



Te Tira Ahu Ika A Whiro

**VETERANS'
AFFAIRS**

New Zealand

Policy

Dependant's Pension

**Version 7.0
October 2020**

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Policy

1. Purpose

1.1 This Policy provides guidance for administering the Dependant's Pension under the **Veterans' Support Act 2014 (the Act)**.

2. Legislative Reference

2.1 The relevant legislation is the:

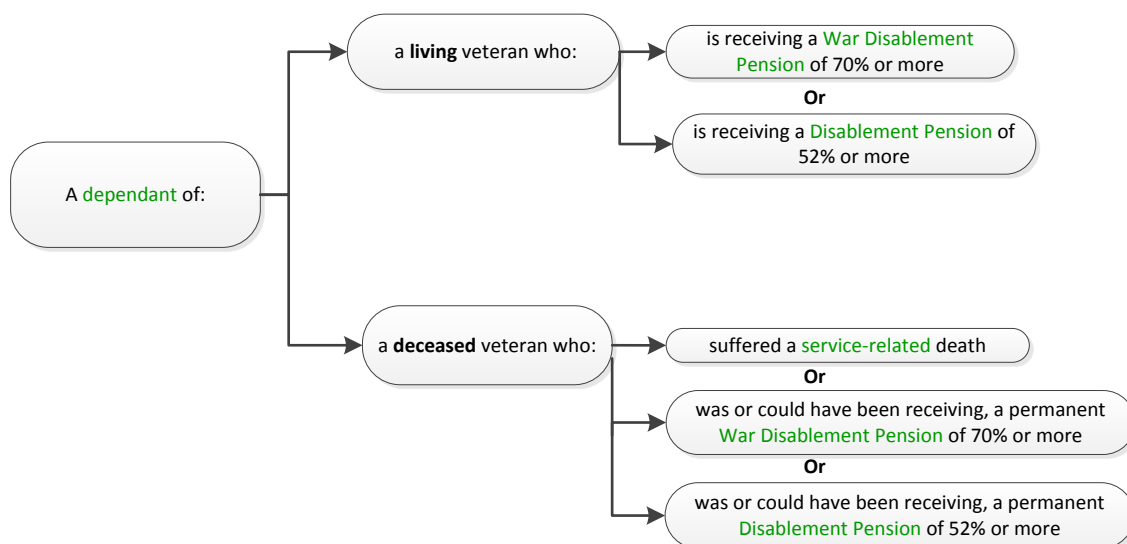
- The Act, sections 11, 76 to 80
- **Veterans' Support Regulations 2014** (the Regulations) regulations 20 - 25.

3. The Dependant's Pension

3.1 The Dependant's Pension is an entitlement granted by Veterans' Affairs to provide those dependant on the **veteran** financial support, if the veteran is sufficiently impaired or dies due to qualifying service in the New Zealand Armed Forces.

4. Eligibility for Dependant's Pension

4.1 To be eligible for the Dependant's Pension a person must be:



Section 76 of the Veterans' Support Act 2014

Dependant

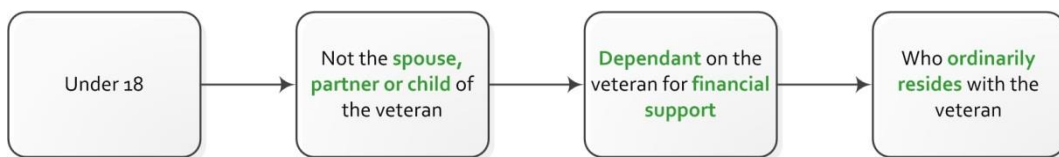
4.2 To be considered a dependant an applicant must meet certain conditions, depending on whether they are:

- a. Under 18 and not the spouse, partner **or** child of the veteran
- b. 18 or over and not the spouse, partner or child of the veteran
- c. Over 18 and the child of the veteran.

Section 7 of the Veterans' Support Act 2014

- 4.3 Children and spouses or partners of the veteran are covered by other entitlements. For more information see the:
- a. **Surviving Spouse or Partner policy**
 - b. **Children's Pension policy.**

Dependants who are under 18 and not the spouse, partner or child of the veteran



- 4.4 Dependants who are under 18 and not the spouse, partner or child of the veteran may be eligible for the Dependant's Pension if they are:
- a. **Primarily or Wholly Dependent on the veteran for financial support,**
and
 - b. **Ordinarily reside with the veteran.**

4.5 Dependants in this category may include:

- a. A niece or nephew or other close relative (e.g. cousin) being cared for by the veteran (and the veteran is not the legal **guardian**), or
- b. A non relative young person being cared for by the veteran.

Dependant on the veteran for financial support

4.6 An applicant must be wholly or primarily dependent on the veteran. However, an applicant does not have to be solely financially dependant on a veteran to be considered a dependant. However, if not wholly dependent on the veteran for financial support they must be primarily dependent on the veteran for financial support.

See Appendix 3: Calculation of whole or primary financial dependence on the veteran

4.7 If another person or body is paying for the applicant's expenses, including payments for the care provided, the applicant is not financially dependent on the veteran.

Scenario

For example, the 12 year-old niece of the veteran ordinarily lives with the veteran and spouse (see paragraphs 4.8 and 4.9 below).

The spouse has shared custody and guardianship order with the mother of the dependant as the mother cannot care for her. The veteran's spouse receives Unsupported Child Benefit and Child Support for the dependant and is in employment.

The Government payment support should be viewed as being received by both the veteran and the spouse equally and should be discounted when considering who is primarily financially responsible for the child.

