which the retiring allowance commences to be payable precedes the 1st day of October 1999. 10

“(1c) Where a contributor’s contributory service is or includes a period or periods of employment otherwise than on a full-time basis, the length of the contributory service shall be reduced proportionately to the extent that the Board may determine in each case. 15

“(1D) Every retiring allowance calculated in accordance with this section shall be increased by an amount equal to the amount of the retiring allowance that would be determined in accordance with **subsections (1A) to (1c)** of this section if any period of contributory service in excess of 40 years were ignored in the calculation. 20

New

“(1E) For the purposes of **subsection (1B)** of this section, the contributory service of a contributor to the Fund under Part II of the Government Superannuation Fund Amendment Act 1962 means the amount of that service as increased under section 21 of that Act.” 25

(2) Section 35 (6) of the principal Act is hereby amended by omitting the expression “subsection (1)”, and substituting the expression “**subsections (1) to (1D) (1E)**”. 30

9. Computation of retiring allowances under Part II on average salary for last 5 years of service—Section 38 (1) of the principal Act is hereby amended by repealing the second proviso.

10. Computation of retiring allowance under Part II— 35
(1) Section 61L of the principal Act (as inserted by section 13 of

the Government Superannuation Fund Amendment Act 1985) is hereby amended by repealing subsection (1) (as substituted by section 12 (1) of the Government Superannuation Fund Amendment Act 1986), and substituting the following subsections:

5 “(1) The retiring allowance of every contributor to the Fund who is entitled under section 61i, section 61j, or section 61k of this Act to receive a retiring allowance shall be the pension percentage of the contributor’s final average earnings.

10 “(1A) For the purposes of subsection (1) of this section,—

“‘Appropriate percentage’ (is) means 1.5 percent—

15 “(a) Plus 0.002 percent in respect of every month or part of a month before the retirement during which the contributor is over the age of 60 years but under the age of 65 years; or

“(b) Less, in the case of a retiring allowance to which the contributor is entitled under subsection (3) or subsection (4) of section 61i of this Act,—

20 “(i) 0.004 percent in respect of every month or part of a month after the date of retirement during which the contributor is of or over the age of 55 years but under the age of 60 years; and

25 “(ii) 0.002 percent in respect of every month or part of a month after the date of retirement during which the contributor is under the age of 55 years:

Struck Out

30 “‘Pension percentage’ means the percentage calculated in accordance with the following formula:

$$0.6 \times PT + 0.233 \times (1 - 0.05 \times n) \times PA$$

“where—

35 “PT is the appropriate percentage multiplied by the number of years (including fractions of a year) of contributory service:

40 “n is the number (not exceeding 20) of years (including fractions of a year) between the 1st day of April 1990 and the date on which the retiring allowance commences to be payable:

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“PA is the appropriate percentage multiplied by the number of years (including fractions of a year) of contributory service that were completed before the 1st day of April 1990.” 5

New

“ ‘Pension percentage’ means the percentage calculated in accordance with the following formula:

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

“where—

“P is the appropriate percentage multiplied by the number of years (including fractions of a year) of contributory service:

“t is the number, if any, of years (including fractions of a year) by which the date on which the retiring allowance commences to be payable precedes the 1st day of October 1999.” 15

(2) Section 61L (3) of the principal Act is hereby amended by omitting the words “subsections (1) and (2) of”. 20

(3) Section 61L (6) of the principal Act is hereby amended by repealing the definition of the term “appropriate percentage”.

