



## Government Benefits

# Age Pension

Aon Hewitt Financial Education Series

The Age Pension provides income support for people in retirement.

To be eligible, you must:

- First meet an age requirement (this will depend on your current age and when you were born),
- Meet residence requirements, and
- Meet the Assets and Income test, which will determine the level of income support.

When assessing your eligibility to receive the Age Pension, Centrelink uses two tests to determine your level of entitlement. These are the Assets test and the Income test. When Centrelink applies these tests, they use whichever test that produces the lower payment.

To claim the pension, you can complete the claim online or visit a Service Centre. Claims should be made as soon as you are eligible as payments cannot be made for any period prior to the date of claim. You can also lodge the claim 13 weeks before you reach the Age Pension age.

If you are eligible for the Age Pension, you will receive a fortnightly payment and other benefits which may include the Pension Supplement and the Energy Supplement (which helps eligible recipients of a Centrelink pension meet the costs of daily household and living requirements like telephone, internet, utility bills and pharmaceutical costs).

## Qualifying Ages for the Age Pension

The age to qualify for the Age Pension is increasing over time. If you were born before 30 June 1952, you will qualify for the Age Pension based on your age.

From 1 July 2017, the qualifying age is 65.5 and this will be increased in increments of 6 months every 2 years until 1 January 2024. This means that if you were born after 1 January 1957, the qualifying age for the Age Pension is 67.

The current rules are detailed in the following table:

<b>Date of Birth</b>	<b>Date of Eligibility (earliest date)</b>	<b>Legislated Eligible age for Age Pension</b>
<b>Before 30 June 1952</b>	Already eligible	Already eligible
<b>1 July 1952 – 31 December 1953</b>	1 January 2018	65.5
<b>1 January 1954 – 30 June 1955</b>	1 January 2020	66
<b>1 July 1955 – 31 December 1956</b>	1 January 2022	66.5
<b>From 1 January 1957</b>	1 January 2024	67

## The Assets Test

The Assets Test is designed to limit access to Centrelink benefits for a person with substantial assets. You are entitled to a certain value of assets before the maximum pension entitlement is reduced. 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

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. Where you are a member of a pensioner couple (including de facto), Centrelink assesses the combined income of the couple against the partnered allowable income limit.

## Can I receive the Age Pension if I am working?

Yes. The Government encourages people of Age Pension age to continue working, and does this by allowing you to keep more of your employment income for short periods without impacting your Age Pension entitlement. This is called the Work Bonus. The Work Bonus automatically applies to your eligible employment income and does not need to be applied for. The Work Bonus is applied to the Income Test as follows:

- The first \$250 of employment income per fortnight is excluded from the Income test.
- If you earn less than \$250 per fortnight, the unused portion can be accrued and used to offset employment income in future income years, as it will be added to a Work Bonus balance. The balance can be accumulated to a maximum amount of \$6,500 and can be offset against any future employment income that you earn above \$250 in a fortnight.

The Work Bonus can be deferred so that regardless of how much you earn or the hours that you work in a year, all eligible pensioners can have up to \$6,500 of employment income offset each year. The Work Bonus is not applied to certain types of income including leave payments if you have been terminated from your employment or self-employed income.

## If your circumstances change

You need to tell Centrelink when your circumstances change. For example, if you or your partner start or stop working, get a lump sum payment, go into care, or move or sell your house.

You need to notify Centrelink within 14 days in case this affects your Age Pension payment.

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.