



FINANCIAL PLANNING  
ASSOCIATION *of* AUSTRALIA

Senator Marielle Smith  
Chair - Senate Standing Committees on Community Affairs  
PO Box 6100  
Parliament House  
Canberra ACT 2600

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12 August 2022

Dear Senator Smith

**Social Services and Other Legislation Amendment (Lifting the Income Limit for the Commonwealth Seniors Health Card) Bill 2022**

The Financial Planning Association of Australia (FPA) welcomes the opportunity to provide feedback to the Senate Standing Committees on Community Affairs on the Social Services and Other Legislation Amendment (Lifting the Income Limit for the Commonwealth Seniors Health Card) Bill 2022.

In retirement, we believe that financial citizenship requires a level of income, quality of housing and health that are consistent with a dignified life.

Our vision is that the retirement income system should ensure a level of adequacy is available for all Australian retirees in a manner that is fair, flexible, accessible, and sustainable and encourages a self-funded retirement.

To achieve this vision the retirement income system should:

- enable the fair and efficient provision of funding through a combination of public and private savings;
- flexibly respond to changing demographic needs and capabilities to enable people to retire on an adequate income without the compulsory extension of working life;
- not consider retirement in isolation from lifetime funding needs, and
- provide a comprehensive and holistic framework for adopting a change in behaviour to the accumulation of savings and retirement income needs.

The Commonwealth currently assists some older Australians by subsidising medical and household expenditure. For those Australians over age pension age, benefits are provided via the Centrelink concession cards, including the Commonwealth Seniors Health Card (CSHC).

Such concessions and services are a necessity to address longevity risk and improve financial adequacy for older Australians, as they allow retirement income to sustain expenditure for longer, prolonging the need for age pension support.

Currently the CSHC is available to Australians over age pension age who do not satisfy the pension means test but have annual Adjusted Taxable Income of less than \$50,000 (for singles) or combined \$80,000 (for members of couples). Due to a lack of indexing since the current thresholds were implemented, these thresholds at present are lower than the cut off thresholds for the aged pension, currently being \$56,295.20 (for singles) and \$86,153.60 (for couple).

Since the introduction of the CSHC, the FPA has called for the income limits for eligibility for the CSHC to be increased to adjusted taxable income of \$100,000 for a single person or \$150,000 for a couple combined, with these limits to be indexed annually.

The FPA continues this position by supporting the Social Services and Other Legislation Amendment (Lifting the Income Limit for the Commonwealth Seniors Health Card) Bill 2022 currently before Parliament and the matter of inquiry by this Committee.

The proposed increase in the limits will greatly assist older Australians and deliver longer term fiscal support to the Commonwealth by prolonging the need for CSHC holders to access the full Age Pension.

If you would like to discuss the matters raised in this submission further, please contact me on

Yours sincerely

**Ben Marshan CFP® LRS®**

*Head of Policy, Strategy and Innovation*

Financial Planning Association of Australia<sup>1</sup>

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<sup>1</sup> The Financial Planning Association (FPA) has more than 14,000 members and affiliates of whom 11,000 are practising financial planners and 5,720 CFP professionals. The FPA has taken a leadership role in the financial planning profession in Australia and globally:

- Our first "policy pillar" is to act in the public interest at all times.
- In 2009 we announced a remuneration policy banning all commissions and conflicted remuneration on investments and superannuation for our members – years ahead of FOFA.
- We have an independent Conduct Review Commission, chaired by Dale Boucher, dealing with investigations and complaints against our members for breaches of our professional rules.
- The first financial planning professional body in the world to have a full suite of professional regulations incorporating a set of ethical principles, practice standards and professional conduct rules that explain and underpin professional financial planning practices. This has been exported to 27 member countries and the more than 203,000 CFP practitioners that make up the FPSB globally.
- We have built a curriculum with 19 Australian Universities for degrees in financial planning. Since 1st July 2013 all new members of the FPA have been required to hold, or be working towards, as a minimum, an approved undergraduate degree.
- CFP certification is the pre-eminent certification in financial planning globally.
- We are recognised as a professional body by the Tax Practitioners Board.