



**THE SOCIAL SECURITY (ALTERNATIVE ARRANGEMENT FOR  
OVERSEAS PENSIONS) REGULATIONS 1996**

MICHAEL HARDIE BOYS, Governor-General

ORDER IN COUNCIL

At Wellington this 7th day of October 1996

Present:

THE RIGHT HON. J. B. BOLGER PRESIDING IN COUNCIL

PURSUANT to section 132C of the Social Security Act 1964, His Excellency the Governor-General, acting by and with the advice and consent of the Executive Council, hereby makes the following regulations.

ANALYSIS

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REGULATIONS

**1. Title and commencement**—(1) These regulations may be cited as the Social Security (Alternative Arrangement for Overseas Pensions) Regulations 1996.

(2) These regulations shall come into force on the 7th day of November 1996.

**2. Interpretation**—(1) In these regulations, unless the context otherwise requires,—

“Act” means the Social Security Act 1964:

“Alternative arrangement” has the meaning given to it by regulation 3 of these regulations:

“Competent authority” means the competent authority of the country paying the overseas pension:

“Nominated bank”—

(a) Means a bank with which the Director-General has, for the time being, entered into an agreement under regulation 5 (1) of these regulations; and

(b) Where the Director-General has entered into such agreements with different banks in respect of overseas pensions payable by different countries, pursuant to regulation 5 (3) of these regulations, means, in relation to an overseas pensioner, the bank with which the Director-General has entered into an agreement in respect of the country paying the overseas pensioner’s overseas pension:

“Operate”, in relation to a special bank account, includes—

(a) To deposit money into the account:

(b) To withdraw money from the account, or to draw on the account in any other way:

(c) To authorise another person to do any action referred to in paragraph (a) or paragraph (b) of this definition:

“Special bank account” has the meaning given to it by regulation 4 of these regulations.

(2) Terms defined in section 3 (1) of the Act have the meanings so defined.

**3. Meaning of “alternative arrangement”**—(1) In these regulations, the term “alternative arrangement” means an arrangement, made pursuant to section 70 (3) (a) of the Act by the Director-General with an overseas pensioner, that includes—

(a) The condition that no payment shall be made pursuant to section 70 (3) (b) of the Act before the 1st day of April 1997; and

(b) The condition that the disposition by the overseas pensioner of his or her overseas pension to the Director-General is made in consideration of the Director-General making payments to the overseas pensioner pursuant to section 70 (3) (b) of the Act; and

(c) The conditions set out in subclause (2) of this regulation.

(2) The conditions referred to in subclause (1) (c) of this regulation are that the overseas pensioner—

(a) Complies with any obligation imposed on the overseas pensioner by these regulations; and

(b) Signs a written authority to the nominated bank to—

(i) Open and administer a special bank account in the overseas pensioner’s name; and

(ii) Operate the account for the purposes for which it may be operated; and

(iii) On the occurrence of any of the circumstances set out in subclause (3) of this regulation, transfer any money in the account to the Director-General and close the account; and

- (c) Signs a written authority to the competent authority to pay the overseas pension into the overseas pensioner's special bank account; and
  - (d) Shall not revoke an authority given under paragraph (b) or paragraph (c) of this subclause unless the overseas pensioner closes the special bank account with effect from the date on which the revocation of the authority takes effect; and
  - (e) Shall not operate the overseas pensioner's special bank account for any purpose for which it may not be operated; and
  - (f) Agrees that the Director-General, the competent authority, and the nominated bank may disclose to one another—
    - (i) Information about the overseas pensioner's special bank account; and
    - (ii) Information about payments of the overseas pension made to the special bank account,—
      - if the disclosure is necessary to facilitate the administration of the overseas pensioner's alternative arrangement or special bank account.
- (3) The circumstances referred to in subclause (2) (b) (iii) of this regulation are—
- (a) The nominated bank receives notice from the Director-General of the cessation of the alternative arrangement with the overseas pensioner; or
  - (b) The nominated bank receives notice from the Director-General of the termination of the alternative arrangement with the overseas pensioner; or
  - (c) The overseas pensioner attempts to operate his or her special bank account for a purpose for which it may not be operated; or
  - (d) The nominated bank is notified, by means on which it is reasonable to rely, that—
    - (i) The overseas pensioner has ceased to reside in New Zealand; or
    - (ii) The overseas pensioner has died.

**4. Meaning of "special bank account"**—(1) In these regulations, the term "special bank account" means a bank account that is opened and administered by the nominated bank in the name of an overseas pensioner.

(2) The purposes for which a special bank account may be operated are—

- (a) To receive payments of the overseas pensioner's overseas pension from the competent authority; and
  - (b) To transfer to the Director-General, from time to time, amounts equivalent to the amounts of those payments of the overseas pension.
- (3) No special bank account shall—
- (a) Be opened and administered in the name of more than one overseas pensioner; or
  - (b) Be operated for any purpose other than a purpose referred to in subclause (2) of this regulation.

