

Transitional rate of pension



What is transitional rate?

The transitional rate of pension is a special rate of pension for people who would have been immediately disadvantaged by the 2009 Federal Budget changes.

From 20 September 2009:

- the maximum rate of pension for singles increased
- the new Pension Supplement combined the GST Supplement, Utilities Allowance, Telephone Allowance and Pharmaceutical Allowance
- the Work Bonus was introduced, **and**
- the income test taper rate changed from 40 cents to 50 cents in the dollar.

This affected all pensioners except those on Parenting Payment Single and Disability Support Pension who are under 21 years of age with no children.

A transitional rate was introduced to ensure that existing pensioners did not receive a payment reduction because of these changes.

How is the transitional rate calculated?

The transitional rate is based on the old taper rate of 40 cents in the dollar. The maximum rate does not include the pension increase for singles that came in with the September 2009 changes. The transitional rate is adjusted in line with Consumer Price Index only.

Pensioners entitled to a payment on 19 September 2009 were assessed under both the transitional and the new rules. Where the transitional rate was higher, pensioners were paid this rate. The transitional rate continues until the pensioner would receive an equal or higher rate under the new rules and they would then stay on the new rate.

Example

Annette was receiving Age Pension on 19 September 2009 and had income in excess of the income free area. To calculate Annette's rate of Age Pension, a comparison was made between the transitional pension rate and the new pension rate from 20 September 2009 (including the Work Bonus). The comparison showed that her payment was higher under the transitional rate, so Annette received this rate of Age Pension.

On 25 November 2009, Annette's income changed. As Annette had been receiving the transitional rate of Age Pension, a comparison was made between the transitional rate of pension and the new pension rate. The comparison showed that the transitional rate would be the lower rate of pension. Her pension will no longer be compared to the transitional rate.

Rates for pensioners outside Australia

If a pensioner receiving the transitional rate departs Australia permanently, they will receive a rate equivalent to the basic pension rate plus the former GST Supplement. This will be payable from the date of departure. Any add-on payments received, such as Rent Assistance, will be cancelled from the date of departure. If a pensioner receiving the transitional rate departs Australia temporarily, they will receive the maximum transitional rate payable for up to 13 weeks from the date of departure.

Can I receive some of my payment quarterly?

From 1 July 2010 if you receive a transitional rate of pension you have the option of receiving an amount equivalent to the minimum Pension Supplement amount on a quarterly basis. This is known as transitional quarterly pension.

The transitional quarterly pension is paid as soon as possible after 20 March, 20 June, 20 September and 20 December each year with your fortnightly income support payment.

While you continue to receive your regular Centrelink payment, the transitional quarterly pension continues to be payable and calculated on a daily basis. It is paid at the end of the quarterly period.

As the transitional quarterly pension is calculated on a daily basis, each quarterly amount will vary depending on the number of days in the quarter. If you choose the quarterly payment option your fortnightly income support payment will be reduced.

How to contact us

For further information about the changes to the pension system go to www.centrelink.gov.au visit your nearest Centrelink Customer Service Centre or call the Centrelink Seniors Line on **13 2300**.

For more information

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

Seniors	13 2300
Disability and carers	13 2717
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 July 2010. If you use this publication after that date, please check with Centrelink that the details are current.