

The Age Pension and Social Security payments



Making sure you get the government benefits you're entitled to when you retire.

Knowing how to navigate your way through Centrelink and find out what you're entitled to isn't always easy. Understanding how the government decide who is and isn't eligible is a good place to start.

The Age Pension

As its name suggests, the Age Pension provides financial support to older Australians who are 66 years and over. We're working longer than we used to, so the minimum age is set to increase by six months every two years until it reaches 67 on 1 July 2023.

You can put in your application up to three months before you reach the minimum age. But you need to be in Australia on the day you apply and have lived here for over 10 years.

Assets and eligibility

Your eligibility and pension payment are determined by the Income and Assets tests. Not surprisingly, whichever test results in the lower pension will be the one you receive. On the plus side, the home you own and live in isn't counted as an asset.

Here's how it works (see table below).

AGE PENSION (as at 1 July 2020)	Max Payment (Including Supplements)	Income Test		Assets Test	
		Max Pension if income under	No Pension if income over	Max Pension if assets under	No Pension if assets over
Single, homeowner	\$944.30 per fortnight (\$24,551.80 pa)	\$4,628 pa	\$53,731.60 pa	\$268,000	\$583,000
Single, non homeowner				\$482,500	\$797,500
Couple, homeowner	\$711.80 / fn each (\$18,506.80 pa)	\$8,216 pa combined	\$82,243.20 pa combined	\$401,500	\$876,500
Couple, non homeowner	\$1,423.60 / fn (\$37,013.60 pa) combined			\$616,000	\$1,091,000

Pensioner Concession Card

There are other benefits linked to the Age Pension such as the Pensioner Concession Card (PCC). So even if you think you're only eligible for a very small Age Pension it may still be worth making an application.

The PCC offers discounts on eligible prescription medicines, as well as cheaper utility and medical bills. You'll also get public transport discounts in some states.



Centrelink

Around 65% of older Australians rely on a government pension or allowance as their main source of personal income when they retire¹. Centrelink delivers most of these payments and services for retirees, the unemployed, families, carers, parents and people with disabilities. It also provides services at times of major change. The Age Pension is the most relevant pension for retirees. If you're too young for the Age Pension you may be eligible for JobSeeker, Disability Support, Carer or other payments.

Here's a brief outline of Centrelink payments. You'll find full details at www.humanservices.gov.au.

Deeming

As part of the income test, Centrelink assumes or 'deems' that financial investments such as bank accounts, term deposits, account-based pensions (unless grandfathered), shares and managed funds earn a standard amount of income. If the actual income you receive from your investments is more than the deemed income, the extra income isn't counted when assessing your rate of pension.

Deeming rates for the 2020/21 financial year are:

Family Situation	Value of Financial Investments	Deeming Rate
Single	Up to \$53,000	0.25%
	Above \$53,000	2.25%
Pensioner Couple	Up to \$88,000	0.25%
	Above \$88,000	2.25%

Grandfathered Account-based Pensions

Some account-based pensions that began before 1 January 2015 have income assessed differently to a deemed financial investment. Only the income above a deductible amount is assessed for these 'grandfathered' account-based pensions. The deductible amount is calculated based on the purchase price, any lump sum withdrawals taken and the life expectancy of the owner (or reversionary beneficiary if their life expectancy is longer) when the pension starts.

Work Bonus

The Government gives people on the Age Pension an incentive to stay in the workforce by excluding the first \$300 per fortnight of employment income from the income test. If you earn less than \$300 in a fortnight, the unused amount up to the \$300 is added to a Work Bonus balance, which can accumulate up to a maximum of \$7,800.

Let's simplify this with an example: if you earn \$200 a fortnight, this income will be excluded from the income test; and \$100 (the unused amount up to the \$300 limit) will be added to your Work Bonus balance. If in the next fortnight you earn \$400, then the \$100 accrued from the previous fortnight will be used to balance the full \$400.

Gifting

You or your partner can give away money or other assets of any value at any time. However, the rate of income support you receive may be affected if you gift assets of more than:

- \$10,000 in a single financial year, and
- \$30,000 over a five (financial) year rolling period.

Gifting, or 'depriving an asset', includes transferring assets for less than their market value. Any asset or amount you gift over the above thresholds is included in your assets for five years and deemed to earn income the same way as a bank account.

