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# Retirement Lump Sum

Version 6.0

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# Policy

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## 1. Purpose

1.1 This Policy provides guidance for administering the Retirement Lump Sum under the Veterans' Support Act 2014 (the Act).

## 2. Legislative Reference

2.1 The relevant legislation is the:

- the Act, sections 31 and 149 – 151
- Veterans' Support Regulations 2014 (the Regulations) regulations 34 - 39.

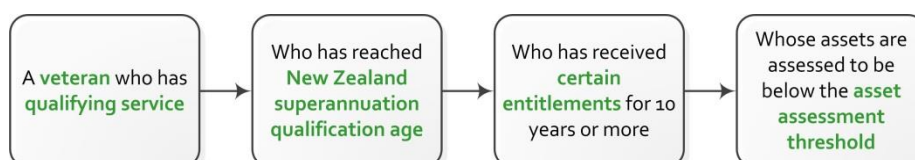
## 3. The Retirement Lump Sum

3.1 The Retirement Lump Sum is an asset-tested one-off payment granted by Veterans' Affairs to provide eligible **veterans** with financial support for their retirement after they reach 65.

3.2 The payment is made to recognise the difficulty some veterans face saving for their retirement while on longer-term income support.

## 4. Eligibility for the Retirement Lump Sum

4.1 To be eligible for the Retirement Lump Sum a veteran must be:



Section 149 of the Veterans' Support Act 2014

### New Zealand qualification age

4.2 A veteran with **qualifying service** becomes eligible for the Retirement Lump Sum when they reach the New Zealand **superannuation qualification age**.

Section 149(1)(a) of the Veterans' Support Act 2014

Section 7 of the New Zealand Superannuation and Retirement Income Act 2001

4.3 A veteran must have reached the **New Zealand superannuation qualification age** on or after 7 December 2014.

Section 149(2)(a) of the Veteran's Support Act 2014

## Received certain entitlements

- 4.4 To be eligible for the Retirement Lump Sum a veteran must have received or been receiving:
- a. Weekly Income Compensation, or
  - b. Weekly Compensation, or
  - c. The Veteran's Pension.

Section 149(1)(a) and (3) of the Veterans' Support Act 2014

### *Weekly Income Compensation*

4.5 **Weekly Income Compensation** is an income support payment of 80% of the **average wage**. Weekly Income Compensation is available to veterans who are unable to work full-time as a consequence of injury or illness, whether **service-related** or not.

- 4.6 Veterans are entitled to Weekly Income Compensation if they had **qualifying service**:
- a. before 1 April 1974; or
  - b. before 31 March 1975 in connection with the civilian surgical team based at Qui Nhon Provincial State Hospital, Binh Dinh province, Viet Nam; or
  - c. before 21 April 1975 in connection with 41 Squadron RNZAF in Viet Nam.

Sections 59 to 65 of the Veterans' Support Act 2014

### *Weekly Compensation*

4.7 Weekly Compensation is an income support payment subject to a minimum rate of 80% of the average wage. Weekly Compensation is available to veterans who are unable to work full-time as a consequence of service-related injury or illness.

- 4.8 Veterans are entitled to Weekly Compensation if they have **qualifying operational service** after 1 April 1974.

Sections 83 and 100 of the Veterans' Support Act 2014

### *Veteran's Pension*

4.9 The Veteran's Pension is a payment for veterans with qualifying operational service. Under the War Pensions Act 1954 veterans under the qualifying age for New Zealand Superannuation could receive this entitlement by reason of infirmity. Veterans aged 65 years and over can receive a Veteran's Pension as an alternative to New Zealand Superannuation. Existing Veteran's Pensions were grandparented under the 2014 Act.

Section 67 to 74 of the War Pensions Act 1954

Sections 158 to 173 of the Veterans' Support Act 2014

### *The War Veteran's Allowance, War Service Pension and Economic Pension*

4.10 The War Veteran's Allowance, War Service Pension and Economic Pension were entitlements available to veterans before 1 April 1990.

## 10 year period

- 4.11 To be eligible for a Retirement Lump Sum a veteran must be receiving one of these entitlements over a 10 year period before they reach the New Zealand superannuation qualification age.

Section 149(1)(a) of the Veterans' Support Act 2014

- 4.12 The 10 year period does not need to be continuous.

Section 149(2)(b) of the Veterans' Support Act 2014

- 4.13 A veteran could receive the Retirement Lump Sum if they received a combination of eligible entitlements that collectively add up to 10 years.

## Assets assessed below the threshold

- 4.14 An eligible veteran's assets must be assessed to be below the asset assessment threshold.

Section 149(1)(b) of the Veterans' Support Act 2014

### *The asset assessment threshold*

For a single veteran

- 4.15 The asset threshold for veterans is on the Veterans' Affairs website.
- 4.16 Veterans with a spouse or partner can elect an asset threshold that includes, or excludes, the value of a residential dwelling and a vehicle.
- 4.17 Veterans without a spouse or partner have a fixed asset threshold that includes the value of a residential dwelling and a vehicle.
- 4.18 The asset thresholds are adjusted annually to match changes to the New Zealand Consumers Price Index.