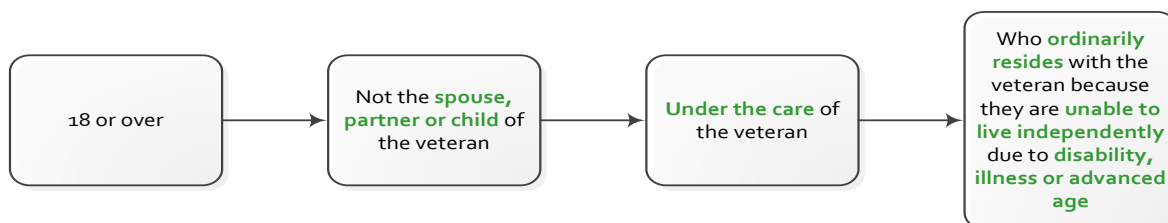
It must then be ascertained whether the spouse or the veteran has the higher income. This may include obtaining details of any income support such as Veteran's Pension, or New Zealand Superannuation received by the veteran and spouse, as well as other sources of income such as the spouse's income from their employment.

If the veteran's income is equal to or greater than the spouse's then the veteran is the primary source of financial support for the dependant and the Dependants Pension can be granted. If the spouse's income is greater than the veteran's then the dependant is not primarily dependant on the veteran and the Dependants Pension cannot be granted.

Who ordinarily resides with the veteran

- 4.8 A person ordinarily resides with the veteran if they usually live in the same **home** as the veteran.
- 4.9 A dependant does not have to live solely at the veteran's home to ordinarily reside with the veteran; for example:
- Shared custody arrangements
 - A dependant who is boarding away from home.

Dependants who are 18 or over and not the child, spouse or partner of the veteran



- 4.10 Dependants who are 18 or over and not the spouse, partner or child of the veteran may be eligible for the Dependants Pension if they're:
- Under the care of the veteran**, and
 - Ordinarily resides with the veteran**, and
 - Unable to live independently due to disability, illness or advanced age.**

Under the care of the veteran

- 4.11 A dependant is under the care of the veteran if the veteran has permanent primary responsibility for their day to day care.

Ordinarily reside with the veteran

- 4.12 A person ordinarily resides with the veteran if they usually live in the same **home** as the veteran.

Unable to live independently due to disability, illness or advanced age

- 4.13 A person is unable to live independently if they:
- need constant care and attention because of their disability, illness, or advanced age, and
 - without care from the veteran they would need alternative care from another source.

Dependant children who are 18 or over

- 4.14 Dependant children of the veteran who are 18 or over and:
- Under the care of the veteran, and
 - unable to live independently of the veteran due to mental or physical infirmity

are entitled to the Dependant's Pension. However, dependants who meet this requirement should be encouraged to apply for the Children's Pension over the Dependant's Pension because it is not income tested and it is paid at a higher rate. An applicant can not receive both pensions. See the **Children's Pension** policy for more information.

Suspension of a Dependant's Pension

- 4.15 Where the veteran is living, the eligible dependant's entitlement to a Dependant's Pension is contingent on the veteran receiving a War Disablement Pension of 70% or more, or a Disablement Pension of 52% or more. If the living veteran becomes disentitled to receive a War Disablement Pension or a Disablement Pension at the qualifying level, the dependant will also become disentitled to receive a Dependant's Pension for the corresponding period.

For example, the veteran was receiving a temporary Disablement Pension of 55%. The veteran's accepted disability improved and after reassessment their rate was adjusted to 49%. Because the veteran is no longer receiving a Disablement Pension of 52% or more, the dependant is no longer entitled to receive a Dependant's Pension. The payment of the Dependant's Pension will be suspended.

If at the next reassessment the veteran's disability worsens and their rate is increased back to 55%, the dependant will once again be entitled to receive a Dependant's Pension (provided eligibility criteria are met) and payment will resume.

5. Dependant's income

- 5.1 Veterans' Affairs will take into account the dependant's economic position, and the economic position of their spouse or partner, when determining the rate of the Dependant's Pension.

Regulations 21 and 22 of the Veterans' Support Regulations 2014

- 5.2 The veteran's income is not considered when Veterans' Affairs is assessing a dependant's income.

Rate of Dependant's Pension

- 5.3 If a dependant's and their spouse or partner's combined weekly **income** is equal to or less than 50% of the **maximum rate** of the Dependant's Pension, then they are paid the maximum rate.

- 5.4 For each \$1 earned by the dependant and their spouse or partner, over the 50% maximum rate, the pension is reduced by \$1.

See **Appendix 2: Dependant's Pension income deduction example calculations.**

- 5.5 If a dependant and their spouse or partner earns more than 150% of the maximum rate of the Dependant's Pension their pension entitlement does not cease but is reduced to \$0. After six months of payment at this rate, their pension entitlements will be stopped. This allows for fluctuations that result from seasonal work.

- 5.6 After the pension is cancelled, the dependant will have to re-apply for the dependants pension. This allows for a reassessment of their eligibility.

Weekly Income

- 5.7 Weekly income is the amount equivalent to the dependant's and their spouse or partner's **income** (inclusive of income tax) during the preceding 12 month period, divided by 52.

Regulation 22(3) of the Veterans' Support Regulations 2014

- 5.8 Dependants will provide information relating to their income, and their spouse or partner's income, for the last 12 months with their applications.

- 5.9 Veterans' Affairs will calculate this total and divide it by 52 to reach the dependant's weekly income.

- 5.10 A declaration of a dependant's income, and the income of their spouse or partner, must be supplied and calculated annually.

- 5.11 If there is any uncertainty about the income declared, for example whether:

- a. a declared payment is income
- b. the dependant or their spouse or partner may not have disclosed all of their income

- c. the dependant or their spouse or partner may have deprived themselves of income

Decision makers must consult with their Manager to determine whether to seek financial advice from a suitably qualified person.

Defining Income

5.12 Income is:

- a. Any money received (before income tax) which is not a one-off **capital payment**, for example wages, salary, commission, or Parental Leave payments.
- b. The value of any **interest** (before income tax) acquired which is not a one-off **capital payment**.
- c. Payments, **capital payments**, or the value of credits or services received **periodically** that are made and used for an **income-related purpose**.
- d. The value of goods, services, transport or accommodation supplied on a regular basis. For example, free board, free rent, or an income-related insurance payment.

