

Australian Age Pension

The age pension is income support paid by the government with the aim of ensuring all retirees have a minimum level of retirement income.

A person may be eligible for the age pension if they meet the following three tests:

- Are age pension age
- Satisfy residency rules
- Have income and assets below the cut-out thresholds

The payment rates and thresholds are indexed each quarter and current rates are available from a financial planner or Centrelink.

If receiving the age pension, all changes to personal and financial circumstances need to be advised to Centrelink. This includes switching investments, gifting money or changes to personal circumstances e.g. separating from a partner.

Age Pension Age

Men and Women can apply for the age pension once they reach age 65. For women born prior to the 1st of January 1949 the following table outlines the qualifying age .

Date of Birth	Qualifying Age
1 January 1946 to 30 June 1947	64.0
1 July 1947 to 31 December 1948	64.5
1 January 1949 and later	65.0

The pension age will increase to age 67 for both men and women from 1 July 2023. This increase will be phased in from July 2017 with the age pension age increasing every two years by six months.

Residency Rules

To be eligible a person must usually have been an Australian resident for at least 10 years, with at least five of these years in one continuous period.

Agreements exist with some countries which may help a person to qualify for the age pension with less than 10 years residency. Details can be checked with Centrelink.

Income and Assets Test

If eligible to apply, the amount of pension payable is calculated under two means tests – the income test and assets test. The test that results in the lower rate of payment is the one that applies.

Assets Test

Assets need to be below a certain amount (lower threshold) to qualify for the full age pension under the assets test. The pension will reduce by \$1.50 per fortnight (single or couple combined) for each \$1,000 of assets over the threshold. No pension is payable once assets reach the upper cut-off threshold.

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The lower thresholds are indexed on 1 July each year. The cut-off thresholds also increase in March and September in line with pension increases.

Assets are assessed at net market value but some assets are exempt, such as the home and superannuation (accumulation phase) under age pension age.

Income Test

If income is below a certain amount (lower threshold) the full age pension is payable under the income test. The pension will reduce by \$0.50 per fortnight (single or couple combined) for each \$1.00 of income over the threshold. No pension is payable if income reaches the upper cut-off threshold.

The lower thresholds are indexed on 1 July each year. The cut-off thresholds also increase on 20 March and 20 September in line with payment increases.

Assessable income may not be the same as actual income or taxable income. Specific rules apply to determine how much income is assessed on some investments. The most common rule is deeming, and this is explained below. The rules for how other sources of income are assessed can be checked with a financial planner or Centrelink.

Deeming Rules for Income Test

Investments classified as 'financial assets' will be subject to the deeming rules to determine the assessable income for the income test. The actual income is irrelevant.

- Financial assets include:
- Cash
- Bank accounts/term deposits
- Debentures and bonds
- Shares
- Investments in managed funds
- Insurance bonds
- Account Based Pensions
- Superannuation balances if you are over age/service pension age
- Loans
- Excess gifts over \$10,000 per annum or \$30,000 per rolling five year period

The value of your financial assets is added together and a deemed rate of interest (set by the government) is applied.

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Pensioner Concession Cards

A Pensioner Concession Card is available if you receive the age pension and entitles you to reduced-cost medicines under the Pharmaceutical Benefits Scheme.

You may also be entitled to various concessions from the Australian Government. These could include:

- Bulk billing for doctor's appointments (this is your doctor's decision)
- Higher refunds for medical expenses through the Medicare Safety Net
- Assistance with hearing services

You may also be entitled to various concessions from state and territory governments and local councils. These could include:

- Reductions on property and water rates
- Reductions on energy bills
- Reduced fares on public transport
- Reductions on motor-vehicle registration
- Free rail journeys

Other Entitlements

A pension supplement is added to the pension payable to help with living expenses. A person who is renting a home may also be eligible for Rent Assistance to help with the cost of renting.