Regulation 35(2) and (3) of the Veterans' Support Regulations 2014

## 5. Asset assessment

### How the assessment is conducted

- 5.1 A veteran who applies for a retirement lump sum must also apply for an asset assessment on the **same form**.
- 5.2 The asset assessment is based on the value of the veteran's assets, assessed as at the date the veteran reached the **New Zealand superannuation qualification age**. The veteran must provide Veterans' Affairs with the evidence of their assets and the value of their assets on this date. Changes in the veteran's assets, after the date they reach the **New Zealand superannuation qualification age**, have no bearing on the asset assessment. The assets will be assessed only once, and at the level they were upon the veteran reaching qualification age.
- 5.3 A veteran who delays making an application for a lump sum payment, or who reapplies at a later date because their assets at the time of reaching the **New**

**Zealand superannuation qualification age** exceed the threshold, and have later fallen under this threshold, will have their assets assessed at the level they were upon the veteran reaching **New Zealand superannuation qualification age**.

- 5.4 Similarly, if the veteran's assets were under the respective asset threshold that applied when they reached the **New Zealand superannuation qualification age** and later increased above the threshold, this would not prevent the veteran from qualifying for a Retirement Lump Sum payment.

#### *Basic assessments*

- 5.5 Veterans' Affairs will conduct basic asset assessments. These are assessments where, for example:
- a. A veteran has few assets
  - b. It is clear to Veterans' Affairs the veteran's total assets are well below the **asset threshold**
  - c. Veterans' Affairs is satisfied the veteran has not **deprived themselves of assets**.

#### *Determining basic asset assessments*

- 5.6 Veterans' Affairs will contact the veteran for the further documents required to undertake the asset assessment, such as:
- a. Proof of sold assets in the last 5 years
  - b. Proof of gifted assets
  - c. Trust documents.
- 5.7 Using these documents Veterans' Affairs will determine the veteran's total assets.

#### *Complex assessments*

- 5.8 For complex assessments Veterans' Affairs may seek advice from a Financial Advisor. For example this includes assessments where it appears from the information provided that:
- a. The veteran has many valuable assets, or the assets are complex
  - b. A veteran appears to have gifted assets beyond the threshold of **allowable gifts**
  - c. It appears the veteran may have **deprived themselves of assets**.

#### *Determining complex asset assessments*

- 5.9 For complex asset assessments Veterans' Affairs may refer the veteran's financial details to a Financial Advisor for advice.
- 5.10 Veterans' Affairs may consider this advice when making the assessment.

Section 150 of the Veterans' Support Act 2014

#### **Assets included in assessment**

- 5.11 **Assets** mean the assets of the veteran and their **spouse** or **partner** capable of being realised by the veteran or their spouse or partner.

5.12 Examples of assets that are considered in the asset test include:

- a. Cash or savings
- b. Investments or shares
- c. Leisure boats
- d. Caravans and campervans
- e. Investment properties
- f. Licence to occupy contracts
- g. The value of gifts given away in the **gifting period**
- h. Loans made to other people
- i. The value of property. See **Appendix 3: Determining land value.**

Regulation 36 of the Veterans' Support Regulations 2014

Clause 4 of Schedule 27 of the Social Security Act 1964

### **Assets exempt from the assessment**

#### *Exempt assets*

- 5.13 Not all assets are included in the assessment, such as personal belongings like clothing and jewellery and household furniture and effects.
- 5.14 For a full list of exempt assets see **Appendix 1: Assets exempt from the assessment.**

#### *Allowable gifts*

- 5.15 Veterans can gift up to \$6,000 within a 12 month period in each of the 5 years before they apply.
- 5.16 Gifts of more than \$27,000 per year made before the 5 year gifting period may be added into the assessment.
- 5.17 For more information on allowable gifts see **Appendix 2: Allowable Gifts.**

#### *Gifts in recognition of care*

- 5.18 Gifts in recognition of care of up to \$6,000 for each year of care can be made.
- 5.19 Gifts may also be excluded from the financial means assessment if they are made in the 12 months before the date of the assessment and meet other criteria.
- 5.20 Gifts made in recognition of care together with other gifts must not exceed \$30,000 in the five year gifting period.
- 5.21 For more information on gifts in recognition of care see **Appendix 2: Allowable Gifts.**

Regulation 38 of the Veterans' Support Regulations 2014

## 6. Deprivation of assets

- 6.1 Veterans' Affairs must consider whether the veteran has deprived themselves of assets. See [Appendix 4: Deprivation of asset instances and examples](#).

Regulation 37 of the Veterans' Support Regulations 2014

### Assessing assets where asset deprivation has occurred

- 6.2 If Veterans' Affairs is satisfied that a veteran, or his or her spouse or partner, has directly or indirectly deprived himself or herself of any assets (other than exempt assets), the veteran's asset assessment may be conducted as if the deprivation had not occurred.

Regulation 37 of the Veterans' Support Regulations 2014

## 7. Application for the Retirement Lump Sum

### Application process

- 7.1 An application for the Retirement Lump Sum must be made on the [form provided](#).
- 7.2 Once the asset assessment has been completed, Veterans' Affairs will consider whether the assets are over the asset assessment threshold and make a decision on whether to pay the Retirement Lump Sum. See [Appendix 6: Applying the Retirement Lump Sum asset threshold](#).
- 7.3 Veterans' Affairs will make a decision on claims as soon as practicable after receipt of the application.

