

Changes to the pension assets test

By Dixie Fitzclarence

On 1 January 2017, changes to the assets test used to calculate pensions commenced.

These thresholds are the value of assets you can own (excluding your home) before you lose eligibility for the Age Pension.

From the most recent announcement, it appears the part-pension cut-off thresholds are tighter than initially announced, meaning more people could be affected. The lower thresholds for eligibility for a full pension remain unchanged.

What are the changes?

The following is a summary of the 2017 thresholds for part-pension and full-pension (current as of the date of writing):

Table one: Full-pension thresholds

Full pension	2017 asset limits
Non-homeowner (single)	\$450,000
Non-homeowner (couple)	\$575,000
Homeowner (single)	\$250,000
Homeowner (couple)	\$375,000

Table two: Part-pension thresholds

Part pension	2017 asset limits
Non-homeowner (single)	\$742,500
Non-homeowner (couple)	\$1,016,000
Homeowner (single)	\$542,500
Homeowner (couple)	\$816,000

How assets over the limit will affect your payment

Currently, for every \$1,000 of assets you own over the assets test free area, your pension is reduced by \$1.50 per fortnight. From 1 January 2017, your pension will reduce by \$3 per fortnight for every \$1,000 of assets you own over the asset free area.



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You should contact Centrelink to find out how your Age Pension entitlements might be affected or contact your financial adviser for advice on dealing with these changes.

We are often contacted by clients on the Age Pension wanting to transfer assets to family members. Great care needs to be taken in this area because there are strict rules and limits in relation to gifting.

Finally, as stated above, the home of a pensioner is generally not taken into account in calculating pension entitlements. Additional care needs to be taken before entering into "granny flat" arrangements or otherwise dealing with the home.

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