Commonwealth Seniors Health Card (CSHC)

If you're of Age Pension age but not entitled to it, you may still be eligible to receive the Commonwealth Seniors Health Card (CSHC). This helps with the cost of prescription medicines and other health services. To qualify for the CSHC you must have an annual adjusted taxable income of under \$55,808 for singles, or \$89,290 combined for couples (or \$111,616 combined if separated by illness or 'illness separated').

¹Australian Securities & Investments Commission – MoneySmart Website

Low Income Health Care Card (LIHCC)

If you're on a low income, you may be eligible for cheaper prescription medicines and various concessions from government and private organisations via the Low Income Health Care Card. Your income needs to be under the thresholds in the table below for the eight weeks prior to applying.

Status (as at 1 July 2020)	Income Test to Qualify		Income Test to Retain	
	Average weekly income	Income over 8 weeks	Average weekly income	Income over 8 weeks
Single, no children	\$571	\$4,568	\$713.75	\$5,710
Couple, no children	\$985	\$7,880	\$1,231.25	\$9,850
Single, plus dependent child	\$985	\$7,880	\$1,231.25	\$9,850
For each additional child	\$34	\$272	\$42.50	\$340

Disability & Carer Payments

The *Disability Support Pension (DSP)* is means-tested in exactly the same way as the Age Pension (except for people who are sight-impaired) and paid at the same rate. You must be sight-impaired; or have a physical, intellectual or psychiatric impairment that prevents you from working for 15 hours or more a week to be eligible for the DSP.

The *Carer Payment (CP)* is also means-tested and paid at the same rate as the Age Pension. To be eligible you must personally provide in-home care for someone with a severe disability, medical condition or who is frail with age.

Carer Allowance (CA) is an additional payment of \$131.90 per fortnight (\$3,429.40 pa), indexed in January each year, and paid to you if you provide daily at home care to a person with a disability or medical condition. The Carer Allowance can be paid in addition to salary, Carer Payment or any other income support payment as long as your family income is less than \$250,000 per annum.

JobSeeker Payment

JobSeeker is a Centrelink payment for people between age 22 and the current Age Pension age, who are unemployed and looking for work. This includes people who have casual, part-time or temporary work.

You'll need to enter into an Employment Pathway Plan and meet an activity test to receive payments. If you're over 55 you can also use approved volunteer work to satisfy the work activity requirements. Once you're on JobSeeker, you'll also receive a Health Care Card or Pensioner Concession Card for discounts on eligible prescription medicines (**see table below**).

JobSeeker Payment as at 1 July 2020	Max Payment (Including Supplements)	Income Test		Assets Test
		Max Allowance if income under	No Allowance if income over	Max Allowance if assets under
Single, 22+, no children	\$574.50 / fn (\$14,937 pa)	\$106 / fn (\$2,756 pa)	\$1,088.50 / fn (\$28,301 pa)	Homeowner - \$268,000 Non-homeowner - \$482,500
Single, 22+, with children	\$621.50 / fn (\$16,159 pa)		\$1,166.84 / fn (\$30,337.84 pa)	
Single, 60+, after 9 months	\$627.70 / fn (\$16,320.20 pa)		\$1,177.17 / fn (\$30,606.42 pa)	
Couple (each)	\$518.70 / fn (\$13,486.20 pa)		\$995.50 / fn (\$25,883 pa)	Homeowner - \$401,500* Non-homeowner - \$616,000*

* Combined



Department of Veteran Affairs (DVA)

The DVA provides a range of benefits and services to eligible veterans, current and former serving members and their families. Payments include:

- **Service Pension** — Equivalent (same rates & thresholds) to the Centrelink Age Pension. However, eligibility is five years sooner to represent the intangible effects of war that may result in premature ageing and/or loss of earning power. It may be paid even earlier to those invalided and eligible veterans' partners.
- **Disability Pension** — Not means tested. The rate depends on the level of impairment. Paid to veterans who have injuries or diseases from their defence service for Australia before 1 July 2004.
- **War Widow(er) Pension** — Not means tested. Paid to the widow(er)s of veterans who died when in eligible service before 1 July 2004.
- **Income Support Supplement** — An additional, means tested payment for War Widow(er)s.
- **Health Care Cards** — May be given to eligible veterans to help with medical costs.
- **The Military Rehabilitation Compensation Act 2004 (MRCA)** provides compensation for veterans (and their surviving spouse and children) who suffer from impairment and incapacity as a result of their defence service for Australia on or after 1 July 2004.

We're here to help

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