

Centrelink Age Pension, Service Pension and Commonwealth Seniors Healthcare Card

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Please note: Centrelink entitlements and rulings are subject to change and are in some cases quite complex. This appendix contains general information only. There are various website references throughout this document therefore, if you do not have access to the internet please let your adviser know so that the relevant page can be printed out for you.

For age pension eligibility, residency required, payment rates and income and asset test thresholds please refer to: <https://www.servicesaustralia.gov.au/age-pension>

From 1 July 2023, Age Pension age will be 67 years, if you were born on or after 1 January 1957

For service pension eligibility, payment rates and income and asset test thresholds please refer to: <http://www.vvaa.org.au/sp.htm>

How do you work out which test you qualify under?

You calculate the asset and income test and your pension entitlement is the lower value of the two. For example a **couple** both over age pension age living together in their **own home**, have an Account Based Pension taken out after 1 January 2015 and have the following assets.

Asset test	Value
Private pension	\$200,000
Bank accounts	\$25,000
Car	\$15,000
Home contents	\$15,000
Total	\$255,000
Current threshold \$481,500 (as at 1 July 2025)	\$226,500 under threshold
Asset test pension	FULL PENSION

Income test	Earnings/deeming/payments
Deeming <ul style="list-style-type: none"> • Account Based Pension income of \$15,000 pa • Bank account balance of \$25,000 • TOTAL \$40,000 • \$40,000 @ 0.25% \$100.00 (Over \$64,200 @ 2.25% for single & Over \$106,200 @ 2.25% couple combined) 	\$100
Total	\$100
Income per fortnight	\$3.85
Reduction (25 cents reduction for every dollar over \$380 combined for couples & 50 cents reduction for every dollar over \$218 for singles)	\$0
Income test pension	FULL PENSION

Don't forget that the principal place of residence and superannuation held by a person under age 65 are not assessable Centrelink assets.

Extra allowable amount for retirement village and granny flat residents

If your entry contribution is equal to or less than the extra allowable amount at the time of entry, you are assessed as a non - homeowner. Your entry contribution will count as an asset. You may qualify for rent assistance. The extra allowable amount is the difference between the non - homeowner and the homeowner asset test limits, for the current limited please refer to

<http://www.humanservices.gov.au/customer/enablers/assets/granny-flats>

Funeral Expenses

Although it is not something that most people want to think about, there can be benefits in planning and paying for some aspects of your funeral now. One of these benefits is receiving a favourable assessment from Centrelink.

Your assets and income are used to calculate your Australian Government income support payment. However, some assets are exempt and not taken into account when calculating your rate of payment. The different types of funeral expenses and how Centrelink treats each one are shown below.

Burial Plots

A burial plot is either a specific place, for example a cemetery plot, an interment niche or a mausoleum or a right to be interred at a general location, (for example in any available plot in a specific cemetery).

A burial plot is not included in your assessable assets, regardless of its value.

Prepaid Funeral Expenses

This refers to when you have arranged and purchased your funeral in advance. The type and style of funeral you want is set out in a contract and paid for at an agreed price. You can either pay this directly to the funeral director, who will invest the funds in a funeral trust, or you can purchase a funeral bond (see below) and assign the benefit to the funeral director.

The risk that the investment will not keep pace with rising funeral costs lies with the funeral director. You will not need to pay any more even if prices rise. The payment cannot be refunded unless you move outside the designated funeral service area.

In their assessment of your income and assets, Centrelink will not include any of the amount that you prepay to a funeral director (or invest in a funeral bond that is assigned to a funeral director) provided you have a contract that sets out the services to be undertaken where no more expenses need to be paid.

Funeral Bonds

Funeral bonds, sometimes known as funeral investments, are managed investments that earn interest, but have the following specific features.

- The interest must be added to the capital.
- The capital and interest are only realised on death when they are paid to the estate or funeral director to cover funeral expenses.
- Your money is invested in an independently - managed funeral fund.
- You can invest in a funeral bond in your own name or in joint names. (Note that a jointly - owned bond can only fund one funeral. Some bonds detail whether the fund is used for the first or second funeral, others allow this choice to be made at the time of the first death).
- You have the option of investing a lump sum or in instalments.

Funeral bonds that are assigned to funeral directors as prepayment for contracted services are assessed as prepaid funeral services (see above). For other funeral bonds, Centrelink will not include the value of up to two bonds provided the following two criteria are met:

- you do not also have prepaid funeral expenses
- the amount invested in the bonds to be exempted does not exceed the Funeral Bond Allowable Limit.

For the current funeral bond allowable limit please refer to the Human Services website:

<https://www.servicesaustralia.gov.au/funeral-bonds-and-prepaid-funerals?context=22526>

If you have a joint funeral bond, it counts as one bond towards your maximum allowable of two, but the total amount paid by both investors counts towards your individual funeral bond allowable limit.

Funeral bonds that are not exempt are treated as financial investments. Your share of the current value (including interest) is included in your assessable assets and is deemed to be earning income under the deeming rules.

If you have an interest in a number of funeral bonds where not all can be exempt, you can choose to make exempt whichever combination of bond (s) would be most financially advantageous for you. You will need to calculate the greatest assessable value that can be exempted. Centrelink can assist you with this if you provide information on the amount paid and the current value for each of your bonds, and on whether they are individually or jointly owned.

Complying Income Streams

Under the Assets test, complying income streams receive special consideration. "Complying" means that they satisfy specific rules, (including being payable for a person's life or life expectancy). Favourable treatment is also received under the Income test - a portion of the income stream is treated as a return of capital and is exempt under the Income test.

Asset test - exempt income streams purchased:

- Before 20 September 2004 - are not counted as an asset.
- On or after 20 September 2004 to 19 September 2007 - have 50% of the purchase price counted as an asset.
- On or after 20 September 2007 - have 100% of the purchase price is counted as an asset.

