



## 2009-2010 Commonwealth Budget Impact on Pensioners

The Commonwealth Government has announced several changes to the Social Security system in Australia. The centrepiece of these changes is an increase in rate of several pensions, however this has been offset by some amendments to the eligibility criteria.

### Pension Increases:

- From 20 September 2009 there will be an increase of \$30 in the base rate for single age pensioners
- A new Pension Supplement will be created to replace the four existing allowances (GST, utilities, telephone / internet and pharmaceuticals)
- The new Pensioner Supplement will be \$2.49 a week for singles and \$10.14 a week (combined) for couples more than the previous allowances

The effect of the combined increases will be as follows:

Maximum Age Pension Entitlement	Present	from 20 September 2009
Single	\$575.80	\$640.78
Couple (combined)	\$957.80	\$978.08

These increases will apply to pensioners receiving the Age Pension, Disability Support Pension, Carers Pension, Service Pension, Bereavement Pension, Widow B Pension, Wife Pension, Income Support Supplement and to War Widows.

### Eligibility

#### 1 Income Test

From 20 September 2009 payments to pensioners will be reduced at a new rate of 50 cents for each extra dollar of private income above the income test "free area".

Pensioners with private income above the "free area" currently have their pension payments reduced at the rate of 40 cents for each extra dollar of private income.

Existing pensioners who would otherwise face an overall payment reduction because of the new income test will be subject to a transitional safety net. The transitional safety net will ensure that current payment rates for part pensioners are maintained in real terms, and that they benefit from an increase of \$10.14 per week for singles and couples combined.

They will continue to receive the existing entitlements, including the increase, until they are better off under the new pension rules.

#### 2 Pensioner "Work Bonus"

A new "Work Bonus" will be introduced for those assessed under the new rules to allow age and service pensioners to keep more of the money they earn from working.

From 20 September 2009, only half of the first \$500 of employment income earned per fortnight will be assessed under the income test.



This will enable up to \$250 of earnings a fortnight to be excluded from means testing.

### 3 Increase in minimum Age

The qualifying age for the Age Pension and Commonwealth Seniors Health Card will increase for both men and women to 67 from 2023. Transition to this age will commence July 2017, when the qualifying age will increase by 6 months every 2 years.

Commencement Date	Qualifying Age	Affects people Born
Until 1 July 2017	65 years	Before 1 July 1952
1 July 2017	65 ½ years	1 July 1952 – 31 December 1953
1 July 2019	66 years	1 January 1954 – 30 June 1955
1 July 2021	66 ½ years	1 July 1955 – 31 December 1956
1 July 2023	67 years	From 1 January 1957

The above changes do not impact the qualifying age for Veterans' Service Pension.

### Self-funded Retirees

#### Minimum levels of drawdowns

From 1 July 2009 the Government will halve the minimum amounts self-funded retirees have to draw down from their account-based pensions for 2009-2010.

This is an extension of the drawdown relief provided by the Government for 2008-09 and is designed to assist pension accounts to recover.

#### Commonwealth Seniors Health Card

The Government has decided **not** to proceed with proposed changes to include tax-free superannuation income in the income test for the Commonwealth Senior Health Card. This change was due to come into effect on 1 July this year.

#### Seniors Supplement

A Seniors Supplement will be available to self-funded retirees who are eligible for the Commonwealth Seniors Health Card or the Department of Veterans' Affairs Gold card with current Seniors Concession Allowance.

The Seniors Supplement will be \$709.40 per year for singles and \$1190.80 a year for couples combined. Payments will be made quarterly. It will replace current allowances paid to these persons.

For further information call your Edwards Marshall contact.

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