

## Changes to the Assets Test for Centrelink Aged Pensions from 1 January 2017

As the end of the year is drawing rapidly to a close, it may feel like the changes to the Asset Test for the Aged Pension have just been drawn up, however, these were announced in the 2015 Federal Budget.

If you are in receipt of Centrelink benefits, you may be asking yourself, “what does this really mean for me – and what are my options?”

### Firstly, let's look and see who these measures apply to

If you are over 65 and in receipt of a full or part Aged Pension, then you need to be aware that for every \$1,000 owned above the assets test free amount, your pension will be reduced by \$3 (this was previously reduced by \$1.50 for every \$1,000).

The thresholds that apply are dependent on whether you are single or a couple, own your own home or not, and are either in receipt of a full or part pension.

For those on full pensions and are single homeowners, the pension starts reducing when assets reach \$250,000. For couples, it is when their assets reach \$375,000. For non-homeowners, it is \$450,000 for a single and \$575,000 for a couple.

For single homeowners with a part pension, the pension cuts out when assets exceed \$542,500 and for a couple it stops when assets exceed \$816,000.

For non-homeowners who are single the pension ceases when assets exceed \$742,500 and for couples, when assets exceed \$1,016,000.

### What assets are included in the threshold?

The market value of most of your assets is considered when calculating your Age Pension. This includes, but is not limited to, things such as:

- Property (excluding your home)
- Motor vehicles, boats and caravans
- Financial investments
- Superannuation if you're over Age Pension age
- Business assets
- Household contents and personal effects

For some pension account holders, there will be little or no effect at all. They had always planned that their SMSF/Pension would provide them with their income stream in retirement. For other people these changes may impact on their spending patterns and the quality of life they are looking at in retirement.

### Commonwealth Seniors Health Card

For those pensioners who lose their Age Pension entitlement on 1 January 2017, all is not lost! You will be issued with a Commonwealth Seniors Health Card and this card is exempt from the usual income test requirements indefinitely.

### How can we help?

If you are concerned that the Government's changes to the Aged Pension are going to affect you, please give us a call to arrange a time to meet so that we can discuss your requirements in more detail.

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