



Additional Information Flyers Social Security & Aged Care

20 March 2023

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Age Pension

The Age Pension is a government payment designed to help retirees meet their income needs.

Benefits

- The Age Pension provides a regular income stream to improve your cashflow.
- Your assets may last longer, because the increased cashflow means you will have less need to draw on your personal investments.
- You will be entitled to a concession card to reduce the cost of some expenses (such as reduced cost medicines).

How it works

To qualify for the Age Pension, you first need to meet age and residency requirements. Centrelink then determines your entitlement based on your level of income and assets.

Age Pension payments are made fortnightly and can be paid directly into a savings account, such as a bank, building society or credit union account.

Age requirements

Currently you need to be over age 66 to qualify for an age pension. The qualifying age will gradually increase to 67 by 1 July 2023.

Date of birth	Eligible age
Before 1 July 1952	65.0
1 July 1952 to 31 December 1953	65.5
1 January 1954 to 30 June 1955	66.0
1 July 1955 to 31 December 1956	66.5
On or after 1 January 1957	67.0

Residence requirements

The residency requirements generally require you to have been an Australian resident for at least 10 years with at least 5 years in a continuous period. You must still be an Australian resident living in Australia when you lodge the claim.

The residency timeframe may be lower if you are covered by certain International Social Security Agreements.

Age Pension payment rates

Payment rates increase every 20 March and 20 September. You should refer to the Centrelink website at www.centrelink.gov.au for the latest payment rates.

The rate payable will depend on whether you are single or a member of a couple and your means test

assessment. This payment also includes a pension supplement (which is paid at a minimum rate) and an energy supplement.

The means test uses an income test and an assets test. The one that produces the lowest rate of pension is the one that applies.

Pensioner Concession Card (PCC)

If you are eligible for the Age Pension, you will also be entitled to a Pensioner Concession Card (PCC) to help reduce your expenses.

The PCC gives you access to a range of discounted medical services funded by the government including cheaper prescription medicines through the Pharmaceutical Benefits Scheme (PBS). Doctors may bulk bill if you hold this card and you may also receive some concession through your state, territory or local government. The range of concessions will vary depending on where you live and you should check at www.Australia.gov.au

Consequences

- If you are still working, the first \$300 of employment income per fortnight will not impact your income test due to the Work Bonus scheme.
- If you are permanently blind you can receive the full Age Pension as the means-tests are not applied.
- Other benefits, such as Rent Assistance, may also be payable.
- The Age Pension is taxable income however you may be eligible for Tax Offsets to help to reduce your tax liability.
- You are required to tell Centrelink within 14 days about any change in your circumstances that may affect your payment.
- Payments may be affected if you go overseas for extended periods of time longer than six weeks. You should check details with Centrelink before leaving the country.

Date: 23 September 2019

Pension Income and Assets Tests - Centrelink

How it works

Pensions paid by Centrelink are subject to income and asset testing unless you are permanently blind. Centrelink applies each test to your situation and the test that results in the lower rate of pension is the one that is applied.

You may be entitled to the full pension if your assets and income are below the lower thresholds for both tests and meet all other eligibility requirements. Conversely, if your assets or income exceed either of the upper thresholds, you will not be entitled to any pension. Anywhere in between and you may be entitled to a part pension.

The lower thresholds are indexed every July. The upper thresholds also increase in March and September in line with pension increases.

Assets test

Under the assets test, Centrelink generally uses the net market value of your assets which is the amount the asset can be sold for, less any debts that are secured against that asset. All assets owned by you and your spouse are assessed.

This includes most investment assets (such as shares, managed funds, superannuation and investment properties), plus personal assets such as motor vehicles and home contents. Importantly, your family home is not included in the assets test. Some exemptions apply if you bought non-commutable income streams before 20 September 2007 or you invest in funeral bonds within the allowable limit. Special penalty rules also apply if you have any involvement in a family trust or private company.

