

Understanding Social Security payments

Client Fact Sheet - June 2012



Centrelink/Family Assistance

The following is a brief description of the various Social Security and Family Assistance benefits available. This is not an exhaustive list, so individuals should seek advice on the benefits below and other benefits they think they might be eligible for.

Payment	General explanation
Family Tax Benefit Part A	<p>Not subject to assets test</p> <hr/> <p>Income test applies unless recipient or partner is also in receipt of Centrelink/DVA Payments</p> <hr/> <p>Paid to parent, guardian or approved care organisation. Must have a dependant child aged under 21 or qualifying dependant full-time student aged 21-24 (dependant must not be in receipt of Centrelink payments and the child or student's income must be less than a certain amount)</p> <hr/> <p>May also include Large Family Supplement, Multiple Birth Allowance, Rent Assistance and Health Care Card</p>
Family Tax Benefit Part B	<p>Not subject to assets test</p> <hr/> <p>For two parent families, the higher income earner can earn \$150,000 or less per annum. If so, the lower income earner can earn up to \$4,891 per annum before the maximum rate reduces</p> <hr/> <p>For single parent families, up to \$150,000 per annum can be earned to receive maximum rate. If income is over \$150,000 FTB Part B is not payable</p> <hr/> <p>Family must have either a dependant child under age 16 or qualifying dependant full-time student up to age 18 who is not in receipt of Centrelink payments</p>
Parenting Payment	<p>Subject to an income and assets test</p> <hr/> <p>Can be paid to only one member of a couple</p> <hr/> <p>If single, the parent, grandparent, or foster carer must care for at least one child under 8 years of age</p> <hr/> <p>If a couple, the parent, grandparent, or foster carer must care at least one child under 6 years of age</p> <hr/> <p>From 1 January 2013 it is proposed that those receiving the parenting payment on 1 July 2006, will no longer receive the payment when the youngest child turns 6 (for partnered recipients) and 8 (for single recipients) (Budget 2012)</p>