**5. Nominated bank**—(1) The Director-General shall from time to time enter into an agreement, whether by way of contract or otherwise, with a

bank, specifying terms and conditions in respect of the opening, administration, and operation of special bank accounts.

(2) The terms and conditions of any agreement entered into under subclause (1) of this regulation may include, without limitation, terms and conditions relating to—

(a) The obligations of the bank not to—

(i) Open or administer any special bank account in the name of more than one overseas pensioner; or

(ii) Allow any special bank account to be operated for any purpose for which it may not be operated:

(b) The frequency with which the nominated bank shall transfer to the Director-General amounts equivalent to amounts of payments of overseas pensioners' overseas pensions:

(c) The disclosure of information by the Director-General, the competent authority, and the nominated bank to one another about—

(i) Overseas pensioners' special bank accounts; and

(ii) Payments of overseas pensions made to special bank accounts,—

if the disclosure is necessary to facilitate the administration of overseas pensioners' alternative arrangements or special bank accounts:

(d) The obligation of the bank to notify the Director-General of the closure of any special bank account and of the reason for the closure:

(e) The transfer to the Director-General of any money in a special bank account that is closed for any reason other than the bankruptcy of the overseas pensioner.

(3) The Director-General may enter into agreements under subclause (1) of this regulation with different banks in respect of overseas pensions payable by different countries.

**6. Category of eligible overseas pensioners**—The Director-General may make an offer to make an alternative arrangement with any overseas pensioner who—

(a) Is not an undischarged bankrupt; and

(b) Is entitled to receive or receives an overseas pension paid by the Government of the United Kingdom and Northern Ireland.

**7. Making of alternative arrangement**—An overseas pensioner who wishes to accept an offer made under regulation 6 of these regulations shall—

(a) Give the Director-General written notice of his or her acceptance; and

(b) Annex, to that written notice, the authorities signed pursuant to regulation 3 (2) (b) and (c) of these regulations.

**8. Cessation of alternative arrangement**—(1) An alternative arrangement shall cease if—

(a) The nominated bank closes the special bank account on the occurrence of any of the circumstances set out in regulation 3 (3) (c) or (d) of these regulations; or

- (b) The overseas pensioner gives the Director-General written notice that the alternative arrangement is to cease; or
  - (c) The Director-General determines that the overseas pensioner either never has been or is no longer—
    - (i) Entitled to a benefit; or
    - (ii) An overseas pensioner to whom regulation 6 of these regulations applies; or
  - (d) The overseas pensioner ceases to reside in New Zealand; or
  - (e) The overseas pensioner is adjudicated bankrupt; or
  - (f) The overseas pensioner dies.
- (2) The Director-General shall give notice of the cessation of any alternative arrangement—
- (a) To the competent authority, where any of paragraphs (a) to (f) of subclause (1) of this regulation applies; and
  - (b) To the nominated bank, where any of paragraphs (b) to (f) of subclause (1) of this regulation applies.
- (3) The cessation of an alternative arrangement under subclause (1) of this regulation shall take effect immediately after—
- (a) The nominated bank transfers any money in the special bank account to the Director-General (or, where the overseas pensioner has been adjudicated bankrupt, to the Official Assignee) and closes the special bank account; and
  - (b) The Director-General makes (except where the overseas pensioner has been adjudicated bankrupt) the corresponding payment under section 70 (3) (b) of the Act.

**9. Termination of alternative arrangement—**(1) The Director-General may terminate an alternative arrangement, with effect from a date determined by the Director-General, if the overseas pensioner fails to comply with any condition set out in regulation 3 (2) of these regulations.

(2) The Director-General shall give notice of the termination of any alternative arrangement—

- (a) To the competent authority; and
- (b) To the nominated bank.

MARIE SHROFF,  
Clerk of the Executive Council.

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## EXPLANATORY NOTE

*This note is not part of the regulations, but is intended to indicate their general effect.*

These regulations, which come into force on 7 November 1996, set out the implementation details of a method of off-setting overseas pensions against New Zealand social security benefits that is an alternative to the method in section 70 (1) of the Social Security Act 1964. Section 70 (1) provides for the Director-General to deduct an overseas pension from a New Zealand benefit. Section 70 (3), the alternative method, provides for the Director-General to pay to the overseas pensioner his or her New Zealand benefit and receive from the pensioner his or her overseas pension.

The details set out in these regulations relate to the opening of a special bank account in the name of the overseas pensioner into which the overseas pension is paid and from which it is transferred to the Director-General. These regulations apply only to persons receiving pensions from the Government of the United Kingdom and Northern Ireland.

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These regulations are administered in the Department of Social Welfare.