

## **Social Security (Actuarial Certificate – Life Expectancy Income Stream Guidelines) Determine 2012**

*FRLI ID: F2012L02567*

*Tabled in the House of Representatives and Senate on 5 February 2013*

*Portfolio: Families, Community Services and Indigenous Affairs*

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*Portfolio: Families, Community Services and Indigenous Affairs*

*PJCHR comments: [Report 4/13](#), tabled on 20 March 2013*

*Response received: 19 April 2013*

### **Summary of committee view**

3.1 The committee thanks the Minister for her response and makes no further comment on these instruments in light of her indication that the new guidelines are not expected to have an adverse impact on individuals in terms of the quantum of benefit they receive.

### **Background**

3.2 These legislative instruments provide guidelines to be complied with when determining whether an income stream is an asset-test exempt income stream that is generally exempt from the asset testing requirements of the *Social Security Act 1991*. Where these guidelines are not satisfied, the income stream would lose its asset-test exemption. As a result, the instruments may ultimately affect the rate of social security payable to a person.

3.3 The committee sought clarification as to rationale for changing the guidelines and the possible impact of the changes on the quantum of social security benefits payable to persons.

3.4 The Minister's response is attached.

### **Committee's response**

3.5 The committee thanks the Minister for her response and makes no further comment on these instruments in light of her indication that the new guidelines are not expected to have an adverse impact on individuals in terms of the quantum of benefit they receive.



**The Hon Jenny Macklin MP**  
**Minister for Families, Community Services and Indigenous Affairs**  
**Minister for Disability Reform**

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**12 APR 2013**

BR13-000410

Mr Harry Jenkins MP  
Chair  
Parliamentary Joint Committee on Human Rights  
Parliament House  
CANBERRA ACT 2600

RECEIVED  
19 APR 2013

Dear Mr Jenkins *Harry*

Thank you for your letter of 20 March 2013 seeking clarification on the *Social Security (Actuarial Certificate - Life Expectancy Income Stream Guidelines) Determination 2012* and the *Social Security (Actuarial Certificate - Lifetime Income Stream Guidelines) Determination 2012* (the new guidelines).

I understand that the Parliamentary Joint Committee on Human Rights is seeking clarification of:

1. the rationale for changing the guidelines; and
2. the possible impact of the changes on the quantum of social security benefits payable to persons including the number of social security recipients who may receive reduced benefits as a result of the changes.

From 1 July 2012 the *Social Security and Other Legislation Amendment Act 2011* amended the *Social Security Act 1991* regarding the requirement to provide an actuarial certificate for income support recipients with asset-test exempt income streams sourced from either self-managed superannuation funds, or small Australian Prudential Regulation Authority regulated funds.

As a result of these changes, and to ensure consistency and certainty in administration, the new guidelines were made. The new guidelines replaced the *Social Security (Actuarial Certificate - Life Expectancy Income Stream Guidelines) Determination 2004* and the *Social Security (Actuarial Certificate - Lifetime Income Stream Guidelines) Determination 2004*.

My department has advised me that the new guidelines made a number of changes to the previous guidelines to simplify and consolidate the form of determination. In particular, the new guidelines clarified that income support recipients with asset-test exempt income streams sourced from self-managed superannuation funds or small Australian Prudential Regulation Authority regulated funds may only provide one actuarial certificate for any particular financial year, and that the certificate must be certified within 26 weeks of the start of that particular financial year.

Before this measure came into effect, some social security customers would provide several actuarial certificates within a financial year, several of which may have failed to meet the necessary requirements to be eligible for an asset-test exemption. This is not how the asset-test exemption was intended to operate. The measure enacted by the Government ensures that the asset-test exemption operates as intended and as a result, improves the integrity of the social security system.

The changes reflect current policy and practice and have been made to make these requirements clearer. While it is difficult to make an assessment of the exact impact of the new guidelines in any individual's case, it is expected that the new guidelines will not have an adverse impact on individuals in terms of the quantum of benefit they receive.

Thank you again for giving me the opportunity to comment in response to the Committee's concerns.

Yours sincerely

A handwritten signature in blue ink, reading "Jenny Macklin". The signature is fluid and cursive, with the first name "Jenny" and the last name "Macklin" clearly distinguishable.

**JENNY MACKLIN MP**