Pensions	General explanation																																										
Age Pension	<p>Paid to men and women who meet criteria below:</p> <p>For males, age pension age is currently 65. However, this will increase to age 67 by 2023 starting from 1 July 2017 and will depend on when the individual was born. Age pension age for males is illustrated in the table below.</p> <table border="1"> <thead> <tr> <th>Date of birth</th> <th>Age pension age</th> </tr> </thead> <tbody> <tr> <td>Before 30 June 1952</td> <td>65</td> </tr> <tr> <td>1 July 1952 to 31 December 1953</td> <td>65.5</td> </tr> <tr> <td>1 January 1954 to 30 June 1955</td> <td>66</td> </tr> <tr> <td>1 July 1955 to 31 December 1956</td> <td>66.5</td> </tr> <tr> <td>1 January 1957 or later</td> <td>67</td> </tr> </tbody> </table> <p>Age pension age for females is illustrated in the table below.</p> <table border="1"> <thead> <tr> <th>Date of birth</th> <th>Age pension age</th> </tr> </thead> <tbody> <tr> <td>1 July 1935 to 31 December 1936</td> <td>60.5</td> </tr> <tr> <td>1 January 1937 to 30 June 1938</td> <td>61</td> </tr> <tr> <td>1 July 1938 to 31 December 1939</td> <td>61.5</td> </tr> <tr> <td>1 January 1940 to 30 June 1941</td> <td>62</td> </tr> <tr> <td>1 July 1941 to 31 December 1942</td> <td>62.5</td> </tr> <tr> <td>1 January 1943 to 30 June 1944</td> <td>63</td> </tr> <tr> <td>1 July 1944 to 31 December 1945</td> <td>63.5</td> </tr> <tr> <td>1 January 1946 to 30 June 1947</td> <td>64</td> </tr> <tr> <td>1 July 1947 to 31 December 1948</td> <td>64.5</td> </tr> <tr> <td>1 January 1949 to 30 June 1952</td> <td>65</td> </tr> <tr> <td>1 July 1952 to 31 December 1953</td> <td>65.5</td> </tr> <tr> <td>1 January 1954 to 30 June 1955</td> <td>66</td> </tr> <tr> <td>1 July 1955 to 31 December 1956</td> <td>66.5</td> </tr> <tr> <td>1 January 1957 or later</td> <td>67</td> </tr> </tbody> </table> <p>Other conditions apply (including residential requirements)</p>	Date of birth	Age pension age	Before 30 June 1952	65	1 July 1952 to 31 December 1953	65.5	1 January 1954 to 30 June 1955	66	1 July 1955 to 31 December 1956	66.5	1 January 1957 or later	67	Date of birth	Age pension age	1 July 1935 to 31 December 1936	60.5	1 January 1937 to 30 June 1938	61	1 July 1938 to 31 December 1939	61.5	1 January 1940 to 30 June 1941	62	1 July 1941 to 31 December 1942	62.5	1 January 1943 to 30 June 1944	63	1 July 1944 to 31 December 1945	63.5	1 January 1946 to 30 June 1947	64	1 July 1947 to 31 December 1948	64.5	1 January 1949 to 30 June 1952	65	1 July 1952 to 31 December 1953	65.5	1 January 1954 to 30 June 1955	66	1 July 1955 to 31 December 1956	66.5	1 January 1957 or later	67
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Pensions	General explanation																																										
Pension Bonus Scheme	<p>Closed to new entrants since 20 September 2009</p> <p>One-off payment paid to people who work and defer claiming the age pension for a minimum of 12 months after registration (maximum of 5 bonus years and cannot accrue any bonus after age 75)</p> <p>Bonus is tax free and amount is based on length of deferral of pension, rate of pension payable and whether a person is partnered</p> <p>Can claim this bonus as well as the age pension when finally retired</p> <p>Other conditions apply</p>																																										
Disability Support Pension	<p>Must be either permanently blind or have a physical, intellectual or psychiatric impairment and meet certain criteria</p> <p>No income or assets test if permanently blind</p> <p>Paid to persons age 16 or over and under age pension age</p> <p>Meet certain conditions as required by Centrelink to qualify for payment</p>																																										
Work Bonus	<p>First \$250 p/f from employment income is exempt from the income test</p> <p>Can save an unused exempt amounts from Work Bonus up to a maximum of \$6,500 per annum</p> <p>Pensioners over age pension age eligible</p>																																										