5.13 In most cases deciding whether a payment is income will be straightforward, that is the payment is money received that is not a **capital payment**.

5.14 In other cases where it is not clear whether a payment is income or not, a decision maker will consider the following guidelines:

- a. Why was the payment made?
- b. Is the payment received for an income-related purpose?
- c. Is the payment to be used for an income-related purpose?
- d. Is the payment received **periodically**?
- e. What is the source of the payment?
- f. Has the dependant received free goods, services, transport or accommodation on a regular basis?

5.15 A decision maker will assess the nature and circumstances of the payment and having considered all of these points, determine whether or not the payment, credit or service is income.

5.16 In some cases income can be reduced if the dependant has had expenses. For example, non-taxable allowances such as jury service, clothing allowance, travel allowance or where the dependant has had expenses related to producing a product for sale.

5.17 For specific examples of types of income, see **Appendix 4: Types of income**.

Capital payments

5.18 A capital payment is usually a lump sum asset payment which may be received periodically or as a one off payment. Examples of capital payments could include the receipt of a house, a property, a gift, a lottery win, an inheritance or proceeds from the sale of a house.

- 5.19 Generally the definition of income does not include capital payments. If the capital payment received is paid as a one-off lump sum payment, it is not considered income. However, where capital payments are received periodically and are made for and used for an **income-related purpose** they will be treated as income.
- 5.20 If the payment received is a capital payment then Veterans' Affairs will consider what the dependant does with this payment. If they choose to invest the payment then the interest received from the investment would be treated as income.

Interest

- 5.21 Interest is much broader than just the interest received from savings and investments. Interest can refer to the value in money's worth, rather than money itself. For example, where a dependant has their rent being paid for by their parents or their ex-partner, they don't receive the rent money as this is paid directly to the landlord. They receive the value in money's worth of an acquired interest which would be considered as free rent.

Income related purpose

- 5.22 Payments, capital payments or the value of credits or services received periodically that are made and used for an income-related purpose, are considered to be income.
- 5.23 A payment would be deemed as being used for an income-related purpose if it is:
- a. replacing lost or diminished income. For example, a dependant receives payments from an income-related insurance policy to cover loss of employment or a dependant receives payment from a family member because the dependant has no income
 - b. maintaining a dependant or a member of their family. For example, the payment is for the provision of essential living costs such as rent, food, power and clothing
 - c. purchasing goods or services (commonly paid for from income) for the dependant or a member of their family
 - d. enabling the dependant to make payments that they are liable to make and that are commonly made from income.
- 5.24 Examples of the last two points are payments made to pay hire purchase accounts, insurance payments, payment of fines or child support payments.

Taxable income

- 5.25 Although some forms of income are not taxed they are still considered to be income. Whether income is taxed or not is irrelevant (for example **Superannuation** is still considered income).

6. Deprivation of income

- 6.1 Veterans' Affairs must consider whether the dependant or their spouse or partner has deprived themselves of income.

See **Appendix 1: Deprivation of income instances and examples.**

Regulation 24 of the Veterans' Support Regulations 2014

Assessing income where income deprivation has occurred

- 6.2 If Veterans' Affairs is satisfied that a dependant, or their spouse or partner, has directly or indirectly deprived his or herself of any income the dependant's income assessment may be conducted as if the deprivation had not occurred.

Regulation 24(1) of the Veterans' Support Regulations 2014

- 6.3 This does not apply if the deprivation occurred before the dependant became entitled to the pension (via the veteran passing away, or becoming entitled to a War Disablement Pension from disablement of 70% or more, or a Disablement Pension from whole-person impairment of 52% or more).

Regulation 24(2) of the Veterans' Support Regulations 2014

7. Application for Dependant's Pension

Form

- 7.1 A dependant is entitled to a Dependant's Pension when:
- a. They have completed and provided an **application form** supplied by Veterans' Affairs; and
 - b. They have provided the supporting evidence required by Veterans' Affairs; and
 - c. Veterans' Affairs has accepted the application.
- 7.2 An application can be made by the dependant or a representative. For more information see the **Veterans' Representatives** and **Persons with legal authority to act for a veteran or other claimant** policies.

Section 77 of the Veterans' Support Act 2014

Providing accurate information

- 7.3 An applicant must provide accurate information to Veterans' Affairs.
- 7.4 A recipient of the Dependant's Pension is required to inform Veterans' Affairs of any change in their circumstances that may impact their entitlement, including:
- a. Changes in their living situation so they are no longer living with the veteran
 - b. Changes in their care arrangement so the veteran no longer cares for them
 - c. Changes in their medical diagnosis that affects their:
 - Ability to live independently
 - Assessed level of disability or illness.

- 7.5 A recipient who is found to have actively misled Veterans' Affairs about their 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

Rate of entitlement

- 7.6 The current maximum rate of the Dependant's Pension is available on the Veterans' Affairs website. This is adjusted annually to match changes to the New Zealand Consumers Price Index (CPI's).

Regulation 20 of the Veterans' Support Regulations 2014

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

Start of entitlement

- 7.7 If the veteran is living, the Dependant's Pension entitlement is treated as beginning on the day the application was received.

- 7.8 If the veteran is deceased:

- a. If the application is received within 6 months of the veteran's death the entitlement is treated as beginning the day after the veteran's death.
- b. If the application is received more than 6 months after the veteran's death the entitlement is treated as beginning the day the application was received.

Section 77 of the Veterans' Support Act 2014

Payment of entitlement

- 7.9 The Dependant's Pension is paid on a fortnightly basis if paid into a New Zealand bank account.

- 7.10 Payment to an overseas bank account is made on a four-weekly basis.

