



**GOVERNMENT OF THE COOK ISLANDS**  
**MINISTRY OF INTERNAL AFFAIRS**

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## **COOK ISLANDS OLD AGE PENSION**

### **FACT SHEET**

#### **What is the Cook Islands Old Age Pension?**

The Cook Islands Old Age Pension is a legal entitlement paid under section 40 of the *Welfare Act 1989*. It is a non-contributory pension payment to all eligible people aged 60 and over living in the Cook Islands.

#### **Who is eligible for the Cook Islands Old Age Pension?**

The *Welfare Act 1989* (amended in 1992-93) outlines the eligibility criteria for the Cook Islands Old Age Pension. It states that:

- the person must be 60 years or over, and
- in the case of a person:
  - who is Cook Islands Maori, that person must show that they have lived in the Cook Islands for a minimum of ten years over his or her life, or
  - who is not Cook Island Maori, that person must show that they have lived in the Cook Islands for a minimum of twenty years over his or her life, and
- the person must have resided in the Cook Islands for a continuous period of 12 months before applying for the Cook Islands Old Age Pension.

#### **If I have been granted permanent resident status, do I still have to meet the twenty years Cook Islands residence test?**

Under the *Welfare Act 1989*, a permanent resident who is not Cook Islands Maori must still satisfy the twenty years residency test.

#### **How much is the Cook Islands Old Age Pension?**

The current rates for Cook Islands Old Age Pension as set in March 2014 through a Cook Islands Executive Council Order are:

- \$500 per month (a total of \$6000 a year) for people aged between 60 and 69
- \$625 per month (a total of \$7500 a year) for people aged 70 and over

*Please reply all correspondence to the Secretary of Internal Affairs*

**Is the Cook Islands Old Age Pension taxable?**

Following amendments to the *Income Tax Act 1997* in December 2013, the Cook Islands Old Age Pension is now declarable income for income tax purposes, effective from March 2014.

Pensioners that earn income below \$11,000 per annum, including the Cook Islands Old Age Pension, will not have any tax deducted from their income. Progressive tax rates apply if income is earned above this level of annual income (refer RMD personal income tax rates).

A non-declaration rate of 30% will be applied to the Cook Islands Old Age Pension where a pension has not supplied an RMD number and an annual income estimate to the Ministry of Internal Affairs. This will need to be done annually.

Actual income will be verified with the Revenue Management Division at MFEM on filing of a tax return to ensure that the correct tax deductions were made during the year. A tax refund will be made, or tax debt will be raised, by the Revenue Management Division if necessary.

If you are receiving income from other sources, you should discuss your options with the Ministry of Internal Affairs to avoid incurring a tax debt at the end of the year.

Pensioners will need to contact the Ministry of Internal Affairs if there are changes to their income circumstances within the year to avoid incurring a tax debt at the end of the year.

**Why is the Cook Islands Old Age Pension taxed?**

Prior to the tax changes, the Cook Islands Old Age Pension was a universal, flat rate payment paid to all eligible pensioners, regardless of other income earned by a pensioner.

Effectively, this resulted in pensioners that continue to earn income from salaries or wages, or investments such as rental income, receiving the same rate of pension as those pensioners that only receive the Cook Islands Old Age Pension.

Taxation of the pension now applies an indirect income test to ensure that those pensioners who receive no other income from other sources receive greater support from the Government than wealthier pensioners.

**What happens to my pension payment if I travel overseas?**

If you travel overseas, you can continue to collect the Cook Islands Old Age Pension, provided you are not away from the Cook Islands for more than six months.

Under the Welfare Act 1989, if you are away for more than six months, you are no longer eligible to receive the Cook Islands Old Age Pension and payment should be stopped.

If you continue to receive payments beyond the six months period, this will be raised as a debt that you owe to the Crown. You will be required to pay any overpayments back.

To avoid an overpayment, you should inform the Ministry of Internal Affairs of your travel plans.

**What happens if I am collecting a pension payment from another country?**

Under the Welfare Act 1989, you cannot collect the Cook Islands Old Age Pension if you are collecting a similar pension from another country.

If it is discovered that you are collecting a pension from another country and the Cook Islands Old Age Pension, the Cook Islands Old Age Pension will be stopped and any overpayments will be raised as a debt that you owe to the Crown.

**I previously was qualified for the Cook Islands Old Age Pension and went to New Zealand for more than six months before returning to the Cook Islands. Why do I have to wait 12 months to re-qualify for the Cook Islands Old Age Pension?**

The Welfare Act 1989 allows pensioners to be absent from the Cook Islands for only six months. Once you are away for more than six months, you lose eligibility to the Cook Islands Old Age Pension and your payment will be ceased

On your return, the Welfare Act 1989 requires that you must satisfy the general eligibility criteria, which requires that you must be in the Cook Islands for a 12 month continuous period on application.

The Welfare Act 1989 does not provide a separate process for re-application for those people that lose eligibility for absence greater than six months.