

**DISCLAIMER:**

The information in this document is factual information, and is not financial advice. The information is objectively ascertainable information and is not tailored to your personal circumstances. You should obtain financial advice before making a decision in relation to this information. All examples are provided for illustrative purposes only.

# Age Pension

An individual may be eligible to receive an Age Pension payment from the Federal government once they reach Age Pension age of 67.

## Maximum Age Pension payment rates

The current maximum fortnightly Age Pension rates (including supplements) are as follows:

Family situation	Fortnightly payment
Single	\$1,116.30
Couple (each)	\$841.40
Couple separated due to illness	\$1,116.30

The Maximum Age Pension payment rates are indexed on 20 March and 20 September each year.

The amount of Age Pension an individual is eligible to receive is calculated using both components of the means test – the assets test and the income test. After both tests have been applied, an individual will receive the lower of the calculated entitlements.

## Assets test

Most assets are assessable and are taken into account when calculating Australian Government payments. Note that the value of an individual's primary residence is not included.

The value applied to assets is the amount that would be received if they were sold on the open market, less any valid debts or encumbrances.

Assessable assets include:

- Cash or money held in a bank, building society, credit union, interest bearing deposits, fixed deposits, bonds, debentures.
- Shares, property trusts, friendly society bonds and managed investments.
- Account-based pension superannuation benefits.
- Superannuation benefits held in accumulation phase if over Age Pension age.
- Household contents and personal effects.
- Motor vehicles owned by the individual eligible for an Age Pension payment or their partner.
- Boats and caravans not used as a home.
- Any real estate (excluding primary residence).
- Any businesses and farms including goodwill.
- Surrender value of life insurance policies
- Gifts worth more than \$10,000 in a single year or more than \$30,000 in a five year period.
- Any loans (including interest-free) to family trusts, family members or organisations.
- Entry contribution to a retirement village if less than the difference between the homeowner and non-homeowner asset limit.
- Attributed value of a private trust or private company where the individual eligible for an Age Pension payment or their partner are the controller of that trust or company.
- Pre-paid funeral expenses.

## Assets Test Thresholds

The current assets test thresholds for homeowners are as follows:

Family situation	Asset threshold
Single	\$301,750
Couple (combined assets)	\$451,500
Couple separated due to illness (Combined assets)	\$451,500
One partner eligible (Combined assets)	\$451,500

The current assets test thresholds for non-homeowners are as follows:

Family situation	Asset threshold
Single	\$543,750
Couple (combined assets)	\$693,500
Couple separated due to illness (Combined assets)	\$693,500
One partner eligible (Combined assets)	\$639,500

The assessable assets thresholds are indexed on 1 July each year.

The maximum Age Pension payment rates are reduced by \$3.00 per fortnight for every \$1,000 of income over the full payment thresholds. An Age Pension entitlement reduces to nil when the maximum assessable assets threshold is reached.

The current maximum asset thresholds for homeowners are:

Family situation	Asset threshold
Single	\$674,000
Couple (combined assets)	\$1,012,500
Couple separated due to illness (combined assets)	\$1,196,000
One partner eligible (combined assets)	\$1,012,500

The current maximum asset thresholds for non-homeowners are:

Family situation	Asset threshold
Single	\$916,000
Couple (combined assets)	\$1,254,500
Couple separated due to illness (combined assets)	\$1,438,000
One partner eligible (combined assets)	\$1,254,500

The Maximum assessable assets are adjusted on 1 July, 20 March and 20 September each year.

## Gifting of assets

An individual or their partner can give away money or other assets to any value whenever they want, but it may affect the rate of income support received.

When assets are given away, including transferring assets for less than market value and/or not receiving adequate consideration, it is called gifting.

Any asset or amount gifted above either \$10,000 in a single year or \$30,000 in a five year period is treated as a gift or deprived asset for five years from the date of disposal.

Any gifts provided above the gifting threshold in the 5 years prior to becoming eligible to receive an Age Pension entitlement will continue to be assessable under the gifting provisions.

## Income test

### Deemed income

For non-income stream investment assets (i.e. shares, cash and managed funds) and superannuation benefits, income is deemed as a percentage of the total investments.

The current deeming rates are as follows:

Family situation	Asset threshold
<b>Single</b>	
First \$60,400	0.25% p.a.
Balance over \$60,400	2.25% p.a.
<b>Member of a couple</b>	
First \$100,200	0.25% p.a.
Balance over \$100,200	2.25% p.a.

The amount that the lower rate is applied to is reviewed in July each year.

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## Employment income

Employment income (i.e. gross employment income, including any fringe benefits and salary sacrifice superannuation contributions) is assessed under the income test.

The first \$300 per fortnight of employment income is disregarded from the income test under the Work Bonus scheme.

Where over \$300 per fortnight of employment income is received, the amount will be reduced by \$300.

Any unused part of the \$300 fortnightly Work Bonus exemption amount is accrued in a Work Bonus income bank. The maximum Work Bonus income bank amount that can be accrued is \$11,800. New Age Pension recipients will receive a \$4,000 Work Bonus income bank starting balance.

Any remaining balance within a Work Bonus income bank account will further reduce the employment income.

The Work Bonus is applied to employment income received from:

- Working in and outside Australia
- Paid leave while still employed
- Director's fees
- Self-employment.

## Income streams commenced before 1 January 2015

Where a superannuation income stream such as an Account-based pension was commenced prior to 1 January 2015, a portion of the income received is attributed as a repayment of capital. This amount is excluded from the income test. This portion is called the deductible amount.

The deductible amount is calculated as the purchase price less any commutations (non-pension withdrawals) divided by the individual's life expectancy at commencement.

For the deductible amount to be applied under the income test an individual must have been receiving an Age Pension entitlement prior to 1 January 2015 and continuously receive it after this date.

If an individual was not receiving an Age Pension entitlement on 1 January 2015 or their entitlement reduces to nil after this date, the superannuation income stream will be subject to deeming under the income test.

## Income test thresholds

The current income test thresholds are as follows:

Family situation	Fortnightly income
Single	\$204.00 (\$5,304.00 p.a.)
Couple (combined income)	\$360.00 (\$9,360.00 p.a.)
Couple separated due to illness (combined income)	\$360.00 (\$9,360.00 p.a.)

The above assessable income thresholds are adjusted on 1 July each year.

The maximum Age Pension payment rates are reduced by \$0.50 (singles) and \$0.25 (each member of a couple) for every \$1.00 of income over the full payment thresholds. An Age Pension entitlement reduces to nil when the maximum assessable income threshold is reached.

The current maximum assessable income thresholds are:

Family situation	Fortnightly income
Single	\$2,436.60 (\$63,351.60 p.a.)
Couple (combined income)	\$3,725.60 (\$96,865.60 p.a.)
Couple separated due to illness (Combined income)	\$4,825.20 (\$125,455.20 p.a.)

The Maximum assessable income thresholds are adjusted on 1 July, 20 March and 20 September each year.

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