End of entitlement

- 7.11 If the veteran is living, and the recipient is under 18, the pension will cease when the dependant:

- a. No longer lives with the veteran, or
- b. Is no longer wholly or primarily dependant on the veteran for financial support, or
- c. Turns 18, unless they are still under the care of the veteran due to disability or illness, or
- d. Dies.

- 7.12 If the veteran dies while the dependant is under 18 and receiving the Dependant's Pension, the pension will cease when the dependant turns 18, unless the recipient can demonstrate they are unable to live independently due to a disability or illness and would have continued to be under the care of the veteran, but for their death.

- 7.13 If the veteran is living and the recipient is over 18 and not the child, spouse or partner of the veteran the pension will cease when the dependant:
- a. Is no longer under the care of the veteran, or
 - b. No longer ordinarily resides with the veteran (for example has moved to an aged care facility), or
 - c. Is no longer prevented, by disability, illness or advanced age, from living independently, or
 - d. Dies.
- 7.14 If a veteran is living and the recipient is over 18 and the child of the veteran, the pension will cease when the dependant:
- a. Is no longer under the care of the veteran, or
 - b. Is no longer prevented, by physical or mental infirmity, from living independently of the veteran, or
 - c. Dies.
- 7.15 If a dependant who is receiving a Dependant's Pension dies, the entitlement to the pension ceases at the close of the 28th day after the date on which the dependant dies.

Section 78 of the Veterans' Support Act 2014

Recipient of entitlement

- 7.16 The dependant on the veteran is the recipient of the Dependant's Pension entitlement.
- 7.17 The release of any personal information about the dependant should occur only in accordance with the Privacy Act 1993. Refer to the policy on **Privacy Act Requests**.

Recipients under 16

- 7.18 If a recipient of the Dependant's Pension is under 16, Veterans' Affairs will make the payment to a person who is caring for the applicant.
- 7.19 If Veteran's Affairs considers that it would not be appropriate to make the payment to the claimant's carer, it can pay another person or trustee it considers will apply the payment as required.

Section 209 of the Veterans' Support Act 2014

Application of money paid to a nominated person for recipients under 16

- 7.20 After a nominated person has been accepted and payment commences, Veterans' Affairs is not obliged to confirm that the pension is being used for the maintenance, education, advancement or benefit of the dependant.

Section 209 of the Veterans' Support Act 2014

Recipient 16 or over

- 7.21 When a recipient of the Dependant's Pension reaches 16 the payment is made directly to them.

Recipients 16 or over and mentally or physically infirm

7.22 Once a recipient who is mentally or physically infirm turns 16 Veterans' Affairs can pay the Dependant's Pension to a guardian or third party if they supply evidence of their legal entitlement to act on behalf of the recipient.

8. Evidence required

Applicants under 18

Dependant on the veteran for financial support and ordinarily resides with the veteran

8.1 Veterans' Affairs will accept a signed declaration from the dependant or representative confirming that:

- a. The dependant lives or lived with the veteran, and
- b. The veteran is or was the primary source of financial support for the applicant.

8.2 Veterans' Affairs reserves the right to seek further information confirming the veteran and dependant's living arrangements and the veteran's financial support of the dependant.

For an applicant 18 or over and not the spouse, partner or child of the veteran

Under the care of the veteran

8.3 Veterans' Affairs will accept a signed declaration from the dependant or representative confirming that the veteran is or was a primary source of care for the dependant.

8.4 Veterans' Affairs reserves the right to seek further confirmation that the veteran is or was caring for the dependant.

Unable to live independently due to disability, illness or advanced age

8.5 Veterans' Affairs will accept medical certificates from a suitably qualified **medical practitioner** as confirmation of the applicant's inability to live independently due to disability, illness or advanced age.

8.6 If the applicant suffers from a non-permanent impairment, the continuation of the impairment must be confirmed by Veterans' Affairs annually, at a minimum.

8.7 The applicant, carer or nominated person must be advised they have a duty to inform Veterans' Affairs if medical circumstances relating to the recipient's impairment changes.

8.8 If the applicant suffers from a non-permanent disability or illness the continuation of the disability or illness must be confirmed by Veterans' Affairs annually at minimum.

Evidence of dependence after a veteran has died

8.9 If the dependant is applying for the pension after a veteran's death Veterans' Affairs will consider the dependant's circumstances during the months

preceding the veteran's death to determine whether the applicant was a dependant on the veteran.

- 8.10 The type of evidence required to establish entitlement may depend on the timing of the application.

Guardians or representatives of the dependant

- 8.11 If a guardian or third party seeks to receive the pension on behalf of the dependant they must supply evidence of their legal entitlement to act on behalf of the recipient, such as:

- a. personal or property order issued under the **Protection of Personal and Property Rights Act 1988**; or
- b. welfare guardian order; or
- c. signed power of attorney.

Evidence of income

- 8.12 If the dependant or their spouse or partner earn wages or a salary they must provide an IRD statement setting out:

- a. the amount earned before tax (the gross amount); and
- b. the period the wages or salary represents; and
- c. their employer's details.

- 8.13 Applicants and their spouse must also provide a signed declaration confirming their income from all other sources.

- 8.14 Veterans' Affairs reserves the right to seek further confirmation of the dependant's income, including:

- a. Payslips
- b. Bank statements.

9. Application process

- 9.1 Veterans' Affairs must within 7 **working days** after receiving the application, acknowledge receipt of the application, and must keep the claimant up-to-date on the progress of the application

- 9.2 Veterans' Affairs will make a decision on a claim as soon as practicable after receipt of the application.

- 9.3 Veterans' Affairs will give notice of its decision on a claim in writing, providing:

- the reasons for the decision, and
- information about the claimant's right of review.

Section 11 of the Veterans' Support Act 2014

Overseas applicants

- 9.4 A dependant living overseas is entitled to apply for the Dependant's Pension.

Overpayments

- 9.5 Veteran Affairs can recover debt from Dependant's Pension recipients if:

- a. An amount paid to a person exceeds the amount they are entitled to
- b. An amount was paid to a person with no entitlement to it.