### Amount of entitlement

- 7.4 The current amount of the Retirement Lump Sum is [available here](#).

Regulation 34 of the Veterans' Support Regulations 2014

- 7.5 The Retirement Lump Sum is adjusted annually to match changes to the New Zealand Consumers Price Index.

Section 31 (1)(h) of the Veterans' Support Act 2014

### Offence to mislead

- 7.6 A veteran, or their representative, must not mislead Veterans' Affairs, either actively by making statements known to be false, or by wilful omission, so that the veteran receives a Retirement Lump Sum.
- 7.7 A veteran who is found to have actively misled Veterans' Affairs about information relating to their assets or entitlement commits an offence and is liable to a fine up to \$5,000 or 3 months imprisonment.

Section 270(1) of the Veterans' Support Act 2014

### Overseas applicants

- 7.8 A veteran living overseas can apply for the Retirement Lump Sum.



## 8. Relationship with other entitlements

### Provided under the Veterans' Support Act

- 8.1 A recipient of the Retirement Lump Sum may also receive (or continue to receive) a **Veteran's Pension** or **various other entitlements** administered by the **Ministry of Social Development**.
- 8.2 The Retirement Lump Sum is not considered **income** when assessing eligibility for these entitlements.

Section 3(f)(i) of the Social Security Act 1964  
Sections 158 - 196 of the Veterans' Support Act 2014

## 9. The Retirement Lump Sum and tax

- 9.1 The Retirement Lump Sum payment is an income support payment, and is subject to income tax.

Section CF1 (1) of the Income Tax Act 2007

- 9.2 Veterans' Affairs will pay the deducted tax directly to the Inland Revenue Department when the Retirement Lump Sum payment is made.
- 9.3 Veterans should **contact Inland Revenue** for further information on their obligations in relation to the Retirement Lump Sum and their income tax.

### Overseas recipients

- 9.4 Overseas recipients of the Retirement Lump Sum may need to declare the payments for tax purposes.
- 9.5 Recipients should contact the Government Tax Agency of their country of residence for more information.

## 10. Where a veteran who has received a Retirement Lump Sum dies

- 10.1 No repayment of a Retirement Lump Sum (or any part of it) is required if the veteran who received it dies.

## 11. Reviews, Appeals and Complaints

- 11.1 If a veteran disagrees about a decision concerning eligibility for an entitlement or service **see separate policies on Reviews and Appeals**. If a veteran is concerned about Veterans' Affairs' administration of an entitlement or service **see separate policy on Complaints**.

## Appendix 1: Assets exempt from the assessment

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**Exempt assets** are:

### Home

- ✘ Any interest in a residential dwelling that is the principal residence of the veteran's spouse or partner or a dependent child of the veteran (unless a veteran has elected the asset threshold that includes the veteran's residential dwelling)

### Car

- ✘ Any interest in 1 car or similar vehicle that is for the personal use of the person's spouse or partner

### Ex-gratia payments

- ✘ The value of any ex gratia payment by the Government of New Zealand or the Government of any other country to the person because the person or his or her spouse or partner was a prisoner of war or civilian internee of Japan during the Second World War
- ✘ The value of any compensation or ex gratia payment made by the Government of any country to the veteran or his or her spouse or partner because the veteran or his or her spouse or partner:
  - was a prisoner of war, civilian internee, or victim of persecution of any country during the Second World War; or
  - was a dependant child of a person who was a prisoner of war, civilian internee, or victim of persecution of any country during the Second World War
- ✘ Any ex gratia payment made to the veteran, on or after 15 December 2006, by or on behalf of the Crown, and made because the veteran suffered a personal injury that is, or was caused by, hepatitis C infection contracted through the New Zealand blood supply within 12 months of the payment

Regulation 3 of the Social Security (Income and Cash Assets Exemptions: Personal Injury from Hepatitis C Infection Contracted Through New Zealand Blood Supply) Regulations 2006

- ✘ Any ex gratia payment:
  - made to the veteran, on or after 27 April 2007, by the Crown; and
  - made in accordance with the MoU on measures related to veterans
- ✘ Any compensation payment or ex gratia payment, within the first 12 months:
  - made to the veteran, on or after 26 October 2007, by or on behalf of the Crown; and
  - made because the veteran is a former patient of the Lake Alice Psychiatric Hospital
  - Any payment, for 12 months after the payment is made, that is made to the person by the trust established under the trust deed dated 16 August 2007 and known, on that date, as the Viet Nam Veterans and Their Families Trust, other than a payment of the kind referred to in any of paragraphs (a) to (d) of clause 14.2 of that trust deed. This includes any income derived from a payment from this Trust.
  - Any compensation or ex gratia payment made by the Crown to a veteran in recognition of harm or in respect of a claim of harm, for the 12 months after the payment is made.

