

New Zealand

The public pension is flat rate based on a residency test. Occupational schemes are also common.

Qualifying conditions

Ten years' residency since the age of 20 (including five years after age 50) entitles people to the public pension at 65 years of age.

Benefit calculation

Basic

The pension in 2002 for a single person living alone was NZD 288 gross per week, which is around 38% of average earnings. The value is a little lower for people sharing accommodation. It is NZD 437 gross per week for married pensioner couples, equivalent to 58% of average earnings.

The rates of public pension are linked by law to average earnings, with the net couple rate being set between 65% and 72.5% of the net average wage, depending on movements in prices. The rates for single people are set at 65% (living alone) and 60% (sharing) of the couple rate.

Personal income tax and social security contributions

Taxation of pensioners

New Zealand does not provide any tax concessions specifically for older people.

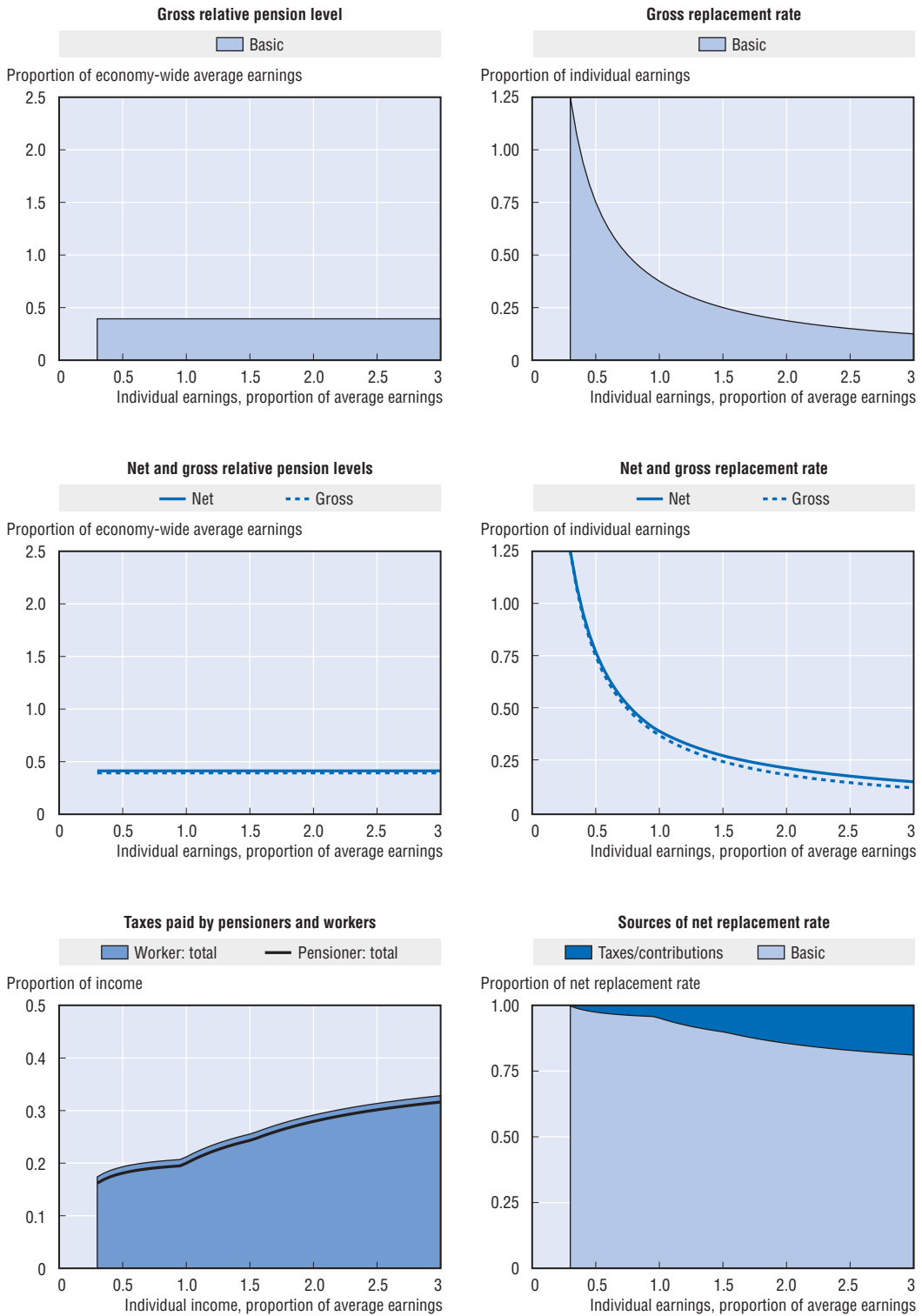
Taxation of pension income

The public pension is subject to personal income tax (in the same manner as any other personal income). Note that the calculations for the worker tax differ slightly from those reported in the OECD's *Taxing Wages*. For workers, these include the 1.2% ACC levy, which is not paid by pensioners. Thus, people of working age pay a very slightly higher average effective tax rate than do pensioners.

Social security contributions paid by pensioners

The New Zealand system is funded through general taxation and not specific social security contributions.

Pension modelling results: New Zealand



Source: OECD, based on information provided by the countries.

Pension modelling results: New Zealand

Men	Individual earnings, multiple of average					
Women (where different)	0.5	0.75	1	1.5	2	2.5
Gross pension level (% of average earnings)	37.6	37.6	37.6	37.6	37.6	37.6
Net pension level (% of average net earnings)	39.5	39.5	39.5	39.5	39.5	39.5
Gross replacement rate (% of individual earnings)	75.1	50.1	37.6	25.0	18.8	15.0
Net replacement rate (% of individual net earnings)	77.1	52.0	39.5	27.9	22.0	18.1
Gross pension wealth (multiple of average earnings)	5.7	5.7	5.7	5.7	5.7	5.7
Net pension wealth (multiple of average net earnings)	6.0	6.0	6.0	6.0	6.0	6.0
	6.9	6.9	6.9	6.9	6.9	6.9

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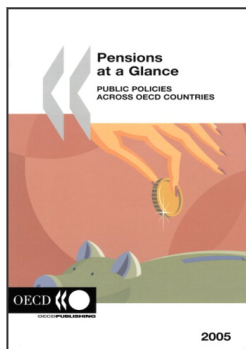
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From:
OECD Pensions at a Glance 2005
Public Policies across OECD Countries

Access the complete publication at:
https://doi.org/10.1787/pension_glance-2005-en

Please cite this chapter as:

OECD (2006), "New Zealand", in *OECD Pensions at a Glance 2005: Public Policies across OECD Countries*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/pension_glance-2005-33-en

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