- 9.6 Veterans' Affairs can recover the debt:

- a. By way of proceedings
- b. By deducting the debt incrementally from future Dependant's Pension payments to that person.

Section 206 of the Veterans' Support Act 2014

Annual entitlement assessment

- 9.7 Veterans' Affairs may seek further information from the veteran or dependant annually to confirm:

- a. The income of the dependant or their spouse or partner has not changed, and
- b. The Dependant's Pension recipient still meets the entitlement criteria.

10. Decision making

- 10.1 Decision Officers consider applications for the Dependant's Pension, to determine:

- a. Whether the veteran was receiving or entitled to receive the required War Disablement Pension or Disablement Pension; and
- b. Whether the applicant was dependant on that veteran.

- 10.2 In establishing the rate of the Dependant's Pension Decision Officers will seek financial advice to assist with any income assessment that is required.

11. Relationship with other entitlements

Provided under the Veterans' Support Act

- 11.1 A dependant of a veteran may be able to claim other entitlements, such as **travel cost** to visit the veteran in long term hospital care.

Provided under the Social Security Act

- 11.2 Recipients of the Dependant's Pension may also be entitled to the **Child Disability Allowance** or Disability Allowance under the **Social Security Act 1964**.

Sections 39A - D of the Social Security Act 1964

- 11.3 The Dependant's Pension may be considered income for the purposes of assessing the rate of other entitlements.

Section 69C of the Social Security Act 1964

- 11.4 A recipient should contact the Ministry of Social Development for more details on the impact of their Dependant's Pension on other entitlements.

12. The Dependant's Pension and tax

- 12.1 The Dependant's Pension is a tax free payment; however it is still treated as income by Inland Revenue for some purposes.

- 12.2 An applicant with questions relating to this pension and their tax obligations should contact IRD.

Overseas recipients

- 12.3 Overseas recipients of the Dependant's Pension may need to declare the payments for tax purposes.

- 12.4 The Dependant's Pension may also be considered income for the purpose of assessing entitlement to overseas pensions and benefits.

- 12.5 Recipients, or their nominated person, should contact the Government Tax Agency of their country of residence for more information.

Dependants of veterans with service in the New Zealand Police

- 12.6 Dependants of former police officers with service in the New Zealand Police between 1958 and 1972 receiving a War Disablement Pension or Disablement Pension can apply for this entitlement.

Section 42 of the Police Act 1958, section 110 of the Policing Act 2008 and section 7 and Schedule 1 clause 6 of the Veterans' Support Act 2014

13. Reviews, Appeals and Complaints

- 13.1 If you disagree about a decision concerning eligibility for an entitlement or service **see separate policies on Reviews and Appeals**. If you are concerned about Veterans' Affairs' administration of an entitlement or service **see separate policy on Complaints**.

Glossary

accepted disability [policy definition]

Means an injury, illness or condition that Veterans' Affairs accepts as being service-related.

Appeal Board [section 7]

Means the Veterans' Entitlements Appeal Board established under Part 7 of the Veterans' Support Act 2014.

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.

dependant's weekly income [regulation 22(3)]

The amount equivalent to the dependant's income (inclusive of any income tax) during the preceding 12-month period divided by 52.

disability

A physical, sensory, psychiatric or intellectual disability where a intellectual functioning is significantly below average. People with disability may also have limitations with their behaviour (either behavioural problems, or difficulty with managing day to day tasks, or both).

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.

home [section 7]

- (a) means residential premises in which the veteran lives and that are owned, rented, or otherwise lawfully occupied by the veteran or the veteran's parent, guardian, spouse or partner; and
- (b) includes residential premises in which the veteran proposes to live after they are built and that will be owned, rented, or otherwise lawfully occupied by the veteran or the veteran's parent, guardian, spouse, or partner; and
- (c) includes any other premises in which the veteran lives and for which the veteran is solely responsible for home maintenance; but
- (d) does not include any hotel or motel, or any hospital, hostel, rest home, or other institution.

income [regulation 23(3)]

Has the meaning given by Schedule 2 of the Social Security Act 2018.

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 the 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.

partner [section 7]

Means a civil union partner or a de facto partner.

periodically

Means regularly or intermittently. This generally means more than once a year.

qualifying operational service [section 8]

Means—

- (a) service in 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.

qualifying service [section 8]

Means—

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

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.

service-related death [section 7]

In relation to Part 3 (Scheme One), means death attributable to qualifying service.

social security enactment [regulation 23(3)]

Means—

- (a) Schedule 2 of the Residential Care and Disability Support Services Act 2018;
- (b) the Social Security (Long-term Residential Care) Regulations 2005 (or any other regulations made or treated as made under section 74 of the Residential Care and Disability Support Services Act 2018);
- (c) the Social Security (Income and Cash Assets Exemptions) Regulations 2011 (or any other regulations made or treated as made—
 - (i) under section 422 for the purposes of clause 9 of Schedule 3 of the Social Security Act 2018; or
 - (ii) under section 423 for the purposes of subpart 10 of Part 2 and Part 7 of Schedule 4 of the Social Security Act 2018);
- (d) the Social Security (Temporary Additional Support) Regulations 2005 (or any other regulations made or treated as made under section 428 of the Social Security Act 2018).

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.

Appendix 1: Deprivation of income instances and examples

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

- a. A waiver of a right at any time to receive any entitlement or payment

Example

The person being means assessed and that person's partner jointly own a rental property. The tenants of that property fail to pay the rent payable under the tenancy agreement. The person being means assessed and that person's partner take no action to recover the unpaid rent.

The person being means assessed and his or her partner may be treated as having deprived themselves of income to the extent of the unpaid rent.

- b. an investment at any time in non-income-earning assets

Example

The person being means assessed deposits savings in a non-interest-bearing bank account.

