

What is the cut-off limit for Centrelink benefits?

The Centrelink means test consists of the Income Test and the Assets Test. The test which results in the lowest entitlement is the one which applies. Each test has cut-off limits and different limits apply to different types of benefits. In this *Money Insights*® Fact Sheet, we focus on Newstart Allowance and the Age Pension. All figures are current as at 1 February 2012.

The eligibility criteria for Newstart Allowance

You may get Newstart Allowance if you are aged 21 or over and under Age Pension age (65 for a man and 64½ for a woman), are unemployed, and satisfy the Activity Test as well as the Income and Assets Tests.

The Income Test for Newstart Allowance

The income test limits are:

| | For full allowance (per fortnight)* | For part allowance (per fortnight)** |
|---------------------------------------|--|---|
| Single, no children | up to \$62 | less than \$904.67 |
| Single over 60 (after nine months) | up to \$62 | less than \$981.00 [^] |
| Partnered (each) | up to \$62 | less than \$825.67 |

* Fortnightly income between \$62 and \$250 reduces fortnightly allowance by 50 cents in the dollar. For income above \$250 per fortnight, fortnightly allowance reduces by 60 cents in the dollar. Partner income which exceeds cut-out point reduces fortnightly allowance by 60 cents in the dollar.

** These figures may be higher if you are eligible for Pharmaceutical Allowance or Rent Assistance. Child maintenance is not included as income for the personal income test.

[^] This figure includes Pharmaceutical Allowance.

The Assets Test for Newstart Allowance

Newstart Allowance is not payable if assets exceed:

Homeowners

| | |
|----------------------|-----------|
| Single | \$186,750 |
| Partnered (combined) | \$265,000 |

Non-homeowners

| | |
|----------------------|-----------|
| Single | \$321,750 |
| Partnered (combined) | \$400,000 |

Activity Test for people aged 55+

To qualify for Newstart Allowance you must prove

to Centrelink you are actively seeking paid work, or retraining yourself or doing acceptable voluntary work.

The eligibility criteria for the Age Pension

You may get Age Pension if you are aged 65 years and over if you are a man, or 64½ and over if you are a woman, and your income and assets are below a certain amount.

The Income Test for Age Pension

| | For full payment (per fortnight)* | For part payment (per fortnight) [#] |
|-------------------|--------------------------------------|--|
| Single | up to \$150 | less than \$1,647.60 |
| Couple (combined) | up to \$264 | less than \$2,522.00 |

* Income over these amounts reduces the rate of pension payable by 50 cents in the dollar (single) or 25 cents in the dollar each (for couples).

[#] These figures may be higher if you also get Rent Assistance with your payment.

The Assets Test for Age Pension

| Homeowners | For full pension/allowance* | For part pension [#] |
|----------------------|-----------------------------|-------------------------------|
| Single | up to \$186,750 | less than \$686,000 |
| Partnered (combined) | up to \$265,000 | less than \$1,018,000 |

Non-homeowners

| | | |
|----------------------|-----------------|-----------------------|
| Single | up to \$321,750 | less than \$821,000 |
| Partnered (combined) | up to \$400,000 | less than \$1,153,000 |

[#] Limits will increase if Rent Assistance is paid with your pension.

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

Income only partially assessed by Centrelink?

- Income from allocated pensions, account based pensions, term allocated pensions and complying pensions.
- Income from other investments which earn in excess of the deeming rate.

What is deeming?

Centrelink assesses your income from financial assets (e.g. bank accounts and shares etc) not by the actual income you receive but by deeming. Centrelink deems

you to earn 3% p.a. on the first \$44,600 (single) or \$74,400 (couple) of financial assets and 4.5% p.a. on all financial assets above that level. Retirement income streams are not subject to deeming.

What's not assessed as an asset by Centrelink?

You might currently exceed the assets cut-off limits, however it's possible you could arrange your finances to pass the assets test. That's because there are a number of key assets which are not assessed. They are:

1. Your home... and renovations you make to it.
2. Money you have in – or roll over into – a super fund while you are less than Age Pension age.
3. If you are Age Pension age and your partner is not, then any money your partner has in – or rolls over into – a super fund won't count as long as they remain under Age Pension age and have not commenced an income stream with the funds.
4. Half of the money you have invested in a term allocated pension or complying pension/annuity – as long as it was purchased after 19 Sept 2004 but before 20 Sept 2007 – is not counted as an asset. Money invested into these investments after 19 Sept 2007 is fully assessed as an asset.
5. All of the current value of a complying pension/annuity which was purchased prior to 20 Sept 2004.
6. Money you have paid as an Accommodation Bond at an age care facility.
7. Money you have paid into a Funeral Bond (up to \$11,250).
8. The difference between the insured value and the garage sale value for your car and home contents may not be assessed.

Who is Australian Unity Personal Financial Services?

We specialise in providing professional strategic advice to help you improve your current financial position and ultimately achieve your long term lifestyle goals.

Importantly, our initial advice isn't a 'set and forget' service. Instead we offer you regular financial mentoring and ongoing guidance – in all aspects of your personal finances – to set you, and keep you, on the path to financial wellbeing.

Our team of experienced financial professionals can provide you with a detailed and totally tailored blueprint for financial success in any or all of the following areas:

- Financial advice
- Retirement planning
- Superannuation
- Wealth creation
- Investments
- Home loans
- Commercial loans
- Equipment finance
- Personal estate planning
- Personal risk insurance
- Investment loans
- Car finance
- Business estate planning
- Business risk insurance.

Australian Unity has a proud 170 year heritage of helping Australians create secure financial futures. This pedigree and experience, combined with our corporate strength and leading edge strategic advice capability, means we are uniquely placed to offer you high quality personal financial services... each finely tuned to your particular needs to ensure you achieve your vision of a secure financial future.

After all, your financial wellbeing is at the heart of everything we do.

MoneyInsights®

with Australian Unity Personal Financial Services

Australian Unity Personal Financial Services is committed to providing Australians with a genuine understanding of their investment options. This is achieved via our comprehensive investor education program called Money Insights.

Because knowledge is the first step to creating a secure financial future.

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