Gifting

"Gifting" is the term used by Centrelink when you or your partner:

- Gift or dispose of assets, including transferring assets for less than their market value.
- Do not receive adequate consideration for the gift or transfer (in the form of money, goods or services).

You or your partner can gift or transfer assets to any value you choose at any time. However, the rate of your pension or allowance may be affected if you gift assets worth more than the allowable gifting amount or "gifting - free area".

Centrelink assesses gifts that you make to see how they directly or indirectly reduce the assets available for your personal use and whether they exceed the gifting - free area. You must tell Centrelink about any gifts or transfers within 14 days of when they have occurred.

For current allowable gifting amounts or free area for a single person or a couple is \$10,000 in each financial year or \$30,000 in any five consecutive financial years.

A \$30,000 rule applies where gifts have been made over several years. The \$10,000 rule is applied first and the total of gifts made in a financial year that exceed \$10,000 would be assessed as a “deprived” asset (see below).

The \$30,000 rule only applies to the amount of the allowable gifting amount (\$10,000) used in each financial year. The free area used is accumulated over the maximum period of five financial years. Once the \$30,000 limit is reached, any subsequent gifts are assessed as deprived assets for five years. Any amount that is assessed as a deprived asset does not count toward the \$30,000 limit.

Deprivation

“Deprivation” occurs when a person gifts assets above the allowable gifting limits and does not receive adequate financial consideration. If deprivation occurs, the asset will be assessed under both the income and assets tests for five years from the date of the gift. This amount will be treated as a financial asset and subject to deeming. Gifts made in the five years prior to applying for Centrelink benefits are also taken into consideration. This means assets cannot be disposed of just prior to applying for benefits.

When a person gifts an asset, they forego control over the asset and the ability to spend the capital or generate an income from this source. In return, it may improve the person's Centrelink entitlements. If an asset is gifted and triggers deprivation but is subsequently returned, it may change the assessment of the asset. It is important to consider the impact of gifting assets before any action is taken.

Income maintenance period

If you received redundancy payment or leave entitlements from your last job, including annual leave, long service leave, sick leave, and maternity leave, you may have to serve an “income maintenance period”. This means you may not receive a payment until the end of the period covered by those entitlements.

Under the income maintenance period provisions, leave and time - related redundancy payments are treated as income for a period equal to that for which it was paid. For example, two weeks of annual leave payments would result in a two week income maintenance period.

Any portion of a redundancy payment that is rolled - over into superannuation by the employer is exempt from the income maintenance period.

The income maintenance period applies to people who apply for, or are in receipt of Jobseeker Allowance Youth Allowance, Partner Allowance, Austudy, Parenting Payment, and Disability Support Pension (unless they are permanently blind).

Liquid assets waiting period

The liquid assets waiting period (LAWP) is the time some claimants of pensions and allowances, with funds over a given threshold, must wait before accessing entitlements. Liquid assets include cash, term deposits, shares, debentures, insurance bonds and payments from last employment. However, superannuation and redundancy payments rolled - over directly from a former employer are not counted.

For current limits and waiting periods please refer to

<http://www.humanservices.gov.au/customer/enablers/centrelink/waiting-periods/liquid-assets-waiting-period>

Note: you only serve a liquid assets test waiting period once, and you can serve it at the same time as the income maintenance period.

Commonwealth Seniors Health Card

- Although you are not entitled to a Centrelink benefit, you may be entitled to a Commonwealth Seniors Health Card (CSHC). Eligibility is income - tested and based on income in the previous financial year. For current thresholds please refer to <http://www.humanservices.gov.au/customer/services/centrelink/commonwealth-seniors-health-card>

Note: Dependents of Commonwealth Seniors Health Card holders are not eligible for concessions using the cardholder's card. The CSHC also doesn't give the holder access to any state or local government concessions. Most state governments issue their own Seniors Card with differing eligibility criteria.

To qualify, you must:

- be an Australian resident, living in Australia
- not subject to a newly arrived resident waiting period
- have reached age pension age but not qualify for an age pension (or not receive certain other Centrelink / Veteran Affairs pensions / benefits)
- provide Centrelink with your and your partner's tax file number (or be granted an exemption from providing your and your partner's tax file number)
- have an annual adjusted taxable income under the thresholds
- **Taxable income** - This is income for which you would pay tax to the Australian Government on, for example bank interest and earnings. While you may not be required to lodge a taxation return due to the level of your income, you may still have taxable income.
- **Foreign income** - This is income from overseas on which you do not pay Australian income tax.
- **Total net investment losses** - Total net investment losses are the sum of net losses from rental property income plus net losses from financial investment income.
 - A net loss from rental property income is where the expenses of owning the property (ie mortgage interest payments and maintenance costs) exceed the income the gross rental income.
 - A net loss from financial investment income is where the expenses of owning the investment (ie interest payments on the money loaned to purchase the investments) exceed the income the investments are earning. Such investments are often referred to as negatively geared.
- **Employer - provided benefits** - Employer provided benefits that are taken into account for Commonwealth Seniors Health Card include benefits such as cars, school fees, loans, housing, health insurance, etc.
- **Reportable superannuation contributions** - Reportable superannuation contributions are discretionary or voluntary contributions. They can also be referred to as "concessional" or before - tax contributions. They include:
 - Reportable employer superannuation contributions, such as voluntary salary sacrificed contributions. These contributions are on top of those required by law, such as those included in industrial awards or by the superannuation guarantee levy (currently 12.0%).
 - Personal deductible superannuation contributions, if they can be claimed as a tax deduction on a personal tax return.

Note: Post - tax contributions to superannuation are not reportable superannuation contributions