The person being means assessed may be treated as having deprived himself or herself of income to the extent of income that could have been earned on the savings if the savings had been invested in an interest-bearing bank account.

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

Appendix 2: Dependant's Pension income deduction example calculations

Example 1

The maximum rate of the Dependant's Pension is \$200.¹ A veteran on a 70% War Disablement Pension is caring for his dependant brother, who has suffered a stroke. The veteran receives over \$100,000 in income from various sources. The dependant receives \$50 a week from a life interest from an estate, and a MSD disability allowance of \$60 a week. The dependant also noted on his application form that he recently won \$1000 at the TAB.

1. Calculate 50% of the maximum rate of the Dependant's Pension.

$$\$200 \times 0.5 = \$100$$

2. Calculate total weekly earnings of the dependant and their spouse or partner.

The veteran's income is not included in the income assessment for the Dependant's Pension. Veterans' Affairs only considers the income of the dependant or their spouse or partner.

Life interests from an estate paid weekly are considered income = \$50

MSD benefits, including the disability allowance, are considered income = \$60

Lottery prizes and gambling wins are not considered income so the \$1000 TAB win is not included.

$$\$60 + \$50 = \$110$$

3. Deduct 50% of the maximum rate of the Dependant's Pension from the dependant's income.

$$\$110 - \$100 = \$10$$

4. Deduct the difference from the maximum rate of the Dependant's Pension to determine the dependant's weekly rate.

$$\$200 - \$10 = \$190$$

The Dependant's Pension is paid at \$190 / week.

Example 2

A veteran on a 55% Disablement Pension cares for a dependant friend with Alzheimer's disease. The dependant receives a MSD disability allowance of \$60. The dependant's wife earns \$40,000 p.a.

1. Calculate 50% of the maximum rate of the Dependant's Pension.

$$\$200 \times 0.5 = \$100$$

2. Calculate total weekly earnings of the dependant and their spouse or partner.

MSD benefits, including the disability allowance, are considered income = \$60

¹ This is an example rate. The Dependant's Pension is adjusted annually. The current rate is available [here](#).

The dependant's wife's wages are included in his income assessment. \$40,000 / 52 = 769.20

$$\$769.20 + \$60 = \$829.20$$

1. Deduct 50% of the maximum rate of the Dependant's Pension from the dependant's income.

$$\$829.20 - \$100 = \$729.20$$

2. Deduct the difference from the maximum rate of the Dependant's Pension to find the dependant's weekly rate.

$$\$200 - \$729.20 = -\$529.20$$

The dependant's income exceeds the 150% of the maximum rate of the dependant's pension (\$300) so the dependant will receive \$0.

Example 3

A veteran has a 16 year old dependant nephew who lives with him when he is not living as a stay boarder at secondary school. The dependant earns \$50 a week from part time work. He also received a \$1000 scholarship paid towards school fees.

1. Calculate 50% of the maximum rate of the Dependant's Pension.

$$\$200 \times 0.5 = \$100$$

2. Calculate total weekly earnings of the dependant and their spouse or partner.

Part time wages = \$50

Scholarships are not considered income if they go towards fees or course related costs.

3. Deduct 50% of the maximum rate of the Dependant's Pension from the dependant's income.

$$\$50 - \$100 = -\$50$$

The dependant's income is less than 50% of the maximum rate of Dependant's Pension so the pension payments are unaffected, the dependant will receive the maximum rate.

Appendix 3: Calculation of whole or primary financial dependence on the veteran

This scenario only applies to an applicant who is under 18 years of age.

The advice provided considers that all other eligibility criteria have been met and that the final criteria determines if the applicant is wholly or primarily dependent on the veteran for financial support.

The use of such terms as “wholly or primarily” means that they influence each other. That one means entirely and that the other is something substantive but moving away from being entirely.

Wholly dependent

The applicant must not be receiving any financial support and must be completely or wholly reliant on the veteran for all of his or her financial needs.

Examples include but are not limited to:

- **Applicant has a spouse or partner:** the applicant must not be receiving any financial support from his or her spouse or partner.
- **Applicant is being cared for by other than his natural parents:** the applicant must not be receiving any financial support from his or her natural parents.
- **Applicant is eligible elsewhere for benefits provided under the Social Security Act 1964:** the applicant must not be receiving any financial support under the Social Security Act 1964 .

Primarily dependent

The applicant may have other sources of financial support, but must remain primarily dependant on the veteran for his or her financial needs.

Situation	Decision-maker consideration
The applicant is receiving a small income	In the situation where the applicant is receiving an income, from the information available to you, consider if the level of income that the applicant earns still leaves the applicant primarily financially dependent on the veteran.
The veterans' spouse or partner earns an income	In the situation where the veterans spouse or partner is receiving an income and contributes to household costs, using the information available to you, consider if the applicant remains primarily financially dependent on the veteran for financial support.
Other financial contributions	If other financial contributions are being made towards the applicant, for example, from the applicant's biological parents, using the information available to you, consider if the applicant remains primarily dependent on the veteran for financial support.

It must be remembered that the level of veteran's income will not affect the amount of the dependant's pension paid. When assessing the veteran's income, it is purely to gauge the level of financial support given to the dependant.

Appendix 4: Types of income

Child support

When Inland Revenue releases Child Support payments to a dependant they are considered income.

Commission work

Dependants with commission earnings are treated in a similar way to self-employed dependants with business income. Veterans' Affairs need to look at their business accounts to determine the net income to be charged.

Compassionate payment

A lump sum compassionate grant made by the government or any other person or organisation on the death of a spouse or partner is a **capital payment** and is not chargeable income for benefit purposes. Any income received from the investment of the funds received from a compassionate grant is chargeable income.

Compensation or damages

There may be two types of payments made where a person receives compensation or damages from any other person for wrongful or unjustified dismissal or due to a disability (caused by an accident or disease). These are:

In lieu of wages

The payment of compensation or damages is paid in lieu of wages for a number of weeks. This payment considered income for the period it covers.