Regulation 15 of the Social Security (Income and Cash Assets Exemptions) Regulations 2011

- × Any payment, for the 12 months after the payment is made, to a veteran on or after 17 August 2007 by the trust established under the trust deed dated 4 December 1993 and known, on that date, as the EVSA Youth Development Trust, but known immediately before the commencement of this paragraph as the EVSA (Neville Wallace Memorial) Children's & Grandchildren's Trust

#### Pre-paid funeral value

- × The value of any pre-paid funeral of the person or of the person's spouse or partner, up to a value of \$10,000 (provided the expenses are held in a recognised funeral plan)

#### Lump sums

- × A lump sum paid to the person under **Schedule 1** of the Accident Compensation Act 2001
- × A lump sum payment of an independence allowance under Part 13 of the Accident Insurance Act 1998 or Part 4 of Schedule 1 of that Act (in the first 12 months after the payment is made)

#### Superannuation schemes

- × Any contributions to, or any member's interest in, any KiwiSaver scheme that is registered under **subpart 2** of Part 4 of the Financial Markets Conduct Act 2013, except:
  - Money withdrawn from such a scheme
  - Money that the member is entitled to withdraw from the scheme under **clause 4(3)** of the KiwiSaver scheme rules under the KiwiSaver Act 2006
  - Money that the member has applied to withdraw and that would be a permitted withdrawal under those rules.

#### Possessions

- × Household furniture and effects
- × Personal belongings such as clothing and jewellery
- × Personal collectables or family treasures or taonga such as artworks, books, stamps, and antiques
- × Any interest in one car or similar vehicle that is for the personal use of the veteran's dependent child

#### KiwiSaver contributions

- × Where the veteran or the veteran's spouse or partner is a member of a specified non-KiwiSaver scheme:
  - any contributions made to that scheme on or after 1 May 2008 by, or in respect of, the member; and
  - any interest that the member has in that scheme on or after 1 May 2008 except:
    - a withdrawal that the member has received from the scheme
    - a withdrawal that the member is entitled to receive from the scheme on reaching the expected time of retirement
    - a withdrawal that the member is entitled to receive from the scheme on leaving the employment in respect of which the scheme was constituted or established, or any employment covered by the scheme, before reaching the expected time of retirement

- a withdrawal that the member has applied to receive from the scheme that the member is permitted to receive under the provisions of the scheme.

Defined by Regulation 10(1D) of the Social Security (Long-term Residential Care) Regulations 2005

#### Payments relating to the Christchurch earthquakes

- ✘ For the first **specified period** after the payment concerned is made, any payment in relation to the effects of the Canterbury earthquake of 4 September 2010 made to a person on or after 13 September 2010 by the Canterbury Earthquake Commission (a body set up by the National Board of New Zealand Red Cross Incorporated in consultation with the Mayors of Christchurch City, the Waimakariri District, and the Selwyn District, and proposed to be incorporated as a charitable trust under the **Charitable Trusts Act 1957**) out of the fund created by donations made to the Canterbury Earthquake Appeal of New Zealand Red Cross Incorporated (and by money from other sources)
- ✘ For the first 48 months after the payment concerned is made, any payment made on or after 23 June 2011 by or on behalf of the Crown as a payment or part payment of the purchase price for any property or land in the red zone under a Government offer that has been accepted by the person to whom it was made, if the chief executive is satisfied that the person intends to use the payment to repair or rebuild any existing residential premises or to purchase any replacement residential premises. If the payment is made in instalments, the date of payment is the date of the last payment.
- ✘ For the **specified period** after the payment concerned is made, any money paid to a person by the Earthquake Commission continued in existence by **section 4(1)** of the Earthquake Commission Act 1993, or by an insurance company:
  - in respect of the destruction of or any damage to any property caused by the Canterbury earthquake; or
  - for or towards the costs of renting accommodation in place of residential premises destroyed or made uninhabitable by the Canterbury earthquake.

If the payment is made in instalments, the date of payment is the date of the last payment.

#### Back wages under the Sleepover Act

- ✘ For the first 12 months after the payment concerned is made, every payment:
  - of back wages for a sleepover that began to be performed on or after 1 June 2004; and
  - made by a specified employer, made on or after 18 October 2011, and made to any of the following who is entitled to the payment under any of **sections 14 to 16** of the Sleepover Act
    - a current employee
    - a recent employee
    - a historic employee
  - Any amount of income derived by the veteran from a payment of this kind.

Defined by Regulation 10(1DA) and 10(1DB) of the Social Security (Long-term Residential Care) Regulations 2005

Payments to victims of crime

- ✘ Any payment made by or on behalf of the Crown to the veteran because the veteran is a victim, and any amount of income derived by the veteran from a payment this kind, for the 12 months after the payment is made.

Victim is defined in regulation 36 of the Social Security (Income and Cash Assets Exemptions) Regulations 2011

Regulation 36 of the Veterans' Support Regulations 2014

Clause 4 of Schedule 27 of the Social Security Act 1964

Regulation 10 of the Social Security (Long-term Residential Care) Regulations 2005

## Appendix 2: Allowable gifts

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Allowable gifts are gifts of **real or personal property** (for example, money) gifted during the **gifting period** that are gifted by any of the following persons:

- a. The veteran being means assessed:
- b. The spouse or partner of the veteran being means assessed:
- c. The veteran being means assessed and that veteran's spouse or partner jointly.

