

## NATIONAL PROVIDENT FUND AMENDMENT BILL

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### EXPLANATORY NOTE

THIS Bill amends the National Provident Fund Act 1950.

*Clause 1* relates to the Short Title.

*Clause 2:* The effect of this clause is to close the Level Premium Scheme to new members on 31 December 1983.

*Clause 3:* The effect of this clause is that where a variation affecting a scheme for employees of a local authority is made in order to make the scheme eligible for classification under Part II of the Superannuation Schemes Act 1976, no contributing employee will have the right to elect that the variation is not to apply in respect of him.

*Clause 4:* The effect of this clause is that persons who become contributing employees to the Standard Scheme for Local Authorities Superannuation on or after 1 January 1984 are not entitled to refunds of contributions if they withdraw from the scheme while remaining in their employment.

*Clause 5* empowers the Government Actuary to approve and classify the Standard Scheme for Local Authorities Superannuation under the Superannuation Schemes Act, even though the Scheme permits some employees to receive a refund of contributions while remaining in their employment, so long as the Scheme complies in all other respects with the requirements of the Superannuation Schemes Regulations 1983.

Under section 54 of the principal Act a contributing employee has the right to receive a refund of contributions on giving 6 months' notice of his intention to cease to be a contributing employee. By virtue of the changes made by *clause 4* of the Bill, that right will not extend to persons who become contributing employees on or after 1 January 1984.

The right to a refund of contributions granted under section 54 of the principal Act is not in accordance with regulation 24 (2) of the Superannuation Schemes Regulations 1983, which provides that withdrawal benefits are not to be paid to a member of an employee superannuation scheme until the employee attains his retirement age or ceases to be employed by the employer, whichever is the earlier.

*Clause 6:* Section 8 of the Income Tax Amendment Act (No. 2) 1982 (which applies in respect of the income year commencing on 1 April 1983 and subsequent years) amends the definition of the term "specified fund" in section 59 of the

Income Tax Act 1976. It removes references to the National Provident Fund and any superannuation fund, and substitutes references to category 1 and category 2 superannuation schemes.

This clause provides that section 59 of the Income Tax Act 1976 is to apply to specified schemes operated by the National Provident Fund Board as if each of those schemes was a "specified fund" as defined in that section, and as if, in the case of 2 of the schemes, they had been classified by the Government Actuary as subsidised employee pension superannuation schemes. The effect of the clause is that contributions to the schemes will be tax deductible in the same manner as contributions to other specified funds.

The schemes involved are administered by the Board and are not open to new members (or, in the case of the Level Premium Scheme, will not be open to new members after 31 December 1983). The amendment will preserve the tax deductibility of the continuing contributions by existing members even though the schemes are not category 1 or category 2 superannuation schemes.

*Clause 7:* The effect of this clause is to protect the withdrawal rights of certain members of the Cash Accumulation Scheme operated by the National Provident Fund in the event of changes to the Scheme to enable it to comply with the Superannuation Schemes Regulations 1983. Those persons who were members of the scheme on 5 August 1982 will have their existing withdrawal rights protected in respect of contributions made on or before 31 March 1983.

Those existing rights include the right to withdraw contributions and interest after 5 years' membership. That right is not in accordance with regulation 38 of the Superannuation Schemes Regulations 1983, which requires that benefits be retained in a personal superannuation scheme until the member's death, permanent incapacity, attainment of retirement age, or permanent emigration, unless the benefits are transferred to another scheme.

The Government Actuary is empowered to approve and classify the Cash Accumulation Scheme under the Superannuation Schemes Act so long as it complies in all other respects with the requirements of the Superannuation Schemes Regulations 1983, even though those withdrawal rights of certain contributors are continued.