Personal payment

A dependant may receive a one off personal payment for humiliation, loss of face, injury to feelings. Personal payment for humiliation, loss of face, injury to feelings, must be treated as a **capital payment** only and not income.

Estate income and wills

Money from an estate, such as, money left to a dependant in a will can be received as:

- a. **Capital payments**
- b. Continuing income from an estate (for example as an annuity or rent from property)
- c. Interim payments, or
- d. a combination of the above.

Continuing income from an estate

When a dependant is entitled to continuing income from an estate, for example rent from a rental property, **annuity**, or income from a **life interest or lease for life**, the amount the dependant receives from this is income.

Ex gratia and compensation payments

Ex gratia and compensation payments are not assessed as:

- a. cash assets for 12 months from the date of payment or

- b. income for 12 months from the date of payment (this includes any additional income earned from the ex gratia or compensation payments).

Fees for jury service

The daily fee paid for jury service attendance is charged as income. Any amount paid for reimbursement of actual expenses such as travel is to be deducted from the jury service fee.

Gifts

A once only gift of cash is a capital payment and is not chargeable income for benefit purposes. Similarly a once only gift of real estate or personal property is not income. Where a dependant receives goods or services, or gifts of cash **periodically** the value of these should be charged as income. Any income received from the investment of a cash gift is income.

Goods, services, accommodation in lieu of money

Some dependants may receive goods, services or accommodation instead of money for work completed. In these situations, the value of the goods or services is charged as income; for example if a dependant receives 'free rent' for working in their landlords shop three days a week. The landlord would have charged for the rental as income. The market rental value of the house is \$150 per week. \$150 per week is income.

Green dollar trading

Green Dollar trading is a system of barter and exchange in which goods, services, and credits can be given without the need for cash. Trading with 'green dollars' falls within the definition of income. Green dollars are treated as income.

Home equity conversion schemes

A person may receive periodic or lump sum payments from a home equity conversion scheme.

Periodic payments

Periodic payments from a home equity conversion scheme can be used to supplement a person's income, that is, to maintain the family and purchase goods and services that would normally be paid for from income.

When periodic payments are paid for an income related purpose they are chargeable income.

Lump sum payments

A one-off lump sum payment (where only one payment is received in a 52 week period) from a home equity conversion scheme is a capital payment and is not income for benefit purposes.

Honoraria

An honorarium is a payment, although nominal, for services rendered. A dependant receives an honorarium for acting as secretary or treasurer of a club. Charge this payment as income over the period it represents (not the week in which it is received).

Insurance

The effect of insurance payment on the dependant's income depends on the type of insurance policy and the reasons that the payment is made.

Income replacement insurance

Income Replacement Insurance is income for the period that the payment represents.

Lump sum payment

Replacement Insurance payments are income for the period the payment represents.

Mortgage protection insurance

Mortgage Protection Insurance payments are not income.

Health and disability insurance

Health and Disability insurance usually reimburses medical expenses and may include the cost of operations, hospital care and specialist fees. Payments that reimburse medical expenses are not income. Payments that are made to help meet expenses a person or their family may have had to meet while in hospital (excluding the costs of health care), or reimbursement of lost income, are income.

Debt insurance

A dependant may have insurance to cover repaying existing debts such as mortgages, personal loans, hire purchase commitments and credit card debts. Debt Insurance payments are not income.

Loan protection insurance

Where a dependant has no choice as to how payments under a Loan Protection Insurance policy can be used, and the payments are made direct to the supplier/company to cover the payments due, the payments are not income. Where the dependant receives the Loan Protection Insurance payments this is charged as income.

Life insurance

There are two types of life insurance policies:

- a. Whole of life - which only pays on the death of the person and
- b. Endowment - which pays a specified amount of money when the insured person reaches a certain age.

These payments are treated as once only capital payments and are not income.

Fire and general insurance policies

Money received from an insurance policy for loss of or destruction or damage to buildings or other property by fire, earthquake, flood or other cause is not income.

IHC board payments and IHC foster care payments

IHC board payments, less expenses directly related to the care function, are charged as income.

IHC Carer's Allowance

Carer's Allowance, which is paid to people carrying out alternative care or carer support, are income. Whenever a dependant can show that they have incurred actual costs associated with the care function, these should be deducted from the income figure. If travel allowance is paid as a general allowance to all carers at the same rate,

and forms part of an employment package, then this is also to be charged as income along with the Carer's Allowance. If a payment is made for individual carers as a specific reimbursement of actual identified travel costs, then this would not be treated as income.

Income from assets

The income from any asset is considered income.

An asset is cash or property owned by a person which has a realisable value, which could include but is not limited to:

- a. money saved or invested
- b. money invested in securities, bonds or debentures
- c. money invested in shares
- d. money loaned to another person or advanced as a mortgage
- e. real estate
- f. copyright.

Lottery, prizes and gambling wins

Lottery, lotto prizes, race and totalisator (TAB) winnings, or other gambling winnings are not income, unless the dependant is running some sort of betting scheme. However any income, such as interest, received from the investment of winnings or prizes is income.

Ministry of Education supervision allowances

Parents whose children are enrolled with the Correspondence School or a home schooling programme with the Ministry of Education may receive the following supervision allowances:

- a. 'Payment for Supervision' paid by the Correspondence School
- b. the 'Homeschooling Supervision Allowance' for people home schooling through, and paid by the Ministry of Education

These allowances are paid to recognise the provision of study facilities, text books and other educational material within the home. The Payment for Supervision and the Homeschooling Supervision Allowance are not income.

Ministry of Social Development benefits

MSD benefits are treated as income (for example the Supported Living Payment). If the benefit is paid to the dependant's caregiver, not the dependant, it is not considered to be the dependant's income (such as the Unsupported Child's Benefit).