Allowable gifts have a total value not exceeding \$6,000 each year (the **gifting amount**).

This **gifting amount** can be exceeded, if:

- a. It is a **Gift in recognition of care**
- b. If a veteran gives more than the \$6,000 limit the difference could be deducted from the subsequent years in the gifting period.

For example: in the first year of the gifting period the veteran gave away an asset of \$10,000. This has exceeded the gifting amount by \$4,000. This excess amount can be deducted from the subsequent years (\$1,000 per year, reducing the gifting amount for the next four years to \$5,000).

If the veteran being means assessed and their spouse or partner are both in long-term residential care, then the value of any gift made jointly by the pair is to be apportioned equally between them.

Regulation 9 of the Social Security (Long-term Residential Care) Regulations 2005

### Gift in recognition of care

If all allowable gifts gifted during the gifting period have a total value less than \$30,000, a gift in recognition of care is to be treated as an allowable gift.

The criteria for a gift in recognition of care are that the gift:

- a. is a gift of real or personal property (for example, money) gifted by:
  - the veteran being means assessed
  - the spouse or partner of the veteran being means assessed
  - the veteran being means assessed and the veteran's spouse or partner jointly.
- b. Is gifted within the period of 12 months immediately preceding the date of means assessment, and
- c. Is gifted to a person who:
  - for a continuous period of at least 12 months during the gifting period—
    - lived in the same household as the person being means assessed; and
    - provided to the person being means assessed a high level of care that enabled the person being means assessed to remain in the community without receipt of **home-based disability support services**, and
  - Is not the spouse, partner, or dependent child of the person being means assessed; and

- Is of an amount up to \$6,000 for each 12-month period of care provided; and
- Is not of an amount that, together with the amounts of any other gifts in recognition of care, exceeds the difference between \$30,000 and the total value of all gifts allowable under regulation 9.

If the veteran being means assessed and that person's spouse or partner are both in long-term residential care, then the value of any gift in recognition of care gifted made jointly by the pair is to be apportioned equally between them.

Regulation 36(2) of the Veterans' Support Regulations 2014

Regulation 9 and 9A of the Social Security (Long-term Residential Care) Regulations 2005

## Appendix 3: Determining land value

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### Land value

The value of a veteran's **land** is the **capital value** of the **rating unit**.

If the veteran owns an estate or interest in a rating unit, the value is the **proportion of their estate of interest** applied to the capital value of the rating unit.

### Considering other evidence if the capital value is unavailable or contested

Veterans' Affairs may consider any evidence of the value of a person's land other than a capital value if:

- a. A capital value required for determining the value of the land does not appear on the district valuation roll; or
- b. Either Veterans' Affairs or the veteran considers that the value of the land is not the true value.

Veterans' Affairs can use this other evidence to determine the value, or proportion of value, that fairly represents the veterans' interest.

Evidence in relation to the value of land includes evidence in any of the following forms:

- a. a valuation report that is prepared and signed by a registered valuer
- b. a decision of a court or tribunal
- c. the district valuation roll.

### Proportion of estate or interest

Whether considering the capital value, or other evidence, the proportion of a veterans' estate or interest in land is determined by Veterans' Affairs with regard to:

- a. The nature and extent of any other person's estate or interest in the rating unit; and
- b. The nature and extent of any other estate or interest in the rating unit for which a value can be determined by considering other evidence; and
- c. Any other factors Veterans' Affairs considers relevant.

Regulation 9D & E of the Social Security (Long-term Residential Care) Regulations 2005

Regulation 39 of the Veterans' Support Regulations 2014



## Appendix 4: Deprivation of assets instances and examples

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### Deprivation of property

Instances of deprivation of property include, but are not limited to:

- a. Gifts that are gifted in the 12-month period prior to the commencement of the gifting period, or in any 12-month period preceding that period, to the extent that the total value of the gifts in each such period exceeds \$27,000.

#### Example

In the year before the commencement of the gifting period the veteran and their spouse jointly make gifts having a total value of \$100,000. The veteran and their spouse may be treated as having deprived themselves of \$73,000 in respect of the gifts.

- b. A disposition of property at any time before the commencement of the **gifting period** for no consideration, or for a consideration less than the market value of the property at the time of disposition, may be treated as a gift for the purposes of paragraph (a).

#### Example

Two years before the commencement of the gifting period the veteran being means assessed and their partner transfer the \$300,000 house that they jointly own to a family member for \$100,000. One year before the commencement of the gifting period the veteran and their partner gift \$50,000 to another family member.

The veteran and their partner may be treated as having deprived themselves of \$196,000 in respect of the disposition and the gift (being the sum of \$200,000 less \$27,000 for the disposition of the house and \$50,000 less \$27,000 for the monetary gift).

- c. A disposition of property during the gifting period for no consideration, or for a consideration less than the market value of the property at the time of disposition.

#### Example

During the gifting period the veteran sells his or her car for \$10,000. The market value of the car at the time of sale was \$20,000.

The veteran may be treated as having deprived themselves of property to the extent of \$10,000 in respect of the car sale.

