

Centrelink and DVA Service Age Pensions

Once you have reached 'Age Pension' age, and provided you meet basic conditions of eligibility, you may be entitled to receive a pension from the Commonwealth Government to assist you to support yourself in retirement.

Basic conditions of eligibility

In order to be considered to be eligible for an Age or Service Pension, you must meet some basic conditions.

Residency conditions

These conditions include that:

- You are an Australian resident and in Australia the day you lodge your claim, or
- You are eligible to claim an Australian Age Pension under an International Social Security Agreement.

In addition, you must generally have been an Australian resident for a total of at least ten years, of which at least five years occurred in one continuous period.

However exemptions to this residency requirement do exist for widows, recipients of a Partner Allowance and some classes of refugees.

If you believe that you may qualify for a residency exemption, you should discuss your circumstances with your financial adviser.



'Age Pension' age

If you meet the basic conditions of eligibility, you will be able to apply for an Age Pension once you reach Pension Age.

Your Pension Age will differ depending upon whether or not you are a qualifying service veteran.

Qualifying service veterans

Date of birth	Male Pension Age	Female Pension Age
1 January 1946 – 30 June 1946	60	57
1 July 1946 – 31 December 1947	60	57 ½
1 January 1948 – 30 June 1949	60	58
1 July 1949 – 31 December 1950	60	58 ½
1 January 1951 – 30 June 1952	60	59
1 July 1952 – 31 December 1953	60	59 ½
On or after 1 January 1954	60	60

Other pensioners

Date of birth	Male Pension Age	Female Pension Age
1 January 1946 – 30 June 1947	65	64
1 July 1947 – 31 December 1948	65	64 ½
1 January 1949 and 30 June 1952	65	65
1 July 1952 – 31 December 1953	65 ½	65 ½
1 January 1954 and 30 June 1955	66	66
1 July 1955 – 31 December 1956	66 ½	66 ½
1 January 1957 and later	67	67

Rate of Age Pension

The maximum rate of Age Pension which you could be entitled to is as follows:

Maximum Rate

Status	Pension per fortnight*
Single	\$748.80 p.f.
Couple (combined)	\$1,129.00 p.f.

* Includes pension supplements

However, the actual amount of Age Pension that you will be entitled to will be based upon the results of two tests: the Assets Test and the Income Test.

Assets Test

Under the Assets Test, the total value of assessable assets you hold is determined.

Not all assets that you own may be assessable.

Examples of assets which are non-assessable (i.e. excluded) from this Test include:

- Your principle residence and up to 2 ha of surrounding land
- Some types of superannuation pensions and annuities
- Aged care accommodation bonds
- Up to two funeral bonds with a total value of no more than \$11,250 or a Pre-paid funeral plan,
- Burial plots, and
- Medals awarded to you for valour

If you are a member of a couple, the total value of the assets of both you and your partner will be included in the Assets Test.

The total value of your assessable assets will then be compared against Asset Test thresholds to determine your Age Pension entitlement.

The Asset Test thresholds used will depend upon whether or not you own your own home.

Homeowner

Status	Full Pension Threshold	No Pension Threshold
Single	\$186,750	\$686,000
Member of a couple	\$265,000	\$1,018,000

Non-Homeowner

Status	Full Pension Threshold	No Pension Threshold
Single	\$321,750	\$821,000
Member of a couple	\$400,000	\$1,153,000

1. If the total value of your assessable assets is less than the Full Pension Threshold, you will be entitled to receive the maximum rate of Age Pension under the Assets Test.
2. If the total value of your assessable assets is equal to or more than the No Pension Threshold, you will not receive any Age Pension under the Assets Test.
3. If the total value of your assessable assets falls somewhere between these thresholds, under the Assets Test your Age Pension entitlement will be equal to the maximum rate of Age Pension, less \$1.50 for every \$1,000 that your total assessable assets is above the Full Pension Threshold.

Case Study

Simon and Alice are home-owners with assessable assets of \$600,000.

Their Age Pension entitlement under the Assets Test would be calculated as:

$$= \$1,129.00 - [(\$600,000 - \$265,000) \times \$1.50 \div \$1,000]$$

$$= \$1,129.00 - \$502.50$$

$$= \$626.50 \text{ p.f.}$$

Income Test

Under the Income Test, the total amount of income that you earn from all sources each fortnight is added together, and the result is used to calculate your Age Pension entitlement under the Income Test per fortnight (p.f.).

Income exemptions under the Income Test generally only apply to other Government assistance and periodic gifts that you may receive from immediate family members and payments.

Status	Full Pension Threshold	No Pension Threshold
Single	\$150.00 p.f.	\$1,647.60 p.f.
Couple (combined)	\$264.00 p.f.	\$2,522.00 p.f.
Illness separated couple	\$264.00 p.f.	\$3,259.20 p.f.

1. If the total value of your assessable income is less than the Full Pension Threshold, you will be entitled to receive the maximum rate of Age Pension under the Income Test.
2. If the total value of your assessable income is equal to or more than the No Pension Threshold, you will not receive any Age Pension under the Income Test
3. If the total value of your assessable income falls somewhere between these thresholds, your Age Pension entitlement will be the maximum rate, less 50c for every \$1.00 that your total assessable income is above the Full Pension Threshold under the Income Test.

Case Study (cont.)

Simon and Alice earn assessable income of \$800.00 p.f. for Income Test purposes.

Their Age Pension entitlement under the Income Test would be calculated as:

$$= \$1,129.00 - [(\$800.00 - \$264.00) \times 50c]$$

$$= \$861.00 \text{ p.f.}$$

Deeming

For the purposes of the Income Test, the Government assumes that you will be earning a certain rate of return from certain types of investment assets that you may hold, regardless of the actual earning rate.

These assets are known as deemed assets, and include:

- Debentures, bonds and term deposits,
- Cash deposits and cash management trusts,
- List shares and managed funds,
- Superannuation and rollover funds, and
- Some types of income streams with a term of less than five years.

The total market value of your deemed assets are added together, and an income is deemed to be earned for Income Test purposes at the following rates:

Status	Deemed to earn 3.0% p.a.	Deemed to earn 4.5% p.a.
Single	First \$44,600 of deemed assets	All remaining deemed asset
Member of a couple	First \$74,400 of deemed assets	All remaining deemed assets

Age Pension entitlement

Once your pension entitlement has been calculated under both the Asset and Incomes Test, the actual amount of Age Pension you will be entitled to be paid can be determined.

Your pension entitlement as calculated under the Assets Test and the Income Test is compared, and whichever Test produced the lowest Age Pension entitlement will be the actual Age Pension payment to which you are entitled.

Case Study (cont.)

As Simon and Alice were entitled to an Age Pension of:

- \$626.50 p.f. under the Assets Test, and
- \$861.00 p.f. under the Income Test,

their actual Age Pension payments will be \$626.50 p.f.

Increasing your Age Pension entitlement

There are often strategies which you can undertake to reduce the amount of assessable assets or income you hold in order to increase your Age Pension entitlement.

You should contact your financial adviser to discuss whether any of these strategies could apply to your personal circumstances.

To locate a Consultum Financial Adviser who can assist you with your financial planning needs, visit www.consultum.com.au

Note: The Maximum Rate of Age Pension and the Asset and Income Thresholds used to calculate your Age Pension entitlement will be indexed from time to time in line with the consumer price index (CPI).

The rates and thresholds and deeming rates shown in this document are effective from 20th September 2011 until 31st December 2011.

All rates shown include the pension supplement.

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