

# TRAC

The Retirement Advice Centre



The “Your Guide To” Series

## Newstart Allowance

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# Your Guide to Newstart Allowance

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**Newstart Allowance provides income support to people who are looking for work or undertaking activities to increase their chances of finding a job.**

## Benefits

- Newstart Allowance provides regular income to help you meet your day-to-day living expenses.
- 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 Health Care Card which gives you access to various concessions (such as reduced cost medicines) which can help reduce your expenses.

## Eligibility and entitlement

To qualify for Newstart Allowance, you must:

- be over age 22 but under Age Pension age
- be looking for suitable paid work
- be prepared to enter into an Employment Pathway Plan and meet its requirements
- meet activity test requirements
- not be involved in industrial action
- be an Australian resident and in Australia on the day you lodge your claim for Newstart
- have income and assets below a certain level.

## Employment Pathway Plan

An Employment Pathway Plan is an agreement negotiated between you and your Employment Services provider. It outlines the activities you agree to undertake whilst looking for work.

An Employment Pathway Plan can help you identify what you need to do to give yourself the best chance of becoming employed. Factors considered in the negotiation may include your education, skills, experience and age, as well as local employment conditions and training facilities.

## Activity test

To continue receiving Newstart, you need to meet the activity test requirements. This usually means you need to be applying for jobs, training or studying, or working part-time.

The activity test for a person aged 55 years or older is more flexible than for a younger person.

## Income and assets tests

The amount of Newstart Allowance received is based on two tests – an income test and an asset test. The test that produces the lowest amount of Newstart 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 Newstart Allowance. If you exceed the asset test lower threshold, or the income test upper threshold, then you will not be entitled to any Newstart.

The lower thresholds are indexed on 1 July each year. The income test upper thresholds also increase in March and September in line with Newstart Allowance rate increases.

Asset test thresholds	Lower thresholds	
	Homeowners	Non-homeowners
Single	\$205,500	\$354,500
Couple (combined)	\$291,500	\$440,500
Couple separated due to ill health	\$291,500	\$440,500

Income test thresholds	Lower threshold	Upper threshold
Single, no children	Up to \$102.00	Less than \$1,007.00
Single, over 60 after 9 months	Up to \$102.00	Less than \$1,089.50
Single with dependant child(ren)	Up to \$102.00	Less than \$1,079.17
Partnered (each)	Up to \$102.00	Less than \$921.50

If your income is between the lower and upper thresholds, your potential allowance reduces by 50c for each dollar of income between \$102 and \$252, then 60c for each dollar of income in excess of \$252. If income exceeds the upper threshold, no allowance is payable. If you are a member of a couple, your partner's income will further reduce your potential allowance by 60c for each dollar of income your partner is assessed to receive above the upper threshold.

### Newstart Allowance rates

The following table shows the maximum Newstart Allowance currently payable.

Marital status	Allowance rate* per fortnight
Single, 22 or over, no children	\$528.00
Single, 22 or over, with children	\$571.30
Single, aged 60 or over, after 9 months	\$571.30
Member of a couple	\$476.70 each

\* Rates include Energy Supplement of \$8.80 (single, no children), \$7.90 (each member of a couple) and \$9.50 (single with children or over 60 after 9 months) per fortnight.

### Waiting periods

A waiting period is the amount of time you have to wait before you can start receiving Newstart Allowance. There are three waiting periods that could apply:

- *Ordinary Waiting Period* – this is a one week waiting period that applies to all Newstart claimants. It commences from the date your application form is lodged with Centrelink.
- *Liquid Assets Waiting Period* – applies if you have liquid assets in excess of \$5,500 (single person with no dependants) or \$11,000 (all other claimants). The maximum liquid asset waiting period is 13 weeks and it is served in addition to the Ordinary Waiting Period.
- *Income Maintenance Period* – can apply if you receive payments upon termination from employment. It may be served concurrently with the Ordinary Waiting Period and Liquid Asset Waiting Period.

### Other things you should know

Your Newstart entitlement may increase or decrease over time as your circumstances change. Newstart Allowance is taxable income however you may be eligible for the Beneficiary Tax Offset to help reduce the tax liability.

Health Care 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. Changes include finding work, commencing study, moving house or changes to income.

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