

Deeming



What does deeming mean?

Deeming is a set of social security rules used to assess income from financial assets. Under these rules we assume financial investments are earning a certain amount of income, regardless of the income they actually earn.

Deeming is used to calculate income for pension, benefit and allowance payments. As Family Tax Benefit is based on taxable income, it is not affected by deeming.

Why have deeming?

- It is a fairer way to treat people who have the same amount of financial investments.
- It encourages people to earn more income from their investments.
- It reduces the extent to which a person's payments vary.

What if my investments earn more than the deemed rates?

If the actual income you receive from your investments is more than the deemed income, the extra income is not counted when assessing your rate of pension, benefit or allowance.

Who sets the deeming rates?

Deeming rates are continually monitored to ensure that they are appropriate. The deeming rates are amended by the federal ministers for the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) and the Department of Education, Employment and Workplace Relations (DEEWR).

What are the current deeming rates?

The current deeming rates are 3 per cent and 4.5 per cent.

How is deeming calculated and applied?

Deeming rates apply:

- for a single person—3 per cent for the first \$44,600 of their total investments with 4.5 per cent for any balance above \$44,600
- for a pensioner couple (both receiving a pension) or a pensioner/allowance couple (one person receiving a pension and the other receiving an allowance)—3 per cent for the first \$74,400 of their combined total investments with 4.5 per cent for any balance above \$74,400, **and**
- for an allowance couple (both receiving an allowance)—3 per cent for the first \$37,200 of the total investments held by each with 4.5 per cent for any balance above \$37,200.

What happens after deemed income from investments is worked out?

The deemed income is added to any income you have from other sources such as income from employment. Your total income is then used to work out how much pension, benefit or allowance can be paid to you.

For more information, see the *Income test limits for pensions* and the *Income test limits for allowances factsheets*.

What are financial investments?

- Bank, building society and credit union accounts.
- Term deposits and debentures.
- Friendly society bonds.
- Managed investments.
- Listed shares and securities.
- Shares in unlisted public companies.
- Gold and other bullion.
- Certain income streams, e.g. short-term assets tested income streams.
- Approved deposit funds, deferred annuities and superannuation fund investments held by people over age pension age.
- Loans, including those to family trusts and companies.
- Gifts of money or other assets of more than \$10 000 in a financial year, or more than \$30 000 over five financial years.

For more information, see the *Gifting* factsheet.

For more information

Seniors Line	13 2300
Financial Information Service seminar bookings	13 6357
Looking for work	13 2850
Parent or guardian	13 6150
To speak to Centrelink in languages other than English	13 1202
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.

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

Check the 'we speak your language' link on Centrelink's website for information in languages other than English.

Note: calls from your home phone to Centrelink '13' numbers from anywhere in Australia are charged at a fixed rate. That rate may vary from the price of a local call and may also vary between telephone service providers. Calls to '1800' numbers from your home phone are free. Calls from public and mobile phones may be timed and charged at a higher rate.

Disclaimer

The information contained in this publication is intended only as a guide to payments and services. It is your responsibility to decide if you wish to apply for a payment and to make an application, with regard to your particular circumstances.

This information is accurate as at July 2011. If you use this publication after that date, please check with us that the details are current.