

Secure and Sustainable Pension Reforms



In the 2009 Federal Budget, the government announced a number of changes to the pension system as part of the Secure and Sustainable Pension reforms.

Increase in the pension rate

The maximum rate of pension for singles will increase by \$65.00 a fortnight. This includes an increase of \$60.00 a fortnight in the base pension and \$5.00 a fortnight in the new Pension Supplement. For couples, the Pension Supplement will increase by \$20.30 a fortnight combined. Part-rate single pensioners will receive a partial increase with a minimum increase of \$20.20 a fortnight.

These increases are on top of the usual pension indexation that occurs in September each year. New indexation arrangements for the base pension apply to better reflect changes in pensioners' living costs.

The Pension Supplement

The Pension Supplement combines a range of add on allowances and supplements for Age Pension, Carer Payment, Wife Pension, Widow B Pension, Bereavement Allowance and Disability Support Pension (excluding those aged under 21 without children). It will also be paid to all other income support customers who are over age pension age.

For customers who are eligible, the Pension Supplement will combine the GST Supplement, Utilities Allowance, Telephone Allowance (higher Internet rate) and Pharmaceutical Allowance.

The Pension Supplement will not be paid to pensioners paid under transitional arrangements arising from the income test changes. However, these pensioners will receive an equivalent amount as part of their transitional rate.

From 1 July 2010, pensioners can choose to receive around half the supplement on a quarterly basis to have greater flexibility in managing their finances.

Changes to the pension income test

From 20 September 2009, there will be an increase in the income test taper rate from 40 cents to 50 cents. Pension payments will reduce by 50 cents in the dollar for singles and by 25 cents in the dollar each for couples for each extra dollar of income over the income test free area. Full rate pensioners will not be affected.

The higher income test free area for pensioners with dependent children will be removed.

Pensioners at 19 September 2009 will not receive a payment reduction because of these changes. Existing pensioners will be assessed under both the old rules and the new rules. Some pensioners will be paid a transitional rate until the new rules provide an equal or better outcome for them.

Those on the transitional rate of pension will still receive a payment increase of \$20.20 a fortnight for singles and \$20.30 a fortnight for couples combined.

Work Bonus

Under the new Work Bonus, half of the first \$500 of fortnightly employment income will be disregarded from the income test for pensioners over age pension age. This means the maximum that can be disregarded is \$250. This is in addition to the normal allowable income free area.

For example, if you have gross employment income of \$300 a fortnight, only \$150 a fortnight would be counted as income. If you have gross employment income of \$600 a fortnight, \$250 would be disregarded from the income test and \$350 would be counted as income.

Pensioners over age pension age will have their employment income assessed fortnightly. The Work Bonus applies to pensions assessed under the new income test. It is not used in calculating the rate for pensions assessed under transitional arrangements.

Closure of the Pension Bonus Scheme

The Pension Bonus Scheme is closed to new entrants who did not become qualified for Age Pension before 20 September 2009. The scheme pays a one-off lump sum payment to people who defer receiving Age Pension and continue working. Existing members may remain in the scheme and continue to accrue entitlements if they or their member partner continue to work 960 hours a year.

Members who are not working and rely on their non-member partner's employment to remain in the scheme will no longer be able to do so. Generally these members will need to claim their bonus within 13 weeks of 20 September 2009.

Any existing members who are interested in testing their eligibility for Age Pension under the new rules, or who are concerned that they are not meeting the scheme's requirements, are advised to contact a Centrelink Financial Information Service Officer, or their own financial planner to get more information and discuss their options.

The Seniors Supplement for Commonwealth Seniors Health Card Holders

The Seniors Concession Allowance and Telephone Allowance will be combined into a new Seniors Supplement for Commonwealth Seniors Health Card and Veterans' Affairs Gold Card holders. Payment of the Seniors Supplement will begin in December 2009 and will be paid quarterly. The Seniors Supplement will be \$196.30 a quarter for singles and \$296.40 a quarter for couples combined.

