

NEWSLETTER

Phone: 1300 763 544 | Email: info@fmfinancial.com.au | Web: www.fmfinancial.com.au

Centrelink/ Department of Veteran Affairs Update

Legislation to overhaul the Centrelink/Department of Veteran Affairs (DVA) pension asset test effective from 1 January 2017 was passed by Parliament in June 2015. New lower asset test thresholds applying from this date were introduced into legislation, however as the upper asset test thresholds are a function of the maximum pension payment rate, the figures released by the Government were based on estimates of the maximum pension payment rate prevailing as at 1 January 2017.

The maximum pension payments rates (effective from 20 September 2016) have been released, and accordingly, the actual 1 January 2017 upper asset test thresholds are now determined.

Current Asset test thresholds

Age pension / Disability support pension³ / Carer payment

(20 September 2016 - 31 December 2016)

Homeowners

Family situation	For full pension ¹	For part pension ²
Single	up to \$209,000	Less than \$793,750
Partnered (combined)	up to \$296,500	Less than \$1,178,500
Illness separated couple (combined)	up to \$296,500	Less than \$1,466,000
One partner eligible	up to \$296,500	Less than \$1,178,500

Non-homeowners

Family situation	For full pension ¹	For part pension ²

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Single	up to \$360,500	Less than \$945,250
Partnered (combined)	up to \$448,000	Less than \$1,330,000
Illness separated couple (combined)	up to \$448,000	Less than \$1,617,500
One partner eligible	up to \$448,000	Less than \$1,330,000

¹ Assets over these amounts reduce pension by **\$1.50 per fortnight** for every \$1,000 above the limit (single and couple combined), or \$0.75 per fortnight for every \$1,000 above the limit (one partner eligible).

² Higher limits apply if rent assistance is paid.

³ Does not apply to Disability Support recipients under the age 21 without dependent children.

Asset test thresholds - 1 January 2017

Age pension / Disability support pension / Carer payment

Homeowners

Family situation	For full pension ¹	For part pension ²
Single	up to \$250,000	Less than \$542,500
Partnered (combined)	up to \$375,000	Less than \$816,000
Illness separated couple (combined)	up to \$375,000	Less than \$960,000
One partner eligible	up to \$375,000	Less than \$816,000

Non-homeowners

Family situation	For full pension ¹	For part pension ²
Single	up to \$450,000	Less than \$742,500
Partnered (combined)	up to \$575,000	Less than \$1,016,000
Illness separated couple (combined)	up to \$575,000	Less than \$1,160,000
One partner eligible	up to \$575,000	Less than \$1,016,000



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¹ Assets over these amounts reduce pension by **\$3.00 per fortnight** for every \$1,000 above the limit (single and couple combined), or \$1.50 per fortnight for every \$1,000 above the limit (one partner eligible).

² Higher limits apply if rent assistance is paid.

Background and examples

The government want to keep paying age pensions but want a fair and sustainable system that helps those with low to moderate levels of assets. Those with high levels of assets will get less.

How Will This Play Out.

Please be mindful the following figures assume you are assets test sensitive in every case. The Income Test may cause pensions to be lower than the pensions shown in the following table when a single pensioner or both members of a couple have other sources of income. If unsure please discuss your situation with your adviser.

Here we give examples of a **couple** homeowners with various levels of assets:

Assets Value Couple	Current Age Pension Couple	Revised Age Pension
Under \$296,500	\$661.20 pf each	\$661.20 pf each
Eg \$350,000	\$621.07 pf each	\$661.20 pf each
Eg \$375,000	\$602.32 pf each	\$661.20 pf each
Eg \$450,000	\$546.07 pf each	\$548.70 pf each
Eg \$550,000	\$471.07 pf each	\$398.70 pf each
Eg \$650,000	\$396.07 pf each	\$248.70 pf each
Eg \$750,000	\$321.07 pf each	\$98.70 pf each
Eg \$850,000	\$246.07 pf each	\$0.00 pf each
Eg \$950,000	\$171.07 pf each	\$0.00 pf each
Eg \$1,050,000	\$96.07 pf each	\$0.00 pf each
Eg \$1,150,000	\$21.07 pf each	\$0.00 pf each
Eg \$1,178,500	\$0.00 pf each	\$0.00 pf each



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Here we give examples of **single** homeowners with various levels of assets:

Assets Value Couple	Current Age Pension Couple	Revised Age Pension
Under \$209,000	\$877.10 pf	\$877.10 pf
Eg \$250,000	\$815.60 pf	\$877.10 pf
Eg \$350,000	\$665.60 pf	\$577.10 pf
Eg \$450,000	\$515.60 pf	\$277.10 pf
Eg \$542,500	\$376.85 pf	\$0.00 pf
Eg \$550,000	\$365.60 pf	\$0.00 pf
Eg \$650,000	\$215.60 pf	\$0.00 pf
Eg \$750,000	\$65.60 pf	\$0.00 pf
Eg \$793,500	\$0.00 pf	\$0.00 pf

Non – Homeowners

Higher assets test thresholds apply and you should seek further advice if unsure of your position.

Concession cards

Should an age pensioner receive even \$1.00 pf of age pension they will retain their Pensioner Concession card (PCC). As far as the card goes nothing changes just a lower or higher age pension.

If you lose your age pension completely the government has made it quite clear they will provide those persons with a Commonwealth Seniors Health card (CSHC) and the Low Income Health Care card (HCC), however.

The Commonwealth Seniors Health card (CSHC) provides:

- Pharmaceutical benefits - \$6.20 per script up \$372 then free thereafter.
- Energy Supplement of \$366.60 pa paid quarterly for singles and \$275 each pa paid quarterly for couples.
- Stamp duty concessions relevant to your state.

The Low Income Health Care card (HCC) provides:



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- Pharmaceutical benefits - \$6.20 per script up \$372 then free thereafter.
- Energy Supplement of \$366.60 pa paid quarterly for singles and \$275 each pa paid quarterly for couples. Also the extended Medicare Safety Net of \$647.90 and Victorian stamp duty concessions.
- Concessions relating the winter gas, annual electricity, water & sewage, public transport, ambulance and motor vehicle registration.
- Stamp duty concessions relevant to your state.

Neither of these cards provides concessions for council rates, transport accident commission or free rail voucher as is the case with the Pensioner Concession card.

Please note some concessions vary from state to state so please contact your adviser for more information.

Where to From Here

The new rules only affect the Assets Test only, not the Income Test. The test that provides the lower age pension is the one that applies.

I recommend you contact your office to either make an appointment or at least ascertain whether these new rules will affect you. If so we need to adjust your current strategy to meet your personal income needs and discuss your financial position going forward.

Income to meet living to meet living expenses is vital so please do not hesitate to contact sooner rather than later as Centrelink will automatically adjust your pension from 1 Jan 2017 if the changes apply to you.

