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Age Pension

Social security

Your retirement income may include some kind of pension payment or allowance from the government. Around 65% of older Australians rely on a government pension or allowance as their main source of personal income at retirement.

How much you get will depend on how much income you receive from other sources and what your assets are worth. In this section, we list some Australian Government payments and explain some of the criteria you need to meet to qualify for the Age Pension.

Types of pensions

The most relevant pensions for retirees are:

- Age Pensions
- Disability support
- Sickness and mobility allowances
- Bereavement allowances
- Wife pensions
- Widow B pensions
- Carer payments and allowances

The Department of Human Services' Guide to Australian Government payments describes payment rates and eligibility criteria for all payments made by Centrelink and the Family Assistance Office. It also contains information on concession cards and healthcare cards. The booklet is updated quarterly to reflect any changes in payment rates.

Qualifying for the Age Pension

To qualify for Age Pension, you must satisfy age and residency requirements. Centrelink then works out how much Age Pension is payable, which depends on your income and assets and other circumstances.

At what age do I get the Age Pension?

The qualifying age for an Age Pension is increasing.

Depending on your birthdate, from 1 July 2017 Age Pension age will be 65 years and 6 months.

After that, Age Pension age will go up 6 months every 2 years until 1 July 2023.

What are the residency requirements?

You must be an Australian resident and in Australia on the day you apply for the Age Pension. Generally, you need to have lived in Australia for over 10 years.

How much will I get?

As at March 2018, the maximum rate for the Age Pension is \$826.20 for a single person per fortnight. If you are a couple, the rate is \$622.80 each per fortnight. These amounts exclude the pension and clean energy supplements, which you may receive as an additional payment to the base pension. For singles the maximum combined supplement rate is \$81.40 a fortnight. For couples it is \$61.30 each a fortnight.

Your Age Pension may be affected when your circumstances change. See the Department of Human Services' Older Australians webpage for more information.

Assets and income tests and the aged pension

Your eligibility for the Age Pension is worked out by taking into account how much income you get (the income test) and how much your assets are worth (the assets test). The test that results in the lower pension rate will be the one applied.

Assets test

To work out how much pension you may receive, the value of your assets is taken into account. If you have any assets overseas, their value will be converted into the equivalent Australian dollar amount.

Your home, if you live in it, is not counted as an asset. If your assets exceed a certain threshold, your pension payment will be reduced. Find out more about assets on the Department of Human Services website.

Income test

Income includes money from employment; pensions/annuities; money deemed to be earned from investments; and money that you salary sacrifice. It also includes money from outside Australia. If your income is above a certain limit, your pension payment will be reduced. Find out more about the income test on the Department of Human Services website.

Case study: Trevor and Natalia apply for the Age Pension

Trevor and Natalia have both reached retirement age. They provide their tax returns and bank and financial statements to Centrelink for assessment. Their combined assets are worth \$200,000 and their joint income is \$45,000 a year. Their assets are modest, so they don't affect their pension. However, as their joint income exceeds the minimum threshold, they will only receive a part pension.

If your income or assets exceed a certain limit, your pension will taper off or get cut off. Speak to a Department of Human Services Financial Information Service (FIS) officer for more information.

Concession and healthcare cards

Even if you don't qualify for the Age Pension, you may still be able to get a concession card. For retirees, there are two types of concession cards that provide a range of benefits, including help with the cost of medicines.

Commonwealth Seniors Health Card - helps with the cost of prescription medicines and other health services if you are of pension age but do not qualify for the Age Pension

Pensioner Concession Card - entitles pensioners to reduced cost prescription medicines, healthcare concessions and other concessions offered by state and territory governments and local councils

See Over 55s - Your money for more information.

The rules around pension payments are complex and can change, so speak to your financial adviser or a Centrelink FIS officer to get the latest information.

<https://www.moneysmart.gov.au/superannuation-and-retirement/income-sources-in-retirement/age-pension>