

TRAC

The Retirement Advice Centre



The “Your Guide To” Series

DVA Service Pension

David Reed

Your Guide to DVA Service Pension

The Department of Veteran's Affairs (DVA) pays service pensions to veterans and their partners to help them achieve an adequate level of income.

Benefits

- The DVA Service Pension 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 Pensioner Concession Card which gives you access to various concessions (such as reduced cost medicines) to help reduce your expenses.

Qualification and entitlement

A DVA Service Pension can be paid to a veteran on the grounds of age or invalidity. It can also be paid to an eligible partner of veterans or their widow or widower.

Age Service Pension

- You may be eligible for the Age Service Pension if you are a veteran who:
- has qualifying service – generally, this means you have served in operations against the enemy whilst in danger from hostile forces of the enemy
- meets the residency requirements – you are a resident of Australia and are in Australia at the time of lodging your claim (Commonwealth and Allied Veterans and Mariners may be eligible in certain circumstances)
- has reached Service Pension age.

The Age Service Pension is taxable income however you may be eligible for the Seniors and Pensioners Tax Offset to help reduce the tax liability.

Invalidity Service Pension

- You may be eligible for an Invalidity Service Pension if you are a veteran who:
- has qualifying service – generally, this means you have served in operations against the enemy whilst in danger from hostile forces of the enemy
- is any age
- is permanently incapacitated for work (the incapacity does not need to be related to war service)
- meets the residency requirements – you are a resident of Australia and are in Australia at the time of lodging your claim (additionally Commonwealth Veterans and Allied Veterans and Mariners may be eligible in certain circumstances).

The Invalidity Service Pension is not taxable whilst you are under Centrelink Age Pension age. Upon turning Centrelink Age Pension age, you will be transferred from the Invalidity Service Pension to the Age Service Pension.

Partner Service Pension

- You may be eligible for a Partner Service Pension if you are:
- married to or living in a de facto relationship with a veteran who is eligible for a service pension
- at least Service Pension age, or any age with dependent children, or any age and the partner of a Special Rate Disability Pensioner, or at least 50 years of age with a partner who receives an above general rate Disability Pension.

The Partner Service Pension may also be paid to former partners of veterans in certain circumstances.

The Partner Service Pension is taxable income unless:

- you and your partner are both under Centrelink Age Pension age and your partner is receiving an Invalidity Service Pension, or
- you are under Centrelink Age Pension age and your partner has died, and your partner had been receiving the Invalidity Service Pension prior to death.

Service Pension age

Service Pension age is five years earlier than Age Pension age for Centrelink purposes. Service Pension age for both male and female veterans is currently age 60.

For non-veterans, Pension Age is 65 for those born before 1 July 1952, and is gradually increasing to 67 for those born after this date.

Income and assets tests

The amount of Service Pension received is based on two tests – an income test and an asset test. The test that produces the lowest amount of Service 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 Service Pension. If your income or assets exceed the upper threshold on either test, then you will not be eligible for any Service Pension.

The lower thresholds are indexed on 1 July each year. The upper thresholds also increase in March and September in line with Service 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 \$162.00	Less than \$1,882.40
Couple (combined)	Up to \$288.00	Less than \$2,881.60
Couple separated due to ill health	Up to \$288.00	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.

Service Pension rates

The following table shows the maximum Service 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 DVA 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 DVA payments

Other payments that can be made from DVA include:

- Defence Force Income Support Allowance (DFISA) – paid to people whose Social Security income is reduced as a result of including DVA income in their income testing
- Income Support Supplement (ISS) – paid to eligible Australian war widows and widowers, or those permanently incapacitated for work
- Disability Pension – paid to compensate veterans for injuries or diseases caused or aggravated by war or defence service on behalf of Australia prior to 1 July 2004
- Military Compensation – covers injury, disease or death due to ADF service
- War Widow's Pension and Orphan's Pension – generally paid to compensate widows, widowers and dependent children of veterans whose death was related to war or defence service rendered prior to 1 July 2004.

Other things you should know

- You should confirm your eligibility with DVA and check what entitlement is most appropriate for your particular circumstances.
- You cannot receive a Service Pension from DVA in addition to a Centrelink pension or benefit (except Family Tax Benefit).
- Your DVA entitlement may increase or decrease over time as your circumstances change.
- Pensioner Concession Card concessions are different in each state and territory and vary between councils.
- DVA customers are required to tell DVA 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 or Health Care Card to retain access to pharmaceutical concessions. Veterans who lose their service pension will retain their Veterans' Affairs Gold Card.

General Advice Warning: *The information provided in this document, including any tax information is general information only and does not constitute personal advice. It has been prepared without taking into account any of your individual objectives, financial situation or needs. Before acting on this information you should consider its appropriateness, having regard to your own objectives, financial situation and needs. You should read any relevant Product Disclosure Statements and seek personal advice from a qualified financial adviser.*