The thresholds depend on whether you are single or a member of a couple, and whether or not you own your home. The current thresholds are:

Asset test thresholds for homeowners		20 March 2023
Family situation	Assets free area	Assets limit
Single	\$280,000	\$634,750
Couple (combined)	\$419,000	\$954,000
Illness separated (couple combined)	\$419,000	\$1,128,500

Asset test thresholds for non homeowners		20 March 2023
Family situation	Assets free area	Assets limit
Single	\$504,500	\$859,250
Couple (combined)	\$643,500	\$1,178,500
Illness separated (couple combined)	\$643,500	\$1,353,000

For every \$1,000 worth of assets that you own in excess of the lower threshold, your Pension entitlement reduces by \$3.00 every fortnight (single or couple combined).

Income test

Under the income test, Centrelink assess your income situation to determine your pension entitlement. All income owned by you and your spouse are assessed.

With some assets, such as a residential investment property, all of the net income (after allowable deductions) is counted under the income test. For other assets, 'deeming' applies. Under deeming, an interest rate set by the government is applied to the balance of financial investments to "deem" the amount of income generated. The actual income derived is irrelevant. Financial investments include: bank accounts, shares, managed funds, superannuation held in accumulation after reaching age pension age, account-based pensions (unless grandfathered under deductible amount rules) and gifts that exceed the gifting thresholds.

If you have any involvement in a family trust or private company all of the income generated by that entity could be assessed as your income, depending on how the assets are assessed.

The thresholds depend on whether you are single or a member of a couple. The current thresholds are:

Income test thresholds		20 March 2023
Family situation	Income free area	Income limit
Single	\$190.00	\$2,318.00
Couple (combined)	\$336.00	\$3,544.00
Illness separated (couple combined)	\$336.00	\$4,592.00

For every \$1 of income that you have in excess of the lower threshold, your Age Pension entitlement reduces by 50 cents in the dollar (single or couple combined).

Note that if you are under the age pension age, superannuation in the accumulation phase is generally exempt from the income and assets tests. If you are age pension age or older, it is generally counted as an asset and subject to deeming under the income test.

Consequences

- Assessable income for Centrelink purposes can be different to the actual income you receive and what is included in your tax return.
- If you are applying for an allowance, different income and asset test thresholds apply.
- Payments may be affected if you go overseas for extended periods of time. You should check details with Centrelink before leaving the country.
- You are considered to be a couple if you are married or in a de-facto relationship (including same-sex) and living together on a permanent basis, regardless of how long this relationship has existed.
- An illness-separated couple rate applies where you are a couple but one or both have moved out of the home to receive care.
- You are required to tell Centrelink within 14 days about any change to your income or assets that may affect your payment.

Date: 20 March 2023

Disability Support Pension (DSP)

The Disability Support Pension (DSP) is a payment from Centrelink that provides financial support to people who have a physical, intellectual, or psychiatric condition that stops them from working.

Benefits

- The DSP provides a regular income stream to improve your cashflow.
- Your assets may last longer, because the increased cashflow means you will have less need to draw on your personal investments.
- You will be entitled to a concession card to reduce the cost of some expenses (such as reduced cost medicines).

How it works

To qualify for the DSP, you must be over age 16 and have a physical, intellectual or psychiatric impairment that results in you being unable to work for 15 hours or more each week (at or above the relevant minimum wage) within the next two years or you are permanently blind. You must have also actively participated in, or completed, a Program of Support if required.

To assess your eligibility for DSP, Centrelink may require a report from your doctor or specialist about your disability, injury or illness. You may also need to have a Job Capacity Assessment which is a way of finding out if you can work, how much work you can do and whether you need help to find and keep a job.

DSP payments are made fortnightly and can be paid directly into a savings account, such as a bank, building society or credit union account.

Residence requirements

The residency requirements generally require you to have been an Australian resident for at least 10 years with at least 5 years in a continuous period. You must still be an Australian resident living in Australia when you lodge the claim however this does not apply to refugees.

The residency timeframe may be lower if you are covered by certain International Social Security Agreements.

DSP payment rates

Payment rates increase every 20 March and 20 September for those 21 years of age and over or under 21 years of age with children. The rates are updated on 1 January of each year for those under 21 years of age without children. You should refer to the Centrelink website for the latest payment rates:

www.humanservices.gov.au/customer/services/centrelink/disability-support-pension

The rate payable will depend on whether you are single or a member of a couple and your means test assessment. This payment may also include a pension supplement (which is paid at a minimum rate) and an energy supplement.