Carer Supplement

The Carer Supplement is an annual, non-indexed, lump sum payment paid every July to people who are recipients of:

- Carer Allowance Adult
- Carer Allowance Child.

The Carer Supplement payment of \$600 is paid **per care receiver**. If a person is receiving Carer Allowance for two people they will receive \$1200 unless they are receiving a part-rate due to sharing care. In this case, they will receive the Carer Supplement payment at the same proportional part-rate.

The Carer Supplement will also be paid to people who are recipients of:

- Carer Payment
- Wife Pension (Age) with Carer Allowance
- Wife Pension (DSP) with Carer Allowance
- DVA Carer Service Pension
- DVA Partner Service Pension with Carer Allowance.

The Carer Supplement payment of \$600 to these recipients is **paid per carer**. Therefore a person in receipt of both Carer Allowance and Carer Payment (or both Carer Allowance and Wife Pension/DVA Partner Service Pension/DVA Carer Service pension) can qualify for two or more Carer Supplement payments.

The existing Child Disability Assistance Payment of \$1000 a year for carers who are paid Carer Allowance (child) will continue.

Improvements to Advance Payments

From 1 July 2010, pensioners will be able to receive multiple Advance Payments subject to new minimum and maximum amounts. Current repayment policies will continue, with Advance Payments being repaid over six months.

While the maximum Advance Payment amounts are increasing, the payment will continue to only be available where the customer will not suffer financial hardship from the reduction in their fortnightly pension as a result of repaying the advance.

From 1 July 2010, the maximum Advance Payment amount that a pensioner can receive will increase from \$500 to whichever is the less of:

- three weeks of the maximum basic pension plus part of the Pension Supplement amount (if the person gets more than the minimum), **or**
- 7.5 per cent of their annual pension amount which is payable at the time of lodging the application.

The minimum Advance Payment amount available will be one week's maximum basic rate of pension. That way, the minimum goes up whenever the pension rate increases.

Generally, pensioners will not be able to have more than three Advance Payments at any point in time. Whilst a person has an outstanding advance of 12 months or more they will not be able to receive an additional advance.

Increase in age pension age

From 1 July 2017, the qualifying age for Age Pension will increase from 65 to 65½ years. The qualifying age for Age Pension will then rise by six months every two years, reaching 67 by 1 July 2023.

The change will not affect existing age pensioners and will not affect people born before 1 July 1952.

Veterans Affairs' pensioners

Most changes to the pension system also apply to Veteran pensioners who receive the Veterans' Service Pension and Income Support Supplement. However the qualifying age for Veterans' Service Pension is not being increased. Visit www.dva.gov.au or call **1300 307 901** for more information.

Pensioners outside Australia

If you reside outside Australia, arrangements will be different. For more information about these changes visit www.centrelink.gov.au or contact Centrelink International Services.

How to contact us

Information about the changes to the pension system is available from www.centrelink.gov.au. If you want to talk to someone about how these changes may affect you, call the Centrelink retirement line on **13 2300**.

You can also ask to talk, free of charge, to a Financial Information Service officer about options with your savings, investments and related arrangements by calling the same number.

For more information

Go to our website at www.centrelink.gov.au

Retirement	13 2300
Disability and Carers	13 2717
Ask at a Centrelink Customer Service Centre	
Financial Information Service	13 2300
Financial Information Service seminar bookings	13 6357
Centrelink International Services	13 1673
Looking for work	13 2850
Parent or guardian	13 6150
To speak to Centrelink in languages other than English	13 1202

**Australian Government Services Fraud
and Tip-off line** **13 1524**

Customer Relations **Freecall™ 1800 050 004**

TTY* enquiries **Freecall™ 1800 810 586**

*TTY is only for people who are deaf or have a hearing or speech impairment. A TTY phone is required to use this service.

Disclaimer

The information contained in this publication is intended only as a guide. The information is accurate as at September 2009. If you use this publication after that date, please check with Centrelink that the details are current.