

# What is the cut-off limit for Centrelink benefits?

The Centrelink means test consists of the Income Test and the Assets Test. The test which results in the lowest entitlement is the one which applies. Each test has cut-off limits and different limits apply to different types of benefits. In this Fact Sheet, we focus on Newstart Allowance and the Age Pension. All figures are current as at 1 July 2019.

## The eligibility criteria for Newstart Allowance

You may get Newstart Allowance if you are aged 22 or over and under Age Pension age, are unemployed, and satisfy the Activity Test as well as the Income and Assets Tests.

### The Income Test limits for Newstart Allowance

The income test limits are:

|                                    | For full allowance (per fortnight)* | For part allowance (per fortnight)** |
|------------------------------------|-------------------------------------|--------------------------------------|
| Single, no children                | up to \$104                         | less than \$1,069.84                 |
| Single over 60 (after nine months) | up to \$104                         | less than \$1,157.00 <sup>^</sup>    |
| Partnered (each)                   | up to \$104                         | less than \$978.34                   |

\* Fortnightly income between \$104 and \$254 reduces fortnightly allowance by 50 cents in the dollar. For income above \$254 per fortnight, fortnightly allowance reduces by 60 cents in the dollar. Partner income which exceeds cut-out point reduces fortnightly allowance by 60 cents in the dollar.

\*\* These figures may be higher if you are eligible for Pharmaceutical Allowance or Rent Assistance. Child maintenance is not included as income for the personal income test.

<sup>^</sup> This figure includes Pharmaceutical Allowance.

### The Assets Test for Newstart Allowance

Newstart Allowance is not payable if assets exceed:

| Homeowners           |           |
|----------------------|-----------|
| Single               | \$263,250 |
| Partnered (combined) | \$394,500 |
| Non-homeowners       |           |
| Single               | \$473,750 |
| Partnered (combined) | \$605,000 |

## Activity Test for people aged 55+

To qualify for Newstart Allowance you must prove to Centrelink you are actively seeking paid work, or retraining yourself or doing acceptable voluntary work.

## The eligibility criteria for the Age Pension

You may get Age Pension if you are aged 65.5 years and over, and your income and assets are below a certain amount.

Age pension age will increase to age 67 by July 2023. (see table over page).

### The Income Test for Age Pension

|                   | For full payment (per fortnight)* | For part payment (per fortnight)# |
|-------------------|-----------------------------------|-----------------------------------|
| Single            | up to \$174                       | less than \$2,026.40              |
| Couple (combined) | up to \$308                       | less than \$3,100.40              |

\* Income over these amounts reduces the rate of pension payable by 50 cents in the dollar (single) or 25 cents in the dollar each (for couples).

# These figures may be higher if you also get Rent Assistance with your payment.

### The Assets Test for Age Pension

|                      | For full pension# | For part pension*     |
|----------------------|-------------------|-----------------------|
| Homeowners           |                   |                       |
| Single               | up to \$263,250   | less than \$572,000   |
| Partnered (combined) | up to \$394,500   | less than \$860,000   |
| Non-homeowners       |                   |                       |
| Single               | up to \$473,750   | less than \$782,500   |
| Partnered (combined) | up to \$605,000   | less than \$1,222,500 |

# Limits will increase if Rent Assistance is paid with your pension.

\* Assets over these amounts reduce pension by \$3.00 per fortnight for every \$1,000 above the limit (single and couple combined).

### Which types of income are only partially assessed by Centrelink?

- Income drawn in excess of the deductible amount of some annuities, grandfathered income streams such as some allocated/account based pensions, term allocated pensions and complying pensions.
- Income drawn on new and nongrandfathered income streams up to the amount of income deemed by Centrelink (**NOTE:** income drawn in excess of the deemed amount is not assessed by Centrelink).

### What is deeming?

Centrelink assesses your income from financial assets (e.g. bank accounts and shares etc) not by the actual income you receive but by deeming. Centrelink deems you to earn 1% p.a. on the first \$51,800 (single) or \$86,200 (couple) of financial assets and 3% p.a. on all financial assets above that level. **NOTE:** Account based pensions (ABP) that commenced on or after 1 January 2015 are subject to deeming.

ABPs commenced prior to 1 January 2015, where a person was not receiving an income support payment from Centrelink/DVA before 1 January 2015, will be deemed. For ABPs commenced prior to 1 January 2015, provided that the ABP recipient was receiving an income support payment from Centrelink/DVA immediately before this date and they continue to receive an income support payment, the ABP will continue to be assessed under the old rules (i.e. not deemed).

### What's not assessed as an asset by Centrelink?

You might currently exceed the assets cut-off limits, however it's possible you could arrange your finances to pass the assets test. That's because there are a number of key assets which are not assessed.

They are:

1. Your home... and renovations you make to it.
2. Money you have in – or roll over into – a super fund while you are less than Age
3. If you are Age Pension age and your partner is not, then any money your partner has in – or rolls over into – a super fund won't count as long as they remain under Age Pension age and have not commenced an income stream with the funds.
4. Half of the money you have invested in a term allocated pension or complying pension/annuity – as long as it was purchased after 19 Sept 2004 but before 20 Sept 2007 – is not counted as an asset. Money invested into these investments after 19 Sept 2007 is fully assessed as an asset.
5. All of the current value of a complying pension/annuity which was purchased prior to 20 Sept 2004.
6. Money you have paid as an Accommodation Bond/Refundable Accommodation Deposit at an age care facility.
7. Money you have paid into a Funeral Bond (up to \$13,250).
8. The difference between the insured value and the garage sale value for your car and home contents may not be assessed.

### Increase to Age Pension Age

| If your birthday is            | Your Age Pension age is: |
|--------------------------------|--------------------------|
| 1 July 1952 – 31 December 1953 | 65.5                     |
| 1 January 1954 – 30 June 1955  | 66                       |
| 1 July 1955 – 31 December 1956 | 66.5                     |
| On or after 1 January 1957     | 67                       |

## Our services

### Health

- Health insurance
- Overseas visitors cover
- Dental services
- Chronic disease management
- Hospital in the home

### Wealth

- Investments
- Estate planning
- Trust and estate administration services
- Financial planning
- Investment, education and funeral bonds
- Banking and home loans
- General insurance

### Living

- Aged care and accommodation
- Personal and business insurance
- Aboriginal home care
- Disability services
- Retirement communities