Income and assets tests

The amount of DSP you get is subject to two separate assessments – an assets test and an income test. Centrelink apply both of these tests to your situation and the test that results in the lower rate of DSP is the one that is applied. If you are permanently blind, you may not be subject to the income or assets test.

Pensioner Concession Card (PCC)

If you are eligible for the DSP, you will also be entitled to a Pensioner Concession Card (PCC) to help reduce your expenses.

The PCC gives you access to a range of discounted medical services funded by the government including cheaper prescription medicines through the Pharmaceutical Benefits Scheme (PBS). Doctors may bulk bill if you hold this card and you may also receive some concession through your state, territory or local government. The range of concessions will vary depending on where you live and you should check at www.Australia.gov.au

Consequences

- Other benefits, such as Rent Assistance, may also be payable.
- If you are permanently blind you may not be subject to the assets and income test and can receive the full DSP.
- The DSP is taxable income however you may be eligible for Tax Offsets to help reduce your tax liability.
- Payments may be affected if you go overseas for extended periods of time. You should check details with Centrelink before leaving the country.
- You are required to tell Centrelink within 14 days about any change in your circumstances that may affect your payment.

Date: 1 September 2019

JobSeeker Payment

JobSeeker Payment (includes the former 'Newstart Allowance') is a Centrelink payment that provides financial help if you are looking for work. It can also provide support while you do activities that increase your chances of finding a job, such as studying or training.

It is important to note that the Newstart Allowance stopped on 20 March 2020. The JobSeeker Payment is now the main income support payment for those between age 22 and Age Pension age and looking for work.

Benefits

- JobSeeker Payment provides a regular income stream to improve your cashflow.
- Your assets may last longer, because the increased cashflow means you will have less need to draw on your personal investments.
- You will be entitled to a health care card to reduce the cost of some expenses (such as reduced cost medicines).

How it works

To qualify for JobSeeker Payment, you generally need to be:

- Aged 22 or older (but under Age Pension age as you may then qualify for the more generous age pension);
- Unemployed, regarded as unemployed, or temporarily unable to work or study (due to injury or you have work or study to return to);
- Looking for paid work;
- Prepared to enter into a Job Plan and meet activity-test requirements; and
- Meet the Income and Assets Test.

You will have to wait at least one week before you can start receiving JobSeeker Payment. But this may be much longer if you have just finished a job (due to the income maintenance period) or you have liquid assets (due to the liquid assets waiting period).

Other waiting periods may also apply if you don't meet work tests or move to an area with lower job prospects.

Job Plan

You need to have a Job Plan in order to get a JobSeeker Payment. Your Job Plan outlines the things you have agreed to do to give you the best chance of getting a job. You will need to negotiate your Job Plan with Centrelink or your Employment Services Provider. It will be reviewed regularly. Activities can include applying for jobs, undertaking a course or other types of study, or working part time. You are required to do the activities listed in your Job Plan in order to keep receiving the allowance. Your activity requirements are more flexible if you:

- are 55 years or older or

- are a principal carer, or
- have a medical condition

Residence requirements

The residency requirements generally require you to have been an Australian resident for at least 2 years but some exemptions apply. You must still be an Australian resident living in Australia when you lodge the claim.

JobSeeker Payment rates

Payment rates increase every 20 March and 20 September. You should refer to the Centrelink website at <https://www.servicesaustralia.gov.au/individuals/services/centrelink/jobseeker-payment> for the latest payment rates.

The amount you receive will depend on whether you are single, a member of a couple and/or have dependent children and is means tested. The income and assets tests are used to work out your payment rate. The test resulting in the lowest payment rate will apply.

Assets test

Under the assets test, Centrelink generally uses the net market value of your assets which is the amount the asset can be sold for, less any debts that are secured against that asset. All assets owned by you and your spouse are assessed.

This includes most investment assets (such as shares, managed funds and investment properties), plus personal assets such as motor vehicles and home contents. Importantly, your family home is not included in the assets test. Some exemptions apply if you bought non-commutable income streams before 20 September 2007 or you invest in funeral bonds within the allowable limit. Special penalty rules also apply if you have any involvement in a family trust or private company. Your superannuation account balance is also exempt from the income and asset testing if it is in accumulation phase.