(4) Section 61R (9) (c) of the principal Act (as substituted by section 10 (3) of the Government Superannuation Fund Amendment Act 1988) is hereby amended by omitting the expression “section 61L (6)”, and substituting the expression “section 61L (1A)”. 25

(5) Section 61s (7) (c) of the principal Act (as substituted by section 11 (4) of the Government Superannuation Fund Amendment Act 1988) is hereby amended by omitting the expression “section 61L (6)”, and substituting the expression “section 61L (1A)”. 30

11. Entitlement to retiring allowance under Part IIIA—

(1) Section 71G of the principal Act (as inserted by section 15 (1) of the Government Superannuation Fund Amendment Act 35

1986) is hereby amended by repealing subsection (1), and substituting the following subsections:

“(1) Every contributor to the Fund under this Part of this Act who is discharged or released from the regular forces and who,
5 at the date of retirement, has not less than 20 years contributory service of which at least 10 years service is actual service as a member of the regular forces shall be entitled to a retiring allowance of an amount equal to the pension percentage of the contributor’s final average earnings.

10 “(1A) For the purposes of this section—
“‘Appropriate percentage’ means 1.5 percent:

Struck Out

“ ‘Pension percentage’ means the percentage calculated in accordance with the following formula:

15 $0.6 \times PT + 0.233 \times (1 - 0.05 \times n) \times PA$

“where—

“PT is the appropriate percentage multiplied by the number of years (including fractions of a year) of contributory service:

20 “n is the number (not exceeding 20) of years (including fractions of a year) between the 1st day of April 1990 and the contributor’s last day of contributory service:

25 “PA is the appropriate percentage multiplied by the number of years (including fractions of a year) of contributory service that were completed before the 1st day of April 1990.”

New

30 “ ‘Pension percentage’ means the percentage calculated in accordance with the following formula:

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

“where—

35 “P is the appropriate percentage multiplied by the number of years (including fractions of a year) of contributory service:

New

“t is the number, if any, of years (including fractions of a year) by which the contributor’s date of retirement precedes the 1st day of October 1999.”

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12. Retiring allowance under Part IIIA where retirement on grounds of disability—Section 71H of the principal Act (as inserted by section 15 (1) of the Government Superannuation Fund Amendment Act 1986) is hereby amended by repealing subsection (1), and substituting the following subsection: 10

“(1) Every contributor to the Fund under this Part of this Act who is discharged from the regular forces on the ground of being medically unfit for further duty shall, if the Board is of the opinion that the degree of disability is sufficient to justify the payment of a retiring allowance, be entitled to receive from the Fund an annual retiring allowance of an amount equal to the amount that would have been payable had section 71G of this Act applied to the contributor.” 15

13. Election under Part IIIA to surrender portion of retiring allowance and receive cash payment—Section 71M (1) of the principal Act (as inserted by section 15 (1) of the Government Superannuation Fund Amendment Act 1986) is hereby amended— 20

- (a) By omitting from paragraph (a) of the definition of the expression “B” the figure “17.5”, and substituting the figure “21”; and 25
- (b) By omitting from paragraph (b) of the definition of the expression “B” the figure “17.5”, and substituting the figure “21”; and 30
- (c) By omitting from paragraph (b) of the definition of the expression “B” the figure “0.0625”, and substituting the figure “0.075”; and
- (d) By omitting from paragraph (c) of the definition of the expression “B” the figure “10”, and substituting the figure “12”. 35

14. Right under Part IIIA to defer retiring allowance to age 55 or 60 in return for lump sum at retirement—

(1) Section 71N (1) of the principal Act (as inserted by section 15 (1) of the Government Superannuation Fund Amendment Act 1986) is hereby amended—

- 5 (a) By omitting from paragraph (a) of the definition of the expression “D” the figure “0.0667”, and substituting the figure “0.08”; and
- (b) By omitting from paragraph (b) of the definition of the expression “B” the figure “16.8”, and substituting the figure “20.16”.

10 *Struck Out*

(2) Section 71N of the principal Act is hereby further amended by adding the following subsection:

15 “(7) The retiring allowance payable to every contributor who has made an election under this section shall, after being adjusted in accordance with subsection (6) of this section, be reduced by a percentage calculated according to the following formula:

$$0.12 \text{ percent} \times t$$

“where—

20 “t is the number of months from the contributor’s date of retirement to the date on which the contributor receives the first instalment of the retiring allowance:

25 “Provided that the percentage by which the retiring allowance is reduced pursuant to this subsection shall not exceed 28 percent.”