Pensions	General explanation
Carer Payment	<p>Paid to person providing constant care to another person needing care permanently or for an extended period (not required to live with or adjacent to person being cared for)</p> <hr/> <p>Cannot be paid if already in receipt of another income support payment</p> <hr/> <p>Receiver of care must:</p> <ul style="list-style-type: none"> – have physical, intellectual or psychiatric disability OR – be a child with severe disability or medical condition OR – be two or more children with disabilities OR – be an adult with a dependent child in their care. <hr/> <p>The receiver of care must be in receipt of Centrelink/DVA income support OR does not have a qualifying residence for pension OR meet the care receiver income and assets test limits (see Centrelink regarding this)</p>
Allowances	General explanation
Newstart Allowance	<p>Paid to a person age 21 or over but under age pension age and looking for paid work</p> <hr/> <p>Must be prepared to enter into an 'employment pathway plan' and meet activity test requirements</p>
Partner Allowance	<p>Paid to a member of a couple (partner must be in receipt of a qualifying pension, allowance, Austudy or ABSTUDY payment at time of claim) who is born on or after 1 July 1955</p> <hr/> <p>No new grants from 20 September 2003</p>
Other benefits	General explanation
These are other benefits that are paid by Centrelink. Please consult a Centrelink officer for more information on these benefits	<p>Double Orphan Pension, Wife Pension, Bereavement Allowance, Widow B Pension, Youth Allowance, Austudy Payment, Pensioner Education Supplement, ABSTUDY Scheme, Assistance for Isolated Children, Sickness Allowance, Widow Allowance, Special Benefit, Mobility Allowance, CDEP Participant Supplementary (CPS) and Supplementary Benefits (add-ons), Remote Area Allowance, Crisis Payment</p>
Concessions	General explanation
Health Care Card	<p>Must be below age pension age</p> <hr/> <p>Issued every 6 months</p> <hr/> <p>No assets test applies</p> <hr/> <p>Automatically issued to persons in receipt of most Centrelink allowances and payments or Family Tax Benefit A</p> <hr/> <p>May also be issued to other groups of people in certain circumstances</p>
Pensioner Concession Card	<p>Automatically issued to all persons in receipt of eligible DVA and Centrelink pensions, certain allowances (including if age 60 or over) and other qualifying persons</p> <hr/> <p>May be retained for a short time in certain cases where a person loses qualification to the relevant Centrelink payment</p>
Commonwealth Seniors Health Card (CSHC)	<p>Targeted at self-funded retirees who do not qualify for the age pension because of assets or income levels</p> <hr/> <p>Need to meet income test:</p> <ul style="list-style-type: none"> – have an annual adjusted taxable income of less than \$50,000 for singles, \$80,000 for couples (combined income), or – \$100,000 (combined income) or \$50,000 each for couple separated by illness, respite care or jail. – do not qualify for a Centrelink pension or DVA Service Pension <hr/> <p>Other conditions also apply</p> <hr/> <p>No assets test applicable</p>
Seniors Supplement	<p>Paid to eligible CSHC holders</p>
Pension Supplement	<p>Paid to eligible recipients of certain Centrelink benefits (including age pension and disability support pension)</p>
Carer Supplement	<p>Paid to Carer Allowance and Carer payment recipients</p>
Rent Assistance	<p>Paid to qualifying recipients who are paying private rent, ie not paying rent to a government housing authority</p> <hr/> <p>If paid to a couple both in receipt of a qualifying payment, the rent assistance is shared</p> <hr/> <p>Not paid to single persons with no dependants and living with parent or guardian</p> <hr/> <p>Paid to families with dependent children, who get more than the base rate of Family Tax Benefit</p> <hr/> <p>Rental verification is required</p>

Centrelink means testing: the income and assets tests

Centrelink determines eligibility for benefits by assessment of income and assets against preset figures. To keep up to date with the rising costs and values of assets, these figures are indexed on a quarterly basis. The figures used in this document are valid from 20 March 2012 – 30 June 2012.

Should you have received this after this time period, the following figures may be slightly different and will not give you an accurate depiction of your entitlements. It is therefore strongly advised that you contact your Centrelink officer, Financial Planner, or go to www.centrelink.gov.au and follow the links.

Singles assets test and income test summary table

An assets test and income test are applicable to determine eligibility for payments. The test that produces the lower payment/benefit is the one that applies. The thresholds are as follows:

Scenario	Assets test	Income test	
Allowee	No benefit paid where total assessable assets exceed the lower threshold as shown below:		
	Home owner	\$186,750	Allowee Income between \$62 and \$250 pf reduces benefit by 50c in the dollar
	Non-home owner	\$321,750	Income above \$250 pf reduces benefit by 60c in the dollar
Pensioner	Every \$1,000 of assessable assets above the lower threshold reduces benefit by \$1.50 p.f. There is no benefit payable when the assessable assets exceed the upper threshold.		
		Lower threshold	Upper threshold
	Home owner	\$186,750	\$690,500
	Non-home owner	\$321,750	\$825,500

Source: Centrelink

Couples assets test and income test summary table

An assets test and income test are applicable to determine eligibility for payments. The test that produces the lower payment/benefit is the one that applies. The thresholds are as follows:

