



## Government Benefits

# Newstart Allowance

Aon Financial Education Series

Newstart Allowance provides financial support if you are unemployed while you are looking for work. It is designed to allow people to participate in activities designed to increase their chances of finding work.

To qualify for Newstart Allowance, a person must be at least 22 years old and:

- Under Age Pension age;
- Be unemployed and looking for paid work;
- Have income and assets under a certain amount;
- Be prepared to enter into and meet the requirements for an Employment Pathway Plan;
- Satisfy the activity test requirements; and
- Meet residence requirements.

If you are applying for Newstart Allowance you will usually not get paid for the first week you are eligible for payment. This is called the 'ordinary waiting period'. Other waiting periods may also apply depending on your circumstances, including Liquid Assets Waiting Period and the Income Maintenance Period.

When assessing your eligibility to receive Newstart Allowance, Centrelink uses Asset and Income tests to determine your level of entitlement. When Centrelink applies these tests, they use whichever test yields the lower payment.

### The Assets Test (Allowances)

The Assets test is designed to limit access to Centrelink benefits for a person who has substantial assets. You can have a certain value of assets before your allowance entitlement is cancelled.

The applicable thresholds depend on whether or not you are part of a couple, and whether you are a homeowner or non-homeowner.

### The Income Test (Allowances)

Under the Income test, you are entitled to earn a certain amount of income per fortnight before the maximum benefit is reduced. This income limit is reviewed on a regular basis. If you are a member of a couple (including de facto) Centrelink will assess each member of the couple as individuals.

## Job Plan

When you receive Newstart Allowance you make a job plan with Centrelink or your employment services provider. The job plan outline the activities that you agree to do to give you the best chance of getting a job. This could be applying for jobs, training or studying.

You must report to Centrelink confirming you are doing what is stated in the job plan every 2 weeks. Otherwise, your payment will stop.

The mutual obligation requirements are more flexible for those aged over 55.

## Waiting Periods

A waiting period is the amount of time you have to wait before you can receive a payment after you have qualified to receive a benefit from Centrelink. The waiting periods applicable include:

- Ordinary Waiting Period
- Liquid Assets Waiting Period
- Income Maintenance Period

Others include Seasonal Workers Preclusion Period (which looks at your duration and income earned while completing seasonal, contract or casual work in the six months before you make a claim) and Newly Arrived Residents Waiting Period (which requires newly arrived residents to wait 2 years before being able to receive any payments or benefits).

### **Ordinary Waiting Period**

A person must normally wait a period of 7 days from the date of their claim before they can be paid. The one-week waiting period is in addition to any other waiting period, such as the Liquid Assets Waiting Period or the Income Maintenance Period. There are also exemptions available, for example if you are in severe financial hardship.

### **Liquid Assets Waiting Period**

If you have money available to you (liquid assets) on the day you or your partner became unemployed, stopped studying or unable to work because of sickness or accident, you may have to serve a 'liquid assets waiting period' of up to 13 weeks, which can be served at the same time as the income maintenance period.

**Liquid assets include:**

- Cash, term deposits and other money available at short notice;
- Shares and debentures;
- Some payments made or due to be made (within 28 days) by your last employer;
- Investment bonds;
- Amounts deposited or lent to banks or other financial institutions whether or not the amount can be withdrawn or repaid immediately;
- Loans to other people;
- Redundancies or eligible termination payments.

**Liquid assets do not include:**

- Proceeds from the sale of your principal home in some circumstances;
- Accumulation phase super;
- Voluntary one-off payments of your non-housing debts in some circumstances.

A person will serve the liquid assets waiting period if their liquid assets are:

- \$5,500 or more for a single person without dependents; or
- \$11,000 or more for all other claimants (for example, couple or single with dependents).

The maximum period of the liquid assets test waiting period is 13 weeks. Exemptions may apply.

**Income Maintenance Period**

If a person receives leave and redundancy entitlements from their last job, these may be treated as income for the purposes of determining an income maintenance period. Exemptions may apply.

The income maintenance period starts on the day a person is paid their leave payments and applies to the following payments:

- Annual leave;
- Sick leave;
- Rostered days off;
- Long service leave;
- Leave loading;
- Maternity leave; and
- Redundancy payments.

The income maintenance period can be several years in some cases. We suggest that you see your financial adviser if you are receiving a redundancy payment and considering applying for Newstart Allowance. By way of an example, a 10-week redundancy payment would result in a 10-week Income Maintenance Period from the date it was received.

For more information including eligibility and level of payments, please visit your local Centrelink office or go to their website at <http://www.humanservices.gov.au>

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This document, including all tax and super calculations, has been prepared using legislation in place as at 1 July 2018.