New

(2) Section 71N of the principal Act is hereby further amended by repealing subsection (6), and substituting the following subsections:

30 “(6) For the purposes of calculating the amount of the retiring allowance payable to the contributor at the date at which the contributor has elected to receive the retiring allowance, and for the purposes of calculating any annuity, the contributor shall be deemed to have been receiving from the

35 date of retirement an annual retiring allowance of an amount calculated from time to time according to the formula set out in subsection (7) or subsection (8) of this section (as appropriate).

New

“(7) In any case where the contributor’s date of retirement is on or after the 1st day of April 1990, the formula for the purposes of **subsection (6)** of this section is—

$$\frac{C}{1 + (0.02 \times n)} \quad 5$$

“where—

“C is the retiring allowance that would have been payable—

“(a) Had the contributor not elected to defer the retiring allowance, but after allowing for the effect of any election under section 40 or section 48 or section 71M of this Act; and 10

“(b) Had **Part III of the Government Superannuation Fund Amendment Act (No. 4) 1990** not been enacted: 15

“n is the number, if any, of years (including fractions of a year) by which the contributor’s date of retirement precedes whichever is the earlier of—

“(a) The date to which the contributor elected to defer the retiring allowance; or 20

“(b) The 1st day of October 1999.

“(8) In any case where the contributor’s date of retirement is before the 1st day of April 1990, the formula for the purposes of **subsection (6)** of this section is—

$$C \times (0.7 + (0.014 \times t)) \quad 25$$

“where—

“C is the retiring allowance that would have been payable—

“(a) Had the contributor not elected to defer the retiring allowance, but after allowing for the effect of any election under section 40 or section 48 or section 71M of this Act; and 30

“(b) Had neither **Part I nor Part III of the Government Superannuation Fund Amendment Act (No. 4) 1990** been enacted: 35

“t is the number, if any, of years (including fractions of a year) by which the date to which the contributor elected to defer the retiring allowance precedes the 1st day of October 1999.”

New

5 **14A. Computation of retiring allowance under Part VA**—The principal Act is hereby amended by repealing section 81I (as inserted by section 4 of the Government Superannuation Fund Amendment Act 1989), and substituting the following section:

10 “81I. **Computation of retiring allowance**—(1) The retiring allowance of a Judge shall be the pension percentage of the Judge’s salary at the date of his or her retirement or resignation.

15 “(2) For the purposes of this section—

“ ‘Appropriate fraction’ means one twenty-fourth part less, in the case where a Judge is under the age of 55 years at the date on which the retiring allowance is first to be paid, one nine-thousandth part in respect of every month or part of a month after that date during which the Judge is under that age:

20 “ ‘Pension percentage’ means the percentage calculated in accordance with the following formula:

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

25 “where—

“P is the appropriate fraction multiplied by the number of years (including fractions of a year) of judicial service, with a maximum of two-thirds, and, in the case of a Judge to whom section 81H(c) of this Act applies, with a minimum of one-half:

30 “t is the number, if any, of years (including fractions of a year) not exceeding 9.5, by which the date which is the earlier of—

“ (a) The date on which judicial service ceased; or

35 “ (b) The date on which a period of 16 years of judicial service was completed,— precedes the 1st day of October 1999.

“ (3) Where a Judge who was contributing under Part V of this Act on the 31st day of December 1980 retires after having attained the age of 68 years and before attaining the age of 72 years, then, for the purpose of calculating the item “P” in

New

subsection (2) of this section, the period of judicial service shall be deemed to include the period between the date of the Judge's retirement and his or her 72nd birthday."

