

Changes to the Assets Test & Income Test for Centrelink Age Pensions from 1 July 2023

Fact Sheet, July 2023

This Fact Sheet covers Age Pension age, Age Pension amounts, the Assets Test, and the Income Test.

From 1 July 2023 there have been some changes to the Age Pension. In this fact sheet, we provide updated information to help you understand when you can access the Age Pension, how much you can get, and the current limits to the assessable assets and income you can have.

Firstly, at what age are you eligible for the Age Pension?

From 1 July 2023, Age Pension age is:

- + 65 years and 6 months, if you were born between 1 July 1952 and 31 December 1953
- + 66 years, if you were born between 1 January 1954 and 30 June 1955
- + 66 years and 6 months, if you were born between 1 July 1955 and 31 December 1956
- + 67 years, if you were born on or after 1 January 1957.

How much can you get?

Single people eligible for the full pension will receive \$1,064 per fortnight (\$27,664 per year). For couples the amount is \$1,604 (\$41,704 per year).

Commonwealth Seniors Health Card

If you are Age Pension age but ineligible for the Age Pension, all is not lost! You may be eligible for a Commonwealth Seniors Health Card, which provides access to cheaper healthcare.

What are the new thresholds for the Assets Test?

If you are at Age Pension age and in receipt of a full or part Aged Pension, then you need to be aware that for every \$1,000 owned above the assets test free amount your pension will be reduced by \$3 (this was previously reduced by \$1.50 for every \$1,000).

The thresholds that apply are dependent on whether you are single or a couple, own your own home or not, and are either in receipt of a full or part pension.

For those on full pensions who are single homeowners, the pension starts reducing when assets reach \$301,750. For couples it is when their assets reach \$451,500. For non-homeowners, it is \$543,750 for a single and \$693,500 for a couple.

For single homeowners with a part pension, the pension cuts out when assets exceed \$656,500 and for a couple it stops when assets exceed \$986,500.

For non-homeowners who are single, the pension ceases when assets exceed \$898,500 and for couples, when assets exceed \$1,228,500.

What assets are included in the threshold?

The market value of most of your assets is taken into account when calculating your Age Pension. This includes, but is not limited to, things such as:

- + Property (excluding your home)
- + Motor vehicles, boats and caravans
- + Financial investments
- + Superannuation if you're over Age Pension age
- + Business assets
- + Household contents and personal effects.

For some trustees, there will be little or no effect at all. They had always planned that their SMSF would provide them with their income stream in retirement. For other trustees these changes may impact on their spending patterns and the quality of life they are looking at in retirement.

The Income Test

This is an additional test to determine the amount you are eligible to receive under the Age Pension. Both the tests apply to everyone, and the test that provides the lowest Age Pension entitlement will be used.

Your income from all sources is assessed for this test. This includes a rate of 'deemed' income from investments, which is usually lower than the actual income received.

Singles can access the full pension up to an income of \$204 per fortnight and the entitlement will reduce \$0.50 for every dollar over that threshold (no pension receivable above \$2,332 fortnightly income). For couples, the full pension is available for those with fortnightly income up to \$360 (no pension receivable above \$3,568 fortnightly income, or \$4,616 for couples living apart due to ill health).

How can we help?

If you are concerned that the Government's changes to the Aged Pension have had an affect you, please contact your local Accru advisor to discuss your particular requirements in more detail.

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