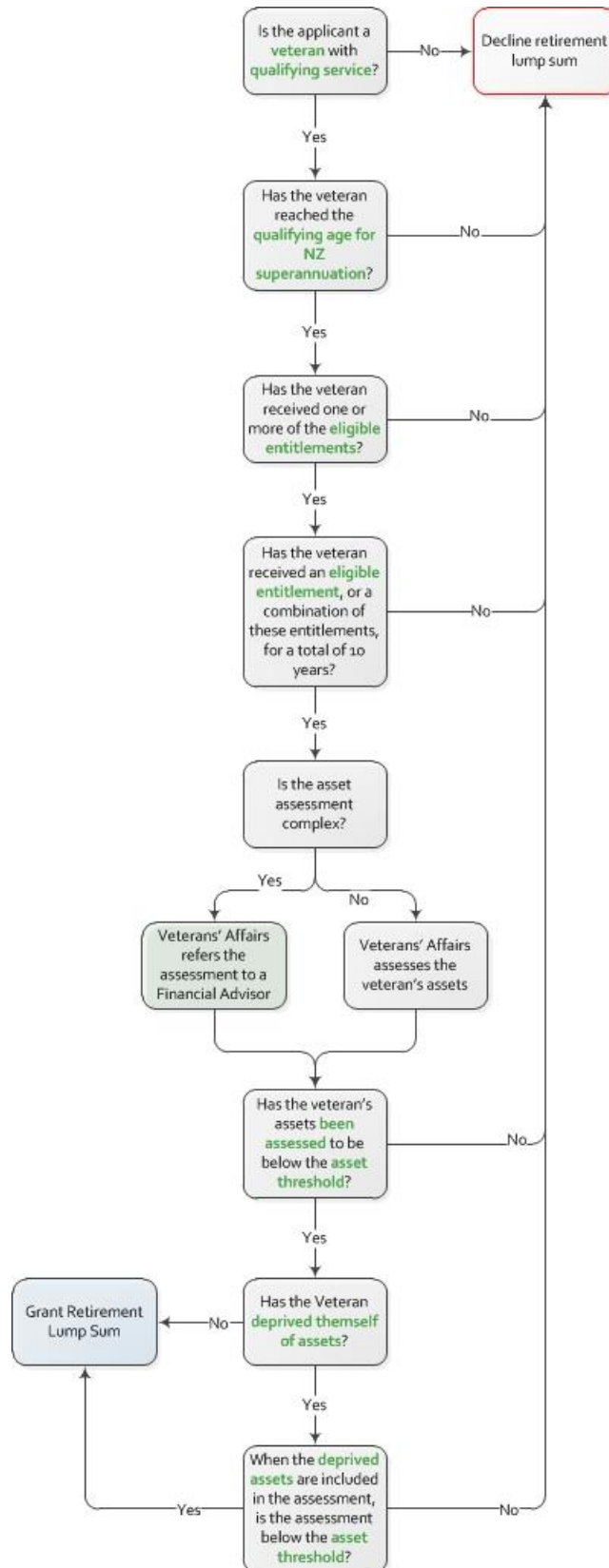
- d. A failure at any time to exercise any right or entitlement to demand a payment.

#### Example

The spouse of the veteran makes a loan to another person with interest on the loan being payable on demand. The spouse of the veteran never makes a demand for the interest.

The spouse of the veteran may be treated as having deprived himself or herself of interest to the extent of the amount of interest that is payable on demand.

## Appendix 5: Pathway to the Retirement Lump Sum



## Appendix 6: Applying the Retirement Lump Sum asset threshold

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### Veteran 1

Age: The veteran turned 65 on the 24/10/2014

Entitlements received: the veteran received the Veteran's Pension from 01/03/1985 to 24/10/2014

Relationship status: Single

House value: \$75,000

Car value: \$8,000

Asset 1 value: \$25,000

### Decision

Did the veteran reach the NZ Superannuation age after 1 December 2014?

No.

- ✘ Decline the application for the Retirement Lump Sum.

### Veteran 2

Age: The veteran turned 65 on the 30/03/2015

Entitlements received: the veteran received the Veteran's Pension from 01/03/1995 to 30/03/2015

Relationship status: Single

House value: No house

Car value: No car

Asset 1 value: \$50,000

Asset 2 value: 0

Asset 3 value: 0

### Decision

Did the veteran reach the NZ Superannuation age after 1 December 2014?

Yes.

Did the veteran receive an eligible entitlement for 10 years?

Yes.

What asset threshold should be applied?

The veteran is single, so the asset threshold is \$500,000

What is the total combined assets value?

$\$50,000$  (Asset 1 value) + 0 (Asset 2 value) + 0 (Asset 3 value) =  $\$50,000$

Does the total combined assets value exceed the asset threshold?

$\$500,000 - \$50,000 = \$450,000$ . No.

- ✔ Pay the Retirement Lump Sum (less tax)

### Veteran 3

Age: The veteran turned 65 on the 20/03/2015

Entitlements received: the veteran received the Veteran's Pension from 01/03/2000 to 20/03/2015

Relationship status: Married

House value: \$500,000

Car value: \$5,000

Asset 1 value: \$1,000,000

### Decision

Did the veteran reach the NZ Superannuation age after 1 December 2014?

Yes.

Did the veteran receive an eligible entitlement for 10 years?

Yes.