14B. Minimum retiring allowance for Judge who resigns on grounds of incapacity—The principal Act is hereby amended by repealing section 81j (as inserted by section 4 of the Government Superannuation Fund Amendment Act 1989). 5

14c. Certain Judges or surviving spouses to be entitled to minimum payments—The principal Act is hereby amended by repealing section 81v (as inserted by section 4 of the Government Superannuation Fund Amendment Act 1989). 10

14d. Taxation exemption in respect of contributions under Part VI—The principal Act is hereby amended by repealing section 83A (as substituted by section 2 of the Government Superannuation Fund Amendment Act 1987). 15

14E. Retiring allowance of members of House of Representatives—Section 84 of the principal Act (as substituted by section 2 of the Government Superannuation Fund Amendment Act 1987) is hereby amended by repealing subsection (3), and substituting the following subsections: 20

“(3) The annual retiring allowance payable to a person under this section shall be the pension percentage of the salary payable from time to time to an ordinary member. 25

“(4) For the purposes of this section, ‘pension percentage’ means the percentage calculated in accordance with the following formula:

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

“where— 30

“P is the sum of—

“(a) One twenty-fourth part multiplied by the number of years of service as a member, not exceeding 16; and

“(b) One one-hundredth part multiplied by the number of years of service as a member in excess of 16: 35

New

“t is the number, if any, of years (including fractions of a year) not exceeding 9.5, by which the date which is the earlier of—

5 “(a) The date on which service as a member ceased; or

“(b) The date on which a period of 16 years of service as a member was completed,—
precedes the 1st day of October 1999.”

10 **14F. Election under Part VI to surrender portion of retiring allowance and receive cash payment**—Section 84A (1) of the principal Act (as inserted by section 2 of the Government Superannuation Fund Amendment Act 1987) is hereby amended by omitting the figure “10”, and substituting
15 the figure “12”.

14c. Special right of member who has not attained 45 years to elect to surrender proportion of retiring allowance and receive cash payment—Section 84AA (2) of the principal Act (as substituted by section 2 of the Government
20 Superannuation Fund Amendment Act 1987) is hereby amended by omitting from paragraph (b) the figure “10”, and substituting the figure “12”.

14H. Right under Part VI to defer retiring allowance to age 55 or 60 years in return for lump sum on retirement—(1) Section 84B (2) of the principal Act (as substituted by section 2 of the Government Superannuation Fund Amendment Act 1987) is hereby amended by repealing the definition of the term “D”, and substituting the following
25 definition:

30 “D is 4.2 if deferral is to age 55 years or 8.4 if deferral is to age 60 years.”

(2) Section 84B of the principal Act (as so substituted) is hereby amended by adding the following subsections:

35 “(5) The amount of the annual retiring allowance payable to every person who has made an election under this section shall be calculated according to the formula set out in **subsection (6) or subsection (7)** of this section (as appropriate).

New

“(6) In any case where the person ceases to be a member on or after the 1st day of April 1990, the formula for the purposes of **subsection (5)** of this section is—

$$\frac{C}{1 + (0.02 \times n)} \quad 5$$

“where—

“C is the annual retiring allowance that would have been payable—

“(a) Had that person not elected to defer the annual retiring allowance, but after allowing for the effect of any election under section 84A or section 84AA or section 84C of this Act; and 10

“(b) Had **Part III of the Government Superannuation Fund Amendment Act (No. 4) 1990** not been enacted: 15

“n is the number, if any, of years (including fractions of a year) by which the date on which service as a member ceased precedes whichever is the earlier of—

“(a) The date to which the person elected to defer the annual retiring allowance; or 20

“(b) The 1st day of October 1999.

“(7) In any case where the person ceases to be a member before the 1st day of April 1990, the formula for the purposes of **subsection (5)** of this section is— 25

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

“where—

“C is the annual retiring allowance that would have been payable—

“(a) Had that person not elected to defer the annual retiring allowance, but after allowing for the effect of any election under section 84A or section 84AA or section 84C of this Act; and 30

“(b) Had neither **Part I** nor **Part III of the Government Superannuation Fund Amendment Act (No. 4) 1990** been enacted: 35

New

5 “t is the number, if any, of years (including fractions of a year) by which the date to which the person elected to defer the annual retiring allowance precedes the 1st day of October 1999.”