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*Right Hon. Mr Muldoon*

## NATIONAL PROVIDENT FUND AMENDMENT

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### ANALYSIS

Title	5. Power of Government Actuary to approve and classify Standard Scheme for Local Authorities Superannuation
1. Short Title	6. Application of certain provisions of Income Tax Act 1976 to certain contributions to certain schemes operated by Board
2. Level Premium Scheme closed to new members	7. Certain withdrawal rights of certain members of Cash Accumulation Scheme not to be affected by Superannuation Schemes Regulations 1983
3. Board may vary terms or conditions of superannuation scheme.	
4. Employee may withdraw from superannuation scheme	

### A BILL INTITULED

#### **An Act to amend the National Provident Fund Act 1950**

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:

1. **Short Title**—This Act may be cited as the National Provident Fund Amendment Act 1983, and shall be read together with and deemed part of the National Provident Fund Act 1950\* (hereinafter referred to as the principal Act).
- 10 2. **Level Premium Scheme closed to new members**—  
Notwithstanding anything in sections 15 (1), 28 (1), 29, 30, and 32 of the principal Act, on and after the **1st day of January 1984** no person shall be entitled to be a contributor to the Level Premium Scheme administered by the Board under sections  
15 18 to 27 of the principal Act unless he was a contributor to that scheme on the **31st day of December 1983**.

\*R.S. Vol. 3, p. 723  
Amendment: 1982, No. 114

**3. Board may vary terms or conditions of superannuation scheme**—Section 49 (4) of the principal Act is hereby amended by inserting in paragraph (b) of the proviso (as added by section 12 of the National Provident Fund Amendment Act 1976), after the word “Approval”, the words “or classification”. 5

**4. Employee may withdraw from superannuation scheme**—Section 54 of the principal Act is hereby amended by inserting, after subsection (2), the following subsection: 10  
 “(2A) No person who becomes a contributing employee on or after the **1st day of January 1984** shall be entitled to receive any refund under subsection (2) (a) of this section.”

**5. Power of Government Actuary to approve and classify Standard Scheme for Local Authorities Superannuation**—The principal Act is hereby amended by inserting, after section 57, the following section: 15

“57A. The Government Actuary may grant approval and classification under Part II of the Superannuation Schemes Act 1976 to the Standard Scheme for Local Authorities Superannuation administered by the Board notwithstanding 20 that it provides for the rights referred to in section 54 (2) (a) of this Act, so long as it complies in all other respects with the Superannuation Schemes Regulations 1983.”

**6. Application of certain provisions of Income Tax Act 1976 to certain contributions to certain schemes operated by Board**—The principal Act is hereby amended by inserting in Part IV, before section 67, the following section: 25

“66A. Section 59 of the Income Tax Act 1976 shall apply in respect of the income of persons who on the 31st day of March 1983 were members of— 30

“(a) The Level Premium Scheme; or

“(b) The 1958 and 1965 Annual Single Premium Schemes;

or

“(c) The 1965 Post-60 Scheme; or

“(d) The Staff Pension Scheme; or 35

“(e) The Farm Workers Scheme—

operated by the Board, as if those schemes were specified funds within the meaning of that section and as if, in the case of the schemes referred to in **paragraphs (d) and (e)** of this section, those schemes had been classified by the Government Actuary as 40 subsidised employee pension superannuation schemes.”

**7. Certain withdrawal rights of certain members of Cash Accumulation Scheme not to be affected by Superannuation Schemes Regulations 1983**—

The principal Act is hereby amended by inserting, after section 66A (as inserted by **section 6** of this Act), the following section:

5 “66B. (1) Nothing in the Superannuation Schemes Regulations 1983, or in any changes made to the Cash Accumulation Scheme administered by the Board, shall affect any right of any person who was a member of the Scheme on the 5th day  
10 of August 1982 to withdraw from that scheme and to receive on withdrawal the benefits that arise from contributions made on or before the 31st day of March 1983.

15 “(2) The Government Actuary may grant approval and classification under Part II of the Superannuation Schemes Act 1976 to the Cash Accumulation Scheme administered by the Board notwithstanding that it provides for the rights referred to in **subsection (1)** of this section, so long as it complies in all other respects with the Superannuation Schemes Regulations 1983.”