

Centrelink Update



Aspirations Wealth Group
Build and Protect your Wealth

Our aim at Aspirations Wealth Group is to keep our valued clients regularly informed about their portfolios, investment markets and government legislation changes. Below we have provided a summary of Centrelink changes which come into effect 01/01/2017.



Australian Government
Department of Human Services



centrelink



Background

The Federal government has announced changes to the Age Pension and recent reports suggest that more than 300,000 Age Pensioners will have at least part of their pension cut, with 100,000 of these people losing all Age Pension entitlements.

The Age Pension provides income support and access to a range of concessions for eligible older Australians. Retirees who are currently aged 65 or over, and who satisfy income and assets tests and other requirements, can receive a full or part age pension.

Recently, the government introduced changes to the Age Pension's assets test thresholds which will take effect from 1 January 2017. The thresholds indicate the value of the assets you can own (excluding your home) before you lose your eligibility for the Age Pension.

What will change?

Full pension, home owners

If you own a home, the new assets thresholds will allow you to hold assessable assets up to \$250,000 (singles) and \$375,000 (couples) without impacting your full-pension entitlements.

Full pension, non-home owners

The new assets thresholds for those who don't own a home will be \$450,000 (singles) and \$575,000 (couples).

People who lose their pensions in 2017 will automatically be entitled to receive a Commonwealth senior's health card or a low income health card. These cards will provide access to Medicare bulk billing and less expensive pharmaceuticals.

If you're on a part pension what will happen?

Part pension, home owners

Couples who are homeowners will not receive the pension when their assets reach \$816,000 in value. Single homeowners will stop receiving the pension when they have more than \$542,500 in assets.

Part pension, non-home owners

Couples will lose pension entitlements after they've accumulated more than \$1.016 million in assets. Singles who don't own a home won't qualify for the pension if assets total \$742,500.

How you can prepare for the changes

Depending on how these changes will impact you, there could be a number of things for you to consider, including:

- If your Centrelink entitlements are reduced, how will you replace lost income?
- Do your assets need trimming down?
- Do you have any large planned expenses, such as a holiday or home repairs for example, that might reduce your assets before the changes come in?
- Can you gift money?





Summary of old vs new assets test for full pension:

Full pension	Current asset limits	2017 asset limits
Non-homeowner (single)	\$360,500	\$450,000
Non-homeowner (couple)	\$448,000	\$575,000
Homeowner (single)	\$209,000	\$250,000
Homeowner (couple)	\$296,500	\$375,000

Summary of old vs new assets test when pension ceases:

For part pension	Current asset limits	2017 asset limits
Non-homeowner (single)	\$945,250	\$742,500 (initial projection \$747,000)
Non-homeowner (couple)	\$1,330,000	\$1,016,000 (initial projection \$1,023,000)
Homeowner (single)	\$793,750	\$542,500 (initial projection \$547,000)
Homeowner (couple)	\$1,178,500	\$816,000 (initial projection \$823,000)



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