10 **14i. Election under Part VI to surrender proportion of annuity and receive cash payment**—Section 86F (2) of the principal Act (as substituted by section 2 of the Government Superannuation Fund Amendment Act 1987) is hereby amended by omitting the figure “10”, and substituting the figure “12”.

15 **15. Computation of retiring allowance under Part VIA**—Section 88F of the principal Act (as inserted by section 2 of the Government Superannuation Fund Amendment Act (No. 2) 1985) is hereby amended by repealing subsections (1) and (2), and substituting the following subsections:

“(1) The retiring allowance of every contributor to the Fund under this Part of this Act—

20 “(a) Who elects or is required to retire from the Police under section 27 or section 28 of the Police Act 1958; or

“(b) Who elects 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 years—

25 shall be an amount equal to the pension percentage of the contributor’s final average earnings.

“ (2) The retiring allowance of every contributor to the Fund under this Part of this Act—

“ (a) Who has attained the age of 50 years; and

30 “ (b) Who has completed not less than 10 years’ actual contributory service; and

“ (c) Who has agreed in writing that this section should apply to him or her; and

“ (d) In respect of whom the Commissioner of Police has agreed that this section should apply—

35 shall be an amount equal to the pension percentage of the contributor’s final average earnings.

“ (2A) For the purposes of this section—

“ ‘Appropriate percentage’ means 1.5 percent less, in the case of a contributor to whom **subsection (2)** of this

section applies, 0.004 percent in respect of every month or part of a month after the date of retirement and during which the contributor is under the age of 55 years:

Struck Out

5

“ ‘Pension percentage’ means the percentage calculated in accordance with the following formula:

$$0.6 \times PT + 0.233 \times (1 - 0.05 \times n) \times PA$$

“where—

“PT is the appropriate percentage multiplied by the number of years (including fractions of a year) of contributory service: 10

“n is the number (not exceeding 20) of years (including fractions of a year) between the 1st day of April 1990 and the date on which the retiring allowance commences to be payable: 15

“PA is the appropriate percentage multiplied by the number of years (including fractions of a year) of contributory service, calculated ignoring any period of actual contributory service completed after the 31st day of March 1990. 20

New

“ ‘Pension percentage’ means the percentage calculated in accordance with the following formula: 25

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

“where—

“P is the appropriate percentage multiplied by the number of years (including fractions of a year) of contributory service: 30

“t is the number, if any, of years (including fractions of a year) by which the date on which the retiring allowance commences to be payable precedes the 1st day of October 1999. 35

“(2B) For the purposes of **subsection (2A)** of this section, a contributor’s contributory service means the amount of that service as increased in respect of service in the Police under section 88D or section 88E of this Act, as the case may require.”

5 **16. Calculation of retiring allowance under Part VIb—**
Section 88T of the principal Act (as inserted by section 23 of the Government Superannuation Fund Amendment Act 1986) is hereby amended by repealing subsections (1) and (2), and substituting the following subsections:

10 “(1) The retiring allowance of every contributor to the Fund under this Part of this Act who is entitled under section 88s (2) or section 61K of this Act (as applied by section 88z of this Act) to receive a retiring allowance shall be an amount equal to the pension percentage of the contributor’s final average earnings.

15 “(2) The retiring allowance of every contributor to the Fund under this Part of this Act who is entitled under section 88p or subsection (3) or subsection (4) of section 88s of this Act to receive a retiring allowance shall be an amount equal to the pension percentage of the contributor’s final average earnings.