Parental Leave payments

Parental leave payments must be treated as income in the same way as any other wage or salary.

Payment for attendant care, home help and rehabilitation services

Payments made by ACC for attendant care, home help and rehabilitation services are payments made to the dependant to purchase a service or to meet the cost of travel and accommodation for accessing rehabilitation services. The ACC payment amount

used to purchase the services is not income. If the payment is not used to purchase services and is used for income related purposes then this is treated as income.

Payments to Board of Trustee members

Payments to Board of Trustee members are to be charged as income in the same way as salary or wages.

Payments from earthquake commission and insurance companies

Further information on the treatment of payments relating to the Canterbury earthquakes is available on the MSD website:

- a. **Payments from the crown for the purchase of property in the red zone**
- b. **Payments from the Canterbury earthquake commission**
- c. **Canterbury Earthquake employment support payments**

Payments from family day care schemes

Family day care schemes place children in private homes during the day while the parent(s) are in employment. When dependants provide care under these schemes, in their own homes, payments received are treated as income.

Expenses are deducted from payments

If a dependant has expenses directly related to providing childcare these can be deducted from any payment received and are disregarded as income.

Payments from friendly and like societies

Payments received from friendly and like societies are charged as income.

Payments to Local Body members

Payments to Local Body members are to be charged as income in the same way as salary or wages.

Payments to victims of crime and their families

Payments made by Victim Support are not income. This includes any income earned from investment of the payment for the first 12 months following the date the payment was received by the dependant. At the end of the 12 month period any income earned from the asset is income.

Profit from boarders

Generally the money received from the first two boarders is disregarded as it is accepted that the board paid will only cover the boarder's costs and tends to be a family or informal arrangement. If it is clear that the arrangement is a business venture, such as a boarding house, bed and breakfast or home stay, then the income from the business is income.

Rental property income

Generally, the assessable income from a rental property is the difference between the actual rent the dependant receives and the allowable expenses.

Allowable expenses

When someone has a rental property following expenses can be deducted from the rental income:

- a. interest payments on money borrowed for the purchase of the rental property but not capital instalments for the reduction of mortgage
- b. rates
- c. house insurance
- d. agent fees and commission if a property manager or agent is used
- e. repairs and maintenance
- f. other fees for example bank administration fees for the mortgage, tenancy agreement costs, any valuation required for mortgage purposes, accounting fee's, etc.

Multiple rental properties

To assess the rental income when a dependant has more than one rental property, add all the rents together and subtract the total allowable expenses from all the properties. This will enable any loss on one property to be offset against the profit on another property.

Sale of artwork

Dependants may find themselves declaring income that has no attributable period attached to the payment, unlike salary or wages that are paid for a specified period of time. Dependants should provide documentation of the time spent producing particular artworks, and income (less expenses) will be the payment over the period it took to produce the work.

Sale of assets

A once only capital payment received from the sale or exchange of assets is not income. Assets include a property, a business, a car, a boat or other chattels. Any income from the investment of the proceeds from the sale of assets is income.

Sponsorship

When a dependant receives sponsorship payments from a company or organisation it needs to be determined whether the payments are made and used for an **income-related purpose**.

Student allowance

Student allowances paid by Studylink are considered income.

Student loans

Student Loans, including the living costs component, are not income.

Study grants or scholarships

Study grants or scholarships are considered income, except for the part of the scholarship that is paid for fees or course related costs.

Superannuation scheme accounts

Income generated from funds in superannuation schemes is not income. Note when a dependant starts receiving funds from their superannuation scheme account the payments are income.

Tax Credits

Tax credits, such as the Family, In-work or Parental tax credits, are not income.

Veteran's Pension

A Veteran's Pension is considered income.

Wages or salary

Income from wages or salary is charged over the period it represents. Income from wages or salary may vary depending on the type of employment, including part-time, full-time, casual or weekend work. Wages or salary can also include other payments such as:

- a. holiday pay
- b. sick pay
- c. bonus payments
- d. long service leave
- e. redundancy
- f. severance payments
- g. non-taxable employment allowances

Weekly Compensation from ACC

Weekly Compensation payments are considered income. This includes weekly compensation payable to a dependant, their partner or in respect of dependant children in their care.

Lump sum payments for impairment by ACC

Lump sum payments for impairment are not charged as income and are not a direct deduction for benefit purposes.

Lump sum payments for surviving spouses from ACC

A person can receive weekly compensation as a result of the death of their partner. The dependant can choose to receive this as a converted lump sum payment or as weekly payments. A converted lump sum is the future value of weekly compensation payments paid as a lump sum. This amount represents weekly compensation over a specific period and must be charged as income for that period.

Lump sum payment: survivors grant

A survivor's grant is a one off payment to the partner, children and other dependants of someone whose death was the result of an injury. A survivor's grant is a capital payment and is not treated as income. Note any interest earned from an investment of the capital payment is charged as income, e.g. the interest earned on the bank account or other investment.

ACC childcare payments

ACC childcare payments are made to caregivers in recognition of loss of supervisory or personal care (or financial support to provide this care) provided by a deceased parent before their death, due to personal injury covered by ACC. Money from the ACC childcare payment that is not specifically used for childcare is treated as income. Any amount that has been used to purchase childcare services is not considered income.

Sensitive claims (a claim for physical and / or mental injury suffered as a result of sexual abuse or sexual assault)

A person may receive a range of possible payments for a **sensitive claim** from ACC which may include:

- a. treatment (for example counselling, medical treatment, surgery)
- b. Extra help during recovery (for example personal care, home help, childcare, equipment, prescriptions, travel costs, changes to the home)
- c. weekly compensation
- d. lump sum or independence allowance for long term impairment.

Payments for Extra help and treatment are not income. Lump sum or independence allowance payments are not counted as income. Any income derived from the lump sum, for example interest earned on investment, is to be treated as income.

Appendix 5: Pathway to Dependant's Pension

