

Senate Community Affairs Committee
ANSWERS TO ESTIMATES QUESTIONS ON NOTICE
SOCIAL SERVICES PORTFOLIO
2015-16 Budget Estimates Hearings

Outcome Number: 1.6 Income Support for Seniors

Question No: SQ15-000722

Topic: Age Pension

Hansard page: CA92, 4 June 2015

Senator Siewert, Rachel asked:

What are all of the things that would potentially not be included when working out how much income should be assessed in determining your pension eligibility —the concession, the work bonus. Is there a list easily accessible that I just need to go and look at?

Answer:

There are some situations where only part of the gross income received by a pensioner is assessed under the pension income test. These include:

- For employment income, there is a Work Bonus under which the first \$250 of employment income each fortnight is not assessed. If unused, the \$250 accrues to a maximum of \$6,500 and can be used to offset future employment income.
- For payments from “grandfathered” superannuation account based income streams (such as allocated pensions held by pensioners who were receiving an income support payment on 31 December 2014) and annuities, any amount that represents the return of capital to the pensioner is not assessed. (The return of capital amount is the purchase price divided by the person’s life expectancy.)
- For financial assets, such as bank accounts, term deposits, shares, managed investments and non-grandfathered superannuation account based income streams, deeming applies. Deeming assumes financial assets are earning a certain amount of income, regardless of the income they actually earn. If a pensioner earns more than the deeming rate from their financial assets, the extra income is not assessed.
- For income from rent, legitimate expenses such as agent fees, repairs, depreciation and interest on loans are deducted from the gross rent.
- Where a pensioner provides board and lodgings, only a proportion of the gross income is assessed, to reflect the costs incurred.
- For business income, including for pensioners who are self-employed, farmers and those involved in business entities, such as partnerships, trusts and companies, legitimate business expenses incurred in the earning of income are deducted from gross income.

Some types of income are not counted as income for social security income test purposes. A list of income that is exempt is at subsection 8(8) of the Social Security Act. Examples include emergency relief payments, certain insurance payments and certain war related restitution payments.

Certain one-off lump sums can also be exempted under subsection 8(11) of the Act. A list of the income that is exempt is at Part 4.3.2.35 of the Guide to Social Security Law. Examples include payments related to institutional abuse and industry exit grants.