Couple scenario	Assets test	Income test	
Allowee/non recipient	Combined test No benefit is paid where total assessable assets exceed the thresholds for allowees as shown below:		
	Home owner (Couples/couples separated by illness)	\$265,000	Both parties are tested to determine rate of reduction Allowee Income between \$62 and \$250 pf reduces fortnightly benefit by 50c in the dollar Non recipient income exceeding \$830 pf reduces partner's fortnightly benefit by 60c in the dollar
Non-home owner (Couples/couples separated by illness)	\$400,000		
Both allowees	Combined test No benefit is paid where total assessable assets exceed the threshold for Allowees as shown below:		
	Home owner (Couples/couples separated by illness)	\$265,000	Individual test Income between \$62 and \$250 pf reduces fortnightly benefit by 50c in the dollar Income above \$250 pf reduces fortnightly benefit by 60c in the dollar
	Non-home owner (Couples/couples separated by illness)	\$400,000	

Couple scenario	Assets test	Income test	
Pensioner/allowee	Combined test pensioner	Combined test pensioner Combined income above \$264 pf, reduces each fortnightly benefit by 25c in the dollar Allowee Income between \$62 and \$250 pf reduces benefit by 50c in the dollar Income above \$250 pf reduces benefit by 60c in the dollar	
	Every \$1,000 of assessable assets above the lower threshold reduces the pensioner's benefit by \$0.75 pf. There is no benefit payable when the assessable assets exceed the upper threshold as shown below:		
	Lower threshold for pensioners		Upper threshold for pensioners
	Homeowner couple		
	\$265,000		\$1,024,500
	Homeowner/couple separated by illness		
	\$265,000		\$1,272,500
	Non-homeowner couple		
	\$400,000		\$1,159,500
	Non-homeowner couple separated by illness		
\$400,000	\$1,407,500		
Allowees	No benefit is paid where total assessable assets exceed the thresholds for Allowees as shown below		
	Homeowner		
	Couples/couples separated by illness	\$265,000	
	Non-homeowner		
	Couples/couples separated by illness	\$400,000	
Both pensioners	Combined test	Combined test Where joint income exceeds \$264 pf, each fortnightly benefit is reduced by 25c in the dollar	
	Every \$1,000 of assets above lower threshold reduces combined benefit by \$1.50 pf. There is no benefit payable when the assessable assets exceed the upper threshold as shown below:		
	Lower threshold		Upper threshold
	Homeowner couple		
	\$265,000		\$1,024,500
	Homeowner couple separated by illness		
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Pensioner/non recipient	Combined test	Combined test Where joint income exceeds \$264 pf., each fortnightly benefit is reduced by 25c in the dollar	
	Every \$1,000 of total assessable assets above the lower threshold reduces the pensioner's benefit by \$0.75 pf. There is no benefit payable when the assessable assets exceed the upper threshold as shown below:		
	Lower threshold		Upper threshold
	Homeowner couple		
	\$265,000		\$1,024,500
	Homeowner couple separated by illness		
	\$265,000		\$1,272,500
	Non-home owner couple		
	\$400,000		\$1,159,500
	Non-home owner couple separated by illness		
\$400,000	\$1,407,500		

(Note: p.f. = per fortnight)

Combined test: A couple's total assessable income/assets are means tested and half attributed to each – ownership is ignored.

Individual test: Means test based on ownership of assets.

Centrelink deeming rates for income test

Centrelink has a two-tiered approach whereby pensioners/allowees are deemed to earn a certain amount of interest, irrespective of the amount actually earned, on assets which are defined as “financial investments” by Centrelink.

The current deeming rates are as follows:

Asset level	Single allowee/pensioner
First \$44,600	3%
Balance above \$44,600	4.5%
Asset level	Couple allowee/pensioner
First \$74,400	3%
Balance above \$74,400	4.5%
Asset level	Non-pensioner couple
First \$37,200	3%
Balance above \$37,200	4.5%

Department of Veterans' Affairs (DVA)

The following is a brief description of the various DVA benefits available. This is not an exhaustive list, so individuals must seek advice from Centrelink on the benefits below and other benefits that they may be eligible for.