20 “(2A) For the purposes of this section—

 “‘Appropriate percentage’ means 1.5 percent less, in the case of a person to whom **subsection (2)** of this section applies,—

25 “(a) 0.004 percent in respect of every month or part of a month after the date of retirement during which the contributor is of or over the age of 53 years but under the age of 58 years; and

30 “(b) 0.002 percent in respect of every month or part of a month after the date of retirement and during which the contributor is under the age of 53 years.

Struck Out

“ ‘Pension percentage’ means the percentage calculated in accordance with the following formula:

35 $0.6 \times PT + 0.233 \times (1 - 0.05 \times n) \times PA$

“where—

 “PT is the appropriate percentage multiplied by the number of years (including fractions of a year) of contributory service:

Struck Out

“n	is the number (not exceeding 20) of years (including fractions of a year) between the 1st day of April 1990 and the date on which the retiring allowance commences to be payable:	5
“PA	is the appropriate percentage multiplied by the number of years (including fractions of a year) of contributory service, calculated ignoring any period of actual contributory service completed after the 31st day of March 1990.	10

New

	“ ‘Pension percentage’ means the percentage calculated in accordance with the following formula:	15
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$$P \times (0.7 + (0.014 \times t))$$

“where—

“P	is the appropriate percentage multiplied by the number of years (including fractions of a year) of contributory service:	20
“t	is the number, if any, of years (including fractions of a year) by which the date on which the retiring allowance commences to be payable precedes the 1st day of October 1999.	25

“(2B) For the purposes of **subsection (2A)** of this section, a contributor’s contributory service means the amount of that service as increased under section 88R of this Act.”

17. Election to surrender proportion of retiring allowance and receive cash payment— 30

Struck Out

(1) Section 91 (1) of the principal Act (as substituted by section 3 of the Government Superannuation Fund Amendment Act 1987 and amended by section 5 of the Government Superannuation Fund Amendment Act 1989) is hereby amended by repealing paragraph (a), and substituting the following paragraphs:

5

“(a) In the case of a contributor to the Fund under Part IIA, Part VIA, or Part VIB of this Act, 12 times the amount by which the annual retiring allowance is reduced by the surrender:

10

“(aa) In the case of a contributor to the Fund under Part IV or Part VA of this Act, 10 times the amount by which the annual retiring allowance is reduced by the surrender:”.

15

New

(1) Section 91 (1) of the principal Act (as substituted by section 3 of the Government Superannuation Fund Amendment Act 1987 and amended by section 5 of the Government Superannuation Fund Amendment Act 1989) is hereby amended by omitting from paragraph (a) the figure “10”, and substituting the figure “12”.

20

(2) Section 91 (1) of the principal Act is hereby further amended by omitting from paragraph (b) the figure “9”, and substituting the figure “10.8”.

25

18. Election to surrender proportion of annuity and receive cash payment—

Struck Out

(1) Section 91A (2) of the principal Act (as substituted by section 27 (1) of the Government Superannuation Fund Amendment Act 1986 and amended by section 5 of the Government Superannuation Fund

30

Struck Out

Amendment Act 1989) is hereby amended by repealing paragraph (a), and substituting the following paragraphs:

“(a) In the case of an annuity payable to the spouse of a person who was a contributor under Part IIA, Part IIIA, Part VIA, or Part VIB of this Act, 12 times the amount by which the annuity is reduced by the surrender: 5

“(aa) In the case of an annuity payable to the spouse of a person who was a contributor under Part IV or Part VA of this Act, 10 times the amount by which the annuity is reduced by the surrender.”. 10

New

(1) Section 91A (2) of the principal Act (as substituted by section 27 (1) of the Government Superannuation Fund Amendment Act 1986 and amended by section 5 of the Government Superannuation Fund Amendment Act 1989) is hereby amended by omitting from paragraph (a) the figure “10”, and substituting the figure “12”. 15

(2) Section 91 (1) of the principal Act is hereby further amended by omitting from paragraph (b) the figure “9”, and substituting the figure “10.8”. 20

