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### Pension exchange from Australia, NZ and the UK

Tuesday, 13 July 2010

**Q: My husband worked in Australia for 10 years (he is from New Zealand) and now lives and works in Scotland. Is he entitled to an age pension when he reaches 65? Is there any agreement with the UK pension?**

Pension exchange from Australia, NZ and the UK  
Our experts are **David Strybosch** and **John Roche** from MyLife Financial.

**A:** The answer to this question may seem obvious. You might think Sue's husband does not qualify for the Age Pension in Australia, but if the right process is followed, Sue's husband might just qualify for a partial or full Australian Age Pension.

Let's assume that Sue's husband qualifies under the income and asset test for the Australian Age Pension. If he then lives and works in a country where Australia has an agreement in place, he will be eligible to apply for an Australian Age Pension after applying for an Age Pension in his country of residence.

Australia has agreements with 23 countries to share the responsibility for social security coverage: Austria, Belgium, Canada, Chile, Croatia, Cyprus, Denmark, Finland, Germany, Greece, Ireland, Italy, Japan, Korea, Malta, The Netherlands, New Zealand, Norway, Portugal, Slovenia, Spain, Switzerland and the US.

As a rule, each country pays a partial pension with foreign pension rates usually proportional to the length of the social insurance period.

Australian pensions are normally paid to eligible recipients living abroad at a proportional rate, and as a top-up pension to eligible Australian residents who are in receipt of an overseas pension.

With regard to the Australian pension, some foreign welfare supplement payments are not treated as income. (Contact Centerlink International in Hobart on 131673).

Unfortunately for Sue's husband there is no agreement in place between the Australian and UK governments. The previous agreement was terminated on March 1, 2001, and all claims prior to this date have been honoured.

Therefore, to qualify for an Australian pension, an applicant must be residing in Australia or in an agreement country.

So unless Sue's husband is prepared to return and live in Australia or New Zealand, he will not be able to receive an Australian Age Pension. He, therefore, has the following options:

1. To move back to Australia and lodge a claim for the Australian Age Pension. He must be an Australian resident on the day that he lodges his claim. In order to qualify as an Australian resident he must be living in Australia as:

- An Australian citizen, or
- A holder of a permanent resident visa, or
- A New Zealand citizen who was in Australia on February 26, 2001, or in Australia for 12 of the 24 months immediately prior to that date, or have been assessed as 'protected' before February 26, 2004.

To be paid the Australian Aged Pension, he must also meet the 10-year qualifying Australian residence requirements, unless he is claiming under an international social security agreement.

The 10-year Australian resident requirement means he has been an Australian resident for a continuous period of at least 10 years, or for a number of periods that total more than 10 years, with one of the periods being at least five years.

2. Qualify for the New Zealand Age Pension and then lodge a claim for a partial Australian Age Pension under the International Agreement. An issue with this scenario could be that Sue's husband may not have Australian Citizenship, Dual Citizenship or Permanent Residency. One of these is required while living and working in Australia to qualify.

**The most likely outcome**, provided that Sue's husband returns to Australia and is prepared to apply for Australian Citizenship or Dual Citizenship or Permanent Residency, is that he would be asked to first

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apply for a pension in the United Kingdom, New Zealand or any other country in which he has lived and worked.

He would also be asked to provide a reason why any of these claims would be unsuccessful. His claim would then be assessed on a case-by-case basis by Centerlink International in Hobart.

This would mean that he could potentially receive partial payments from the United Kingdom, New Zealand and the Australian government.

Please also note that Sue herself might also be required to claim a foreign pension if she has lived or worked outside Australia, even if the couple is not claiming a payment from Australia themselves.

3. To return to Australia, apply for Australian citizenship, work here until retirement age and then apply for a full Australian Aged Pension.

I hope this has answered the question satisfactorily.

**Where to find out more**

Answer this week provided by David Strybosch and John Roche from MyLife Financial Planning, a member of the Financial Planning Association. Phone 03 9017 4114, [www.mylife.com.au](http://www.mylife.com.au)

To find a financial planner, call the FPA on 1800 626 393 or visit [www.goodadvice.com.au](http://www.goodadvice.com.au)

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