Pensions	General explanation																		
Service Pension	DVA equivalent of Centrelink age pension and is paid to veterans who have qualifying service Currently paid to veterans aged 60 (male) or to females depending on their date of birth as shown below: <table border="1"> <thead> <tr> <th>Women born between</th> <th>Eligible Age</th> </tr> </thead> <tbody> <tr> <td>1/7/43 – 31/12/44</td> <td>56.5</td> </tr> <tr> <td>1/1/45 – 30/6/46</td> <td>57</td> </tr> <tr> <td>1/7/46 – 31/12/47</td> <td>57.5</td> </tr> <tr> <td>1/1/48 – 30/6/49</td> <td>58</td> </tr> <tr> <td>1/7/49 – 31/12/50</td> <td>58.5</td> </tr> <tr> <td>1/1/51 – 30/6/52</td> <td>59</td> </tr> <tr> <td>1/7/52 – 31/12/53</td> <td>59.5</td> </tr> <tr> <td>1/1/54 and later</td> <td>60</td> </tr> </tbody> </table>	Women born between	Eligible Age	1/7/43 – 31/12/44	56.5	1/1/45 – 30/6/46	57	1/7/46 – 31/12/47	57.5	1/1/48 – 30/6/49	58	1/7/49 – 31/12/50	58.5	1/1/51 – 30/6/52	59	1/7/52 – 31/12/53	59.5	1/1/54 and later	60
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Disability Pension	Paid to veterans, with qualifying service, with an injury or disease as a result of war rendered on behalf of Australia before 1 July 2004 Entitlement is determined on a case-by-case basis by the DVA, depending on severity of the injury or illness Tax-free benefit Veterans and partners can receive this pension in addition to the Age Pension (paid by DVA) provided they meet the age requirements																		
Partner Service Pension	Paid to partners and widow/ers of veterans receiving the Service Pension or having qualifying service if the partner meets certain requirements as stipulated by the DVA																		
Invalidity Service Pension	Paid to veterans under the service pension age (see Service Pension above for details) Must be permanently incapacitated for work (as defined and assessed by the DVA). Incapacity need not be war-related Tax exempt until veteran reaches service pension age																		
Income Support Supplement	Income and Assets tested payment made to War Widow/er who has limited means and satisfies certain criteria																		
War Widow/ers Pension	Paid to a widowed partner or an eligible dependant of a veteran whose death is due to injuries and disease sustained as a result of war service or eligible defence service Non-taxable payment Is counted as income for the Income Support Supplement Pension may continue after re-marriage																		
Allowances	Rent assistance, and remote area allowance are paid in association with other DVA payments																		
Other Benefits	See DVA website for other benefits																		

Concession	General explanation
Health Care	<p>A broad range of health care and support services is available to eligible veterans and eligible dependants. These services include general and some specialist services.</p> <hr/> <p>GOLD CARD: The Repatriation Health Card for All Conditions enables card holders to access health care and associated services for all of their health care needs (some treatment limits apply)</p> <hr/> <p>WHITE CARD: The Repatriation Health Card for Specific Conditions enables card holders to access health care and associated services for specific service-related conditions. Some non-service related illness and disease may be covered.</p>
Housing	The Defence Home Ownership Assistance Scheme provides a home loan subsidy scheme to veterans (and certain dependants) who have completed a qualifying period of service in the Defence Force. Length and type of service determines eligibility and entitlements under DHOAS.

Sourced from the DVA Website (www.dva.gov.au)

DVA Payments

Payment name	Income test	Asset test	Taxable
Veterans Age Pension	Yes	Yes	Yes
Veterans Service Pension	Yes	Yes	Yes*
Partner Service Pension	Yes	Yes	Yes
Income Support Supplement (ISS)	Yes	Yes	Yes
Invalidity Service Pension	Yes	Yes	Yes**
War Widows	No	No	No
Disability Pension	Yes [#]	Yes [#]	No**

* except where the Veteran receives an Invalidity Service Pension and the veteran and partner have not reached age pension age.

** except if the person is age pension age.

[#] except for permanently blind pensioners who are exempt for the basic rate

The above information is based on Suncorp's current understanding of the relevant legislation and departmental policies.

These policies are continually under review and we suggest you should confirm your entitlement with the relevant government department.

Technical Services

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Important note

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