What asset threshold should be applied?

The veteran is married, so they can elect their asset threshold based on whether they want to include their house and car. In this case they have elected to include the house and car. The asset threshold is \$500,000.

What is the total combined assets value?

\$500,000 (Asset 1 value) + \$5,000 (Asset 2 value) = \$505,000

Does the total combined assets value exceed the asset threshold?

\$500,000 – \$505,000 = - \$5,000. Yes.

- ✘ Decline the application for the Retirement Lump Sum

### Veteran 4

Age: The veteran turned 65 on the 20/04/2015

Entitlements received: the veteran received the Veteran's Pension from 01/03/2000 to 01/03/2003 and from 20/10/2010 to 20/04/2015

Relationship status: Married

Asset 1 value: \$500,000

Asset 2 value: \$5,000

Did the veteran reach the NZ Superannuation age after 1 December 2014?

Yes.

Did the veteran receive an eligible entitlement for 10 years?

No. They received the Veteran's Pension for 3 years, then for 4 years and 6 months. The combined length of entitlement was 7 years 6 months.

- ✘ Decline the application for the Retirement Lump Sum

### Veteran 5

Age: The veteran turned 65 on the 02/03/2020

Entitlements received: the veteran received the Veteran's Pension from 01/02/2010 to 01/02/2015 and Weekly Income Compensation from 02/02/2015 to 02/03/2020

Relationship status: Married

House value: \$350,000

Car value: \$4,000

Asset 1 value: \$200,000

Asset 2 value: \$5,000

Asset 3 value: \$25,000

Did the veteran reach the NZ Superannuation age after 1 December 2014?

Yes.

Did the veteran receive an eligible entitlement for 10 years?

Yes. They received the Veteran's Pension for 5 years and Weekly Income Compensation for 5 years and 1 month.

What asset threshold should be applied?

The veteran is married, so they can elect their asset threshold based on whether they want to include their house and car. In this case they have elected to not include their house and car values. The asset threshold is \$300,000.

What is the total combined assets value?

$\$200,000$  (Asset 1 value) +  $\$5,000$  (Asset 2 value) +  $\$25,000$  (Asset 3 value) =  $\$230,000$

Does the total combined assets value exceed the asset threshold?

$\$300,000 - \$230,000 = \$70,000$ . No.

- ✓ Pay the Retirement Lump Sum (less tax)

## Appendix 7: Retirement Lump Sum decision letter template

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The Date

Name  
Address  
Address  
City and Post Code

Dear Name

**Determination of the Decision Officer  
Retirement Lump Sum Payment  
Reference Number Number**

On date the Decision Officer considered your application for a Retirement Lump Sum Payment received on date, under sections 149 to 151 of the Veterans Support Act 2014.

**(Grant)**

We are pleased to advise the Decision Officer has granted you a Retirement Lump Sum Payment of \$amount, which will be paid into your account on date.

**(Decline)**

Regrettably the Decision Officer has declined your application for a Retirement Lump Sum Payment, because:

**Review Rights**

If you are unhappy with the decision of the Decision Officer you can apply to have the decision reviewed. If you decide to do this, you will need to apply in writing using a form provided by Veterans' Affairs for this purpose. You can request the form by calling Veterans' Affairs on 0800 483 8372+64 4 495 2070, or email [veterans@nzdf.mil.nz](mailto:veterans@nzdf.mil.nz), or you can download a copy of the form from Veterans' Affairs website at [www.veteransaffairs.mil.nz](http://www.veteransaffairs.mil.nz). Your application for review must be submitted within six months of the date of this letter.

**(For Australian/Overseas Veterans only)**

**Declaring income in AustraliaOverseas**

In Australia In some countries the Retirement Lump Sum is considered income. If you receive any benefit or pension payments that are income tested, we recommend that you talk to your local government agency about this.

Yours sincerely

Your name  
Decision Support Advisor  
For Deputy Head of Veterans' Affairs

## Glossary

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### **Armed Forces** [section 2(1) of the Defence Act 1990]

**Armed Forces** means the Navy, the Army, and the Air Force collectively; and includes any branch, corps, command, formation, unit, or other part of the Armed Forces; but does not include any part of the cadet forces.

### **average wage** [section 61]

Means the average wage, as at 1 April each year, within the meaning of the Social Security Act 1964.

**average wage** means, at any time, the before tax average ordinary time weekly wage (all sectors, male and female combined) as specified in:

- (a) the latest Quarterly Employment Survey published by Statistics New Zealand; or
- (b) if the survey referred to in paragraph (a) ceases to be published, a survey certified by the Government Statistician as an equivalent survey to the survey referred to in that paragraph.

### **capital value** [Regulation 3 of the Social Security (Long-term Residential Care) Regulations 2005]

In relation to land means the capital value of that land appearing in the district valuation roll.

### **child** [section 7]

In relation to a veteran,—

- (a) means a natural child of the veteran; and
- (b) includes—
  - (i) an adopted child of the veteran; and
  - (ii) a child of whom the veteran is or has been a guardian; and
  - (iii) a grandchild or a whāngai of the veteran in relation to whom the veteran acts or has acted as a parent or guardian; and
- (c) includes any other child who would ordinarily be regarded as a child of the veteran because the veteran—
  - (i) is or has been the spouse or partner of one of the child's parents; and
  - (ii) acts or has acted as a parent of the child.