19. Savings in respect of certain overseas staff—For the purpose of calculating any retiring allowance, annual allowance, annuity, or other payment payable in respect of any contributor to the Fund under section 22B or section 22BA or section 50 or section 50A of the principal Act, the provisions of the principal Act shall apply as if this Part of this Act had not been enacted. 25

New

19A. Savings in respect of pensions that become payable before 1 October 1990 to overseas residents—
(1) This section applies to every retiring allowance, annual allowance, annuity, or other payment that commences, on or 30

New

after the 1st day of April 1990 and before the 1st day of October 1990, to be payable under the principal Act to an address outside New Zealand in respect of a person—

- 5 (a) Who was a contributor, or who is the surviving spouse of any deceased contributor; and
(b) Who is not resident in New Zealand within the meaning of the Income Tax Act 1976.
- 10 (2) Every retiring allowance, annual allowance, annuity, or other payment to which this section applies—
(a) Shall be calculated in accordance with the provisions of the principal Act as if those provisions had not been amended by this Part and as if Part III of this Act had not been enacted; and
15 (b) Shall be payable at that rate as from the first payment date after the date on which the Board is notified that the payment is to be made to an address outside New Zealand.

19B. Reduction of pensions on return to New Zealand—(1) Notwithstanding anything in section 19A of this Act, every retiring allowance, annual allowance, or annuity that is payable under the principal Act to any person—

- 20 (a) To whom section 19A of this Act refers, or who is the spouse of any such person who becomes entitled to an annuity on the death of that person; and
25 (b) Who becomes resident in New Zealand within the meaning of the Income Tax Act 1976—
shall be reduced, as from the date on which the person becomes so resident, in accordance with the provisions of Part I of this Act.
30 (2) Any reduction required to be made under this section shall be calculated—
(a) As if, for the purposes of section 4 of this Act, the item “P” is the amount of the first full instalment of the retiring allowance, annual allowance, or annuity that would, but for this section, have been payable on and after the date on which the person becomes so resident; and
35 (b) As if, for the purposes of calculating the item “T” in that section, the tax code “G” that was in force for the
40

New

income year commencing on the 1st day of April 1989 applied to that person.

(3) Every person to whom **subsection (1)** of this section refers shall, within 20 days of becoming resident in New Zealand within the meaning of the Income Tax Act 1976, notify the Board that that person has become so resident. 5

(4) The Board may deduct, from any payments due under the principal Act to any person who fails to comply with **subsection (3)** of this section, the amount of any overpayment caused by any allowance or annuity not having been reduced on time in accordance with this section. 10

PART III

FURTHER VARIATION OF ALLOWANCES AND ANNUITIES
COMMENCING BETWEEN 1 APRIL 1990 AND 31 MARCH 1996 15

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20. Application of this Part—This Part of this Act applies to every retiring allowance, annual allowance, and annuity that commences, on or after the 1st day of April 1990 and before the 1st day of April 1994, to be payable under Part II or Part IIA or Part III or Part IIIA or Part VIA or Part VIB of the principal Act, but does not apply to— 20

- (a) Any annuity that commences to be payable upon the death of a person who is in receipt of a retiring allowance or annual allowance payable under the principal Act: 25
- (b) Any children's allowance payable under section 47 or section 61Q of the principal Act:
- (c) Any allowance payable to an assignee under section 91B of the principal Act in circumstances where an instalment of the contributor's basic allowance in respect of which a portion is surrendered became payable before the date from which the portion is surrendered: 30
- (d) Any allowance or annuity payable in respect of any contributor to the Fund under section 22B or section 22BA or section 50 or section 50A of the principal Act. 35

New

- 5 **20. Application of this Part**—This Part of this Act applies to every retiring allowance, annual allowance, and annuity that commences, on or after the 1st day of April 1990 and before the 1st day of April 1996, to be payable under the principal Act, except—
- 10 (a) Any annuity that commences to be payable upon the death of a person who is in receipt of a retiring allowance or annual allowance payable under the principal Act; or
- 15 (b) Any children's allowance payable under the principal Act; or
- (c) Any allowance payable to an assignee under section 91B of the principal Act in circumstances where an instalment of the contributor's basic allowance in respect of which a portion is surrendered became payable before the date from which the portion is surrendered; or
- 20 (d) Any allowance or annuity payable in respect of any contributor to the Fund under section 22B or section 22BA or section 50 or section 50A of the principal Act.

