The "Your Guide To" Series

Age Pension

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Your Guide to Age Pension

The Age Pension is a government payment designed to help Australian residents achieve an adequate level of income in retirement.

Benefits

The Age Pension provides regular income to improve your cash flow.

- Your assets may last longer because you will have less need to draw on personal investments because of your increased cash flow.
- You will be entitled to the Pensioner Concession Card which gives you access to various concessions (such as reduced cost medicines) to help reduce your expenses.

Qualification and entitlement

To qualify for an Age Pension, you must be Age Pension age, an Australian resident and have income and assets below the upper thresholds.

Age Pension age

You need to be Age Pension age to qualify for the Age Pension. Age Pension age is currently 65 for both men and women, but is gradually increasing to 67.

Date of birth	Qualifying age for men and women
Before 1 January 1949	Eligible
1 January 1949 to 30 June 1952	65.0
1 July 1952 to 31 December 1953	65.5
1 January 1954 to 30 June 1955	66.0
1 July 1955 to 31 December 1956	66.5
On or after 1 January 1957	67.0

Residency rules

The residency rules require you to be an Australian resident and in Australia on the day that your claim for the Age Pension is lodged. You must also have been an Australian resident for at least 10 years, with at least 5 of the 10 years continuous.

Social Security Agreements exist between Australia and certain countries which may help you qualify if you do not meet the 10 year residency test, or allow you to claim from outside Australia.

Further information on the residency rules can be obtained by contacting Centrelink or from the Centrelink website (www.humanservices.gov.au).

Income and assets tests

The amount of Age Pension received is based on two tests – an income test and an asset test. The test that produces the lowest amount of Age Pension entitlement is the one that applies.

If your income and assets are below the lower thresholds on both tests, you will be entitled to the full Age Pension. If your income or assets exceed the upper threshold on either test, then you will not be eligible for any Age Pension.

The lower thresholds are indexed on 1 July each year. The upper thresholds also increase in March and September in line with Age Pension rate increases.

Asset test thresholds	Homeowners		Non-homeowners	
	Lower	Upper	Lower	Upper
Single	$205,500	$779,000	$354,500	$928,000
Couple (combined)	$291,500	$1,156,500	$440,500	$1,305,500
Couple separated due to ill health	$291,500	$1,438,500	$440,500	$1,587,500

If your assets are between the lower and upper thresholds, your potential rate of pension reduces by $1.50 per fortnight (single or couple combined) for each $1,000 of assets over the lower threshold.

Income test thresholds	Lower threshold	Upper threshold
Single	Up to $160.00	Less than $1,882.40
Couple (combined)	Up to $284.00	Less than $2,881.60
Couple separated due to ill health	Up to $284.00	Less than $3,728.80

If your income is between the lower and upper thresholds, your potential rate of pension reduces by 50c (single or couple combined) for each dollar of income earned above the lower threshold.

Age Pension rates

The following table shows the maximum Age Pension currently payable.

Marital status	Pension rate* per fortnight
Single	$860.20
Member of a couple	$648.40 each

* Rates include Pension Supplement of up to $63.90 (singles) and $48.20 (each member of a couple) per fortnight and Energy Supplement of $14.10 (singles) and $10.60 (each member of a couple) per fortnight.

The Pension Supplement is paid to help meet the costs of daily household and living expenses. It combines a GST supplement, utilities allowance, telephone allowance and pharmaceutical allowance. The Energy Supplement also helps with living costs.

You do not need to apply for the Pension or Energy Supplements. These payments are automatically made with your fortnightly Centrelink payment. You can request for the supplements to be paid quarterly instead of fortnightly to help budget for quarterly expenses (such as utilities bills).

Other things you should know

- Your Age Pension entitlement may increase or decrease over time as your circumstances change.
- The Age Pension is taxable income however you may be eligible for the Seniors and Pensioners Tax Offset to help reduce the tax liability.
- If you work whilst receiving the Age Pension, you may be eligible for the 'work bonus' which excludes the first $250 of employment income from the income test. Any unused work bonus (to a maximum of $6,500) that you accrue can offset employment income in future years.
- A person who is legally blind will be eligible for the Age Pension regardless of their level of income and assets.
- Different asset and income thresholds may apply for customers in receipt of a Social Security payment prior to 20 September 2009.
- Pensioner Concession Card concessions are different in each state and territory and vary between councils.
- Centrelink customers are required to tell Centrelink within 14 days about any changes in their circumstances which may affect their payment.
- From 1 January 2017, the asset test taper rate will increase from $1.50 to $3.00 which will significantly lower the asset test upper thresholds. Customers who lose their pensions as a result will automatically be issued with a Commonwealth Health Seniors Card to retain access to pharmaceutical concessions.