### **dependant** [section 7]

In relation to a veteran, means any of the following persons:

- (a) a person (not being the spouse, partner, or child of the veteran) who —
  - (i) is under 18 years of age; and
  - (ii) is wholly or primarily dependent on the veteran for financial support; and
  - (iii) ordinarily resides with the veteran;
- (b) a person (not being the spouse, partner or child of the veteran) who —
  - (i) is 18 years of age or more; and
  - (ii) is under the care of the veteran; and
  - (iii) ordinarily resides with the veteran because the person is unable to live independently of the veteran due to disability, illness or advanced age;
- (c) a person who —
  - (i) is the child of the veteran; and

- (ii) is 18 years of age or more; and
- (iii) is under the care of the veteran; and
- (iv) is unable to live independently of the veteran due to physical or mental infirmity.

**guardian** [section 7]

Has the same meaning as in section 15 of the Care of Children Act 2004.

**health practitioner** [section 7]

Has the same meaning as in section 5(1) of the Health Practitioners Competence Assurance Act 2003.

**land** [Regulation 9D of the Social Security (Long-term Residential Care) Regulations 2005]

A house, a piece of land, or any other asset within the definition of land in section 2(1) of the Rating Valuations Act 1998.

**medical practitioner** [section 7]

Means a health practitioner who is, or is deemed to be, registered with the Medical Council of New Zealand continued by section 114(1)(a) of the Health Practitioners Competence Assurance Act 2003 as a practitioner of the profession of medicine.

**member of the armed forces** [section 7]

Means a person who is or has been a member of a New Zealand armed force raised by the Governor-General on behalf of the Sovereign,—

- (a) whether in New Zealand or elsewhere; and
- (b) whether before or after the passing of this Act

**New Zealand Superannuation qualification age** [section 7]

Means the age at which a person becomes entitled to receive New Zealand Superannuation under the New Zealand Superannuation and Retirement Income Act 2001.

**operational threat** [section 9]

Means a threat posed by 1 or more of the following:

- (a) the activity of individuals, stakeholders and factions, security forces, and other groups, including those conducting military and political activity;
- (b) the local conditions and hazards, including violence connected with crime, civil disturbance, rioting, and protest action;
- (c) the risk associated with mines, unexploded ordnance, and booby traps;
- (d) the risk associated with chemical, biological, radiological, and nuclear exposure;
- (e) acts of terrorism, whether or not directed at members of the Defence Force;
- (f) any other matter that the Minister considers poses an operational threat.

**other claimants** [section 7]

Means—

- (a) persons who have served as members of the armed forces before 1 April 1974 and whose injury or illness was caused by, contributed to by, or aggravated by routine service in New Zealand or overseas; and
- (b) spouses or partners of veterans, and
- (c) children of veterans; and
- (d) dependants of veterans; and
- (e) persons (other than the spouse or partner, or a child or dependant, of the veteran) who provide non-professional support to veterans for the purposes of section 107.



**partner** [section 7]

Means a civil union partner or a de facto partner.

**qualifying service** [section 8]

Means–

- (a) qualifying operational service; or
- (b) qualifying routine service.

**qualifying operational service** [section 8]

Means–

- (a) service on any deployment treated as a war or emergency for the purposes of the War Pensions Act 1954; or
- (b) service on any deployment declared to be operational service under section 9.

**qualifying routine service** [section 8]

Means service in the armed forces before 1 April 1974 that is not qualifying operational service.

**rating unit** [Regulation 9D of the Social Security (Long-term Residential Care) Regulations 2005]

Has the same meaning as in section 2(1) of the Rating Valuations Act 1998.

**service-related** [section 7]

In relation to an injury, an illness, a condition, or a whole-person impairment, means an injury, an illness, or a whole-person impairment caused by, contributed to by, or aggravated by qualifying service.

**specified period** [10(1DC) of the Social Security (Long-term Residential Care) Regulations 2005]

For the purposes of defining certain assets as exempt from the asset assessment specified period means:

- (a) 48 months if the chief executive is satisfied that the person intends to use the payment to repair or rebuild any existing residential premises or to purchase any replacement residential premises; or
- (b) 12 months in any other case.

**veteran** [section 7]

Means–

- (a) a member of the armed forces who took part in qualifying operational service at the direction of the New Zealand Government; or
- (aa) a member of the armed forces who took part in qualifying routine service before 1 April 1974; or
- (b) a person:
  - (i) who has been:
    - (A) appointed as an employee of the Defence Force under section 61A of the Defence Act 1990; or
    - (B) seconded to the Defence Force with the permission of the Chief of Defence Force; and
  - (ii) who took part in qualifying operational service at the direction of the New Zealand Government; or
- (c) a person who, immediately before the commencement of Part 3 of this Act, is eligible for a pension under the following provisions of the War Pensions Act 1954:

- (i) section 19 (but only if the person was a member of the forces):
- (ii) section 55 or 56:
- (iii) Parts 4 and 5.

**whāngai** [section 7]

Means a child adopted by the veteran in accordance with Māori custom.