25 **21. Retiring allowances, annual allowances, and annuities to be reduced**—Every instalment payable under section 89 of the principal Act of every retiring allowance, annual allowance, and annuity to which this Part applies shall be varied in accordance with this Part of this Act, but such variation shall be ignored for the purposes of determining any lump sum benefit payable under the principal Act.

30 **22. Amount of varied retiring allowance, etc.**—(1) The amount of each instalment of any retiring allowance, annual allowance, or annuity that is varied in accordance with this Part of this Act shall be the amount of the instalment of that allowance or annuity that would, but for this Part of this Act, have been payable, multiplied by the appropriate factor

35 determined in accordance with **subsection (3)** of this section at the commencement of the retiring allowance, annual allowance, or annuity.

 (2) In **subsection (3)** of this section,—

“AP” means the annual rate of the retiring allowance, annual allowance, or annuity that would, but for this Part of this Act, have been payable on the first instalment of the retiring allowance, annual allowance, or annuity: 5

“F” means the factor for the purpose of **subsection (1)** of this section:

“FO” means NP divided by AP:

“GP” means $AP \times 1.2$:

“n” means the number of years (including fractions of a year) between the 1st day of April 1990 and the date on which the retiring allowance, annual allowance, or annuity commences to be payable: 10

“NP” means GP less T:

“T” means the amount of the total annual tax deduction that would have been required to be made in respect of a retiring allowance, annual allowance, or annuity of an annual amount equal to GP if,— 15

(a) Notwithstanding the enactment of the Income Tax Amendment Act 1989, deductions in respect of income tax were required to be made from those allowances and annuities; and 20

(b) The rates of tax were the rates of tax prescribed in Part B of the First Schedule to the Income Tax Act 1976 that apply for the income year commencing on the 1st day of April 1989; and 25

(c) The recipient of the allowance or annuity was resident in New Zealand; and

(d) Tax code “G” applied to the recipient of the allowance or annuity. 30

(3) For the purpose of determining the appropriate factor in **subsection (1)** of this section,—

(a) In a case where AP is less than or equal to \$9,081,—

$F = FO - 0.02n$, with a minimum of 1:

Struck Out 35

(b) In a case where AP is greater than \$9,081 and less than or equal to \$25,729,—

$F = FO + 0.022n$, with a maximum of 1:

(c) In a case where AP is greater than \$25,729,—

$F = (1 - 0.25n) \times FO + 0.25n$, with a maximum of 1. 40

New

(b) In a case where AP is greater than \$9,081,—
 $F = FO + 0.02n$, with a maximum of 1.

5 **23. Amount of retiring allowance, etc., to include**
 amount of any cost of living bonus or other
 adjustment—For the purpose of calculating the amount of
 any variation of a retiring allowance, annual allowance, or
 annuity to be made on any date in accordance with this Part of
10 this Act, the amount of any retiring allowance, annual
 allowance, or annuity shall be taken to include any adjustments
 as at that date in accordance with the Government
 Superannuation Fund Amendment Act 1969 or the
 Government Superannuation Fund Amendment Act 1979 or
 the principal Act.

15 **24. Amount of retiring allowance, etc., to mean**
 amount as reduced under Part II—For the avoidance of
 doubt, it is hereby declared that any reference in **section 22** of
 this Act to the amount of an instalment of any retiring
 allowance, annual allowance, or annuity that would, but for this
20 Part of this Act, have been payable, is a reference to any such
 amount that is payable after taking account of **Part II** of this Act.