The current thresholds are:

Family situation	Homeowner	Non-homeowner
Single	\$280,000	\$504,500
Couple (combined)	\$419,000	\$643,500
One partner eligible, combined assets	\$419,000	\$643,500

If your assets exceed the threshold above that applies to your situation, you will not be entitled to any JobSeeker Payment.

Income test

Income between \$150 and \$256 per fortnight reduces your fortnightly payment by 50 cents in the dollar. Income above \$256 per fortnight reduces the rate of payment by 60 cents in the dollar.

If you are a member of a couple, income earned by your partner in excess of the partner income free area (of \$1,195.34 per fortnight) also reduces your payment by 60 cents in the dollar. If your partner is in receipt of a benefit (allowance or pension) different rules may apply.

Family situation	Income free area	Income limit
Single, no children	\$150.00	\$1,337.50
Single, with dependant child(ren)	\$150.00	\$1,425.50
Principal carer with dependent children*	\$150.00	\$2,053.25
Single, aged 60 or over, after nine months	\$150.00	\$1,436.50
Partnered (each)	\$150.00	\$1,232.84

* A different income test applies for single principal carers.

If your income reaches the income limit, no JobSeeker Payment is payable.

With some assets, such as a residential investment property, all of the net income (after allowable deductions) is counted under the income test. For other assets, 'deeming' applies.

Under deeming, an interest rate set by the government is applied to the balance of financial investments to "deem" the amount of income generated. The actual income derived is irrelevant. Financial investments include: bank accounts, shares, managed funds, superannuation held in accumulation after reaching age pension age, account-based pensions (unless grandfathered under deductible amount rules) and gifts that exceed the gifting thresholds.

If you have any involvement in a family trust or private company all of the income generated by that entity could be assessed as your income, depending on how the assets are assessed.

Health Care Card (HCC)

If you are eligible for JobSeeker Payment, you will also be entitled to a Health Care Card (HCC) to help reduce your expenses.

The HCC gives you access to a range of discounted medical services funded by the government including cheaper prescription medicines through the Pharmaceutical Benefits Scheme (PBS) and some public transport discounts. Doctors may also bulk bill.

Consequences

- If you qualify for JobSeeker Payment, you may also be eligible to receive other support such as Pharmaceutical Allowance, Rent Assistance and Telephone Allowance.
- JobSeeker Payment may be recalculated half-yearly or when your circumstances change.
- JobSeeker Payment is taxable income however you may be entitled to tax offsets that will reduce some or all of the tax payable.
- Payments may be affected if you go overseas for extended periods of time. You should check details with Centrelink before leaving the country.
- You are required to tell Centrelink within 14 days about any change in your circumstances that may affect your payment.

Date: 20 March 2023

DVA Service Pension

Service pensions from the Department of Veterans' Affairs (DVA) provide regular income to help veterans and their partners achieve an adequate level of income in retirement.

Benefits

- A DVA Service Pension provides a regular income stream to improve your cashflow.
- Your assets may last longer, because the increased cashflow means you will have less need to draw on your personal investments.
- You will be entitled to a health card and concession card to reduce the cost of some expenses (such as reduced cost medicines).

How it works

DVA Service Pensions can be paid to veterans who are over the age of 60 or meet invalidity requirements. The veteran's partner may also qualify for a partner pension instead of needing to apply through Centrelink.

It is important to speak to DVA to confirm your eligibility and full entitlements as you may receive concessions other than those outlined below.

Age Service Pension

Veterans qualify for the service pension earlier than the Centrelink Age Pension in recognition of war service. If you are a veteran, you may be eligible for the Age Service Pension if you:

- have reached age 60
- have qualifying service (this generally means that you have served in operations against the enemy while in danger from hostile forces of the enemy)
- meet residency requirements (and you are a resident of Australia and present in Australia at the time of lodging your claim).

The Age Service Pension is assessable income and must be included in your tax return. There are two rates of service pension - the singles rate and the couples rate. The rate paid for each member of a couple is less than the rate paid to a single person because couples can share household costs. You should refer to the DVA website at www.dva.gov.au to find out more and to obtain the current pension rates, limits and allowances.

Invalidity Service Pension

If you are a veteran, you may be eligible for an Invalidity Service Pension if you:

- are below age pension age
- are permanently incapacitated for work (your incapacity does not need to be related to war service)
- have qualifying service (this generally means that you have served in operations against the enemy while in danger from hostile forces of the enemy)

- meet residency requirements (and you are a resident of Australia and present in Australia at the time of lodging your claim).

The Invalidity Service Pension is not taxable whilst you are under Centrelink pension age (currently age 66). You should refer to the DVA website at www.dva.gov.au to find out more and to obtain the current pension rates, limits and allowances.

Partner Service Pension

You may be eligible for the Partner Service Pension if your spouse (married or defacto) is a veteran receiving a Service Pension. To be eligible for the Partner Service Pension, you need to:

- be at least age 60, or
- have dependent children and be any age, or
- be any age if your spouse receives Special Rate Disability Pension, or
- be at least age 50 if your spouse receives an above general rate Disability Pension.

In some circumstances, you can be eligible for the Partner Service Pension if you are married to, but separated from, a veteran who is eligible to receive the Service Pension.

The Partner Service Pension is taxable. But if you and your partner are both under Centrelink pension age and your partner receives an Invalidity Service Pension (or did until he/she passed away) the pension will be tax-free.

Please Note: From 1 July 2017 age pension age (non-veteran) will increase by six months every two years until it reaches 67 on 1 July 2023. This will not affect you if you were born before 1 July 1952.

You should refer to the DVA website at www.dva.gov.au to find out more and to obtain the current pension rates, limits and allowances.

Veterans' Health Cards

DVA issues health cards to eligible veterans and former members of Australia's defence force, their widows/widowers and dependants. There are different eligibility requirements for each type of card.

Pensioner Concession Card (PCC)

If you are eligible for a Service Pension you will also receive a Pensioner Concession Card (PCC) to help reduce your expenses.

The PCC gives you access to a range of discounted medical services funded by the government including cheaper prescription medicines through the Pharmaceutical Benefits Scheme (PBS). Doctors may bulk bill if you hold this card and you may also receive some concession through your state, territory or local government. The range of concessions will vary depending on where you live and you should check at www.Australia.gov.au

Consequences

- If you are still working and over Age Pension age, the first \$300 of employment income per fortnight will not impact your income test due to the Work Bonus scheme.
- Other benefits, such as Rent Assistance, may also be payable.
- If your Service Pension is taxable income you may be eligible for Tax Offsets to help reduce your tax liability.
- You are required to tell the DVA within 14 days about any change in your circumstances that may affect your payment.
- You cannot receive a Service Pension from the DVA as well as an Age Pension from Centrelink.

Date: 1 July 2021

Gifts

Gifts is when you or your partner give away assets or transfer them for less than their market value. You are able to gift assets or money to someone else to help them financially. This reduces your assets and income and may therefore increase your Centrelink/Veterans' Affairs (DVA) entitlement and/or decrease aged care fees.

Benefits

- You will be able to provide financial assistance to family members.
- Your Centrelink/DVA entitlement may increase because the gift reduces your assessable income and assets as long as it is within the allowable limits.
- The daily fees for aged care services may decrease due to the reduced assessable income and assets.

How it works

You can only gift up to a certain limit without adversely affecting your Centrelink/DVA entitlements. The maximum amount of assets you can give away is:

- \$10,000 each financial year; but no more than
- \$30,000 over a rolling five-year period.

These figures also represent the total combined amount that a couple can give away before their entitlements are affected. The rolling five-year period is the current financial year plus the previous four financial years.

If you transfer ownership of assets between yourself and your spouse gifting rules do not apply as your assessment includes the combined total assets. Similarly, if you transfer assets into a family trust or private company gifting rules will not apply as you are likely to still be assessed to own those assets.

Gifts more than the allowable limit - Deprived Assets

If you gift more than the allowable limit, the excess is assessed by Centrelink/DVA as a 'deprived asset'.

A deprived asset will count under the assets test and be deemed for income test purposes for five years from the date of the gift.

When you first apply for a Centrelink/DVA payment, any gifts made in the previous five years are also considered and excess amounts will be captured as a deprived asset.

Gifts combined with a loan

If you want to gift more than the allowable amount in one year, you can combine gifting with a loan to reduce the impact on your Centrelink/DVA entitlements over time.

The way this