

Your super and the age pension

Every little bit helps

Fact Sheet

November 2023

Even if you have super, you may still qualify for at least a part age pension from the government.

Even though Australians have had compulsory super since 1992, many may qualify for — and may need to rely on — an age pension to some degree in retirement. The age pension eligibility age is dependent on your date of birth.

If you were born:

- **before 1 July 1955**, you've already met the qualifying age for the age pension.
- **between 1 July 1955 and 31 December 1956 (inclusive)** your age pension age is 66.5.
- **after 31 December 1956**, the qualifying age is 67. This took effect from 1 July 2023.

Eligibility for the age pension

There are a number of eligibility criteria for the age pension. In addition to age and residency criteria (you must be an Australian resident, normally for at least 10 years), you need to satisfy:

1. an income test and
2. an assets test.

The test that gives you the lower pension amount — which may be zero — is the one that applies.¹

The way the income and assets tests apply to super can be complex. It may be a good idea to seek advice from a financial planner before you retire. Take the time to talk to an NGS Financial Planner, who can help you with a range of topics, including retirement planning. Contact us using our **online enquiry form** at ngssuper.com.au/advice or phone on **1300 133 177** to make an appointment.

You can also find more information by visiting servicesaustralia.gov.au. The government's Money Smart website — moneysmart.gov.au — also contains a range of retirement planning tools which you can use to get started.

The cost of retirement

The Association of Superannuation Funds of Australia Limited (ASFA) regularly benchmarks the cost of living for retirees.

The table below shows the estimates for the June 2023 quarter. These figures are for a comfortable (but not luxurious) retirement, assuming you are a homeowner aged around 67 and are relatively healthy.

	Single	Couple
Total per fortnight	\$1,931	\$2,723
Total per year	\$50,207	\$70,806

You can check what budget you may need in retirement with the **ASFA Retirement Tracker Tool** (on the Resources section of their website superannuation.asn.au).

¹ A different regime applies if you are permanently blind or eligible for a disability pension

Income test

Limits for full and part pension (as at 20 September 2023)

Family situation	For full pension (per fortnight)	For part pension ² (per fortnight)
Single	Up to \$204*	Less than \$2,397
Couple (combined)	Up to \$360*	Less than \$3,667
Couples separated by illness (couple combined)	Up to \$360*	Less than \$4,747

* The pension will reduce by 50 cents for each \$1 of income over this amount.

As seen in the table above, you can generally earn a small amount of income and still qualify for the full age pension. You may still qualify for a part age pension, even if you earn more.

For the purpose of the government age pension income test, account-based income streams will be assessed in one of two ways, depending on whether you:

- were in receipt of a Centrelink entitlement as at 1 January 2015 and have been in continuous receipt of the entitlement since and
- had and continue to have an income stream that started before 1 January 2015.

If yes: your income stream will continue to be assessed under the return of purchase price rules.

If no: deeming applies a set earning rate to your financial assets, regardless of what you actually earn. A lower deemed rate is applied on your financial investments up to a certain threshold, depending on whether you are assessed as a single person or as part of couple by Centrelink. A higher deemed rate is applied on any financial assets held above this amount.

Deemed rate from 1 May 2020	Percentage (%)
Lower deemed rate	0.25%
Higher deemed rate	2.25%

For details of the dollar value thresholds, please refer to servicessaustralia.gov.au

The **return of purchase price rule** means your assessable income for your income stream will be your gross annual payment reduced by a deductible amount. This deductible amount is calculated by dividing the balance of your account-based income stream at commencement by your life expectancy at that time.

Work bonus

Did you know, if you are receiving the age pension you may be able to earn some income without it affecting your pension payment?

The work bonus is a government incentive program to continue to work, even after you have started to receive the age pension. As a single pensioner you can earn up to \$300 per fortnight from work, including self-employment income from active participation (but not including investment income), without it being counted towards the age pension income test (therefore, allowing you to earn up to \$504 per fortnight and still receive the full age pension).

As a member of a couple (where you are both receiving the age pension) you will *each* be entitled to deduct the \$300 per fortnight from your employment earnings for age pension income test purposes. You will still be entitled to a full pension as a couple if any earnings over \$300 per fortnight *each* do not exceed \$360 per fortnight *in total*.

If you earn less than \$300 per fortnight, the unused balance accumulates and can be used to offset any higher earnings in the future. For example, if you earn \$200 in a fortnight, your work bonus balance will increase by \$100 (the unused portion). The maximum amount your work bonus balance can reach is \$7,800. If you don't work during a fortnight, Services Australia will still add \$300 to your work bonus balance until your balance reaches \$7,800. You will be able to offset this balance later if you do work. So, it's important to advise **Services Australia** of any change in your work income.

To be eligible, you must:

- be of pension age
- receive a pension (excluding the Parenting Payment single)
- receive income from:
 - work or
 - self-employment (from active participation).

You can't get the work bonus if you get the transitional rate of pension (for details on the transitional rate of pension, refer to servicessaustralia.gov.au).

If you are in receipt of the age pension, you don't need to apply for the work bonus as it will be applied automatically for you. However, you are required to advise Services Australia of how much income you earn.

Find out more at servicessaustralia.gov.au

Note: From 1 December 2022 to 31 December 2023, a oneoff, temporary credit of \$4,000 applies to work bonus income bank balances. The maximum income bank balance increases to \$11,800 over this period. On 1 January 2024, the maximum income bank balance will automatically reset to \$7,800.

² Your age pension cut-off point will be higher if you get the work bonus.

Assets test

Limits for full and part pension (as at 20 September 2023)

Family situation	Lower limit for full pension		Upper limit for part pension	
	Homeowners	Non-homeowners	Homeowners	Non-homeowners
Single	\$301,750	\$543,750	\$667,500	\$909,500
Couple (combined)	\$451,500	\$693,500	\$1,003,000	\$1,245,500
Illness separated (couple combined)	\$451,500	\$693,500	\$1,183,000	\$1,425,000
One partner eligible (couple combined)	\$451,500	\$693,500	\$1,003,000	\$1,245,500

The government expects that retirees who hold assets outside their super will liquidate some of those assets to support themselves in retirement (for example, by selling a property or shares). Accordingly, there is an assets test for the age pension as well.

There are different assets tests for homeowners and those who don't own a home, with extra allowable amounts for retirement village and granny flat residents.

If you hold assets that are valued higher than the lower limit amounts shown in the assets test table, the age pension will reduce by \$3 per fortnight for every \$1,000 above that amount (single and couple combined).

The asset test limits are updated in January, March, July and September each year.

Under the assets test, the total value of your super is combined with the total value of your other assets — such as jewellery, cars, boats and shares — to arrive at a total asset value. There are rules about reducing your assets by giving them away. Any assets you 'gift' that exceed \$10,000 per financial year, limited to \$30,000 over a rolling 5-year period, will still count towards the assets test.

Any super you have will be counted as an asset, including the balance of any account-based pensions such as your *NGS Income account*. Some older types of income products, like annuities or term allocated pensions, may not be fully assessed as assets. For further information, please refer to the Services Australia website servicessaustralia.gov.au or discuss with a financial planner.

To find out current details on the payment rates for the age pension, please visit servicessaustralia.gov.au

Pension payment rates

Full pension (as at 20 September 2023)

	Payment per fortnight	Annual payment
Single	\$1,096.70	\$28,514
Couples (each)	\$826.70	\$21,494
Couples (combined)	\$1,653.40	\$42,988

These figures are as at 20 September 2023 and include the Pension Supplement and Energy Supplement. To find out more details on the payment rates for the age pension, please visit servicessaustralia.gov.au

Preparing for retirement

Preparing for retirement can be a worrying time, so getting all the information will help you feel in control. Speaking with a financial planner can be one of the best ways to get your super organised before you retire. Our website has a range of easily accessible information about the *NGS Income account*, including articles, fact sheets, calculators and more.

An *NGS Income account* is tax-effective as all investment earnings are tax-free. Investment earnings in the *NGS Transition to retirement (TTR) account* are taxed at 15%. Additionally, if you are age 60 or over, your income account payments are also tax-free.

We also offer free financial seminars and webinars where you can come along and get some great ideas about managing your money in retirement amongst other things. For seminar dates or to make a booking, visit ngssuper.com.au/seminars

Home equity access scheme

The home equity access scheme (formerly known as pension loans scheme) allows you to access a loan from the Australian government.

To qualify, you must:

- be age pension age or older (or your partner must be age pension age or older)
- receive or are eligible to receive a qualifying pension
- own, or your partner owns, real estate in Australia with enough equity to secure the loan
- have adequate insurance covering the secured real estate and
- not be bankrupt or subject to a personal insolvency agreement.

The amount you can receive per fortnight is currently 150% of the maximum fortnightly pension rate.

Further details on the scheme can be found at servicessaustralia.gov.au

We recommend you seek financial or legal advice before making any decisions about the home equity access scheme.

We offer low-cost tailored advice through NGS Financial Planning. To make an appointment, phone us on **1300 133 177** or complete the **Financial advice enquiry form** on our website at ngssuper.com.au/advice

Concession cards

There are three key types of concession cards available to seniors.

Commonwealth seniors health card

This card provides a discount on prescription medication and health-related services for those who are of pension age but do not qualify for the age pension. Your state or territory government and local council may offer you further benefits.

Eligibility for this card is means tested. You must have an annual adjusted taxable income of:

- less than \$95,400 (singles)
- \$152,640 (couples combined)
- \$190,800 (couples combined who are separated due to ill health, respite care or prison).

The income test limit will increase for each dependent child you care for.

The Centrelink deeming rates are used to determine the level of income to be counted for account-based income streams if any of the following applies:

- the income stream started on or after 1 January 2015
- you own it and were granted your Commonwealth seniors health card on or after 1 January 2015
- your partner owns it and they are 60 years old or more.

Due to changes to the pension assets test on 1 January 2017, individuals who had the age pension cancelled may now be in receipt of a Commonwealth seniors health card that is not income tested.

Read more about the Commonwealth seniors health card at servicesaustralia.gov.au

Pensioner concession card

You are entitled to this card if you receive a full or part age pension. In addition to reduced costs for healthcare, this card entitles you to a range of discounts which vary depending on the State or Territory you live in. Generally, you pay less for property and water rates, utility bills and public transport, which is why this is considered a valuable card and why some people try to organise their affairs so they are eligible for the age pension, even if they only receive as little as a dollar a week.

Read more about the pensioner concession card at servicesaustralia.gov.au

Seniors card

This card entitles older Australians to a range of benefits provided by commercial and retail businesses. The card is not means tested, and is free of charge. Eligibility criteria and benefits vary slightly across Australia, but you are generally eligible once you turn 60 if you have retired or are working limited hours.

Read more about the seniors card at australia.gov.au

More information?

Contact us

You can contact us at ngssuper.com.au/contact-us or call us on **1300 133 177** Monday to Friday, 8am–8pm (AEST/AEDT).

Fax: **(03) 9245 5827**

Postal address:
**GPO Box 4303
MELBOURNE VIC 3001**

Need help?

If you are thinking about your super and the age pension, consider obtaining professional advice for your personal situation.

We offer single-issue advice limited to your NGS Super account at no cost over the phone through our Financial Advice Helpline.

We also offer low-cost tailored advice through NGS Financial Planning. To make an appointment phone us on **1300 133 177** or complete the **Financial advice enquiry form** at ngssuper.com.au/advice

Important information

The information provided in this fact sheet is general information only and does not take into account your objectives, financial situation or needs. Before making a financial decision, please assess the appropriateness of the information to your individual circumstances and consider seeking professional advice.

NGS Financial Planning Pty Ltd, ABN 89 134 620 518, is a corporate authorised representative #394909 of Guideway Financial Services Pty Ltd, ABN 46 156 498 538, AFSL #420367 and offers financial planning services on behalf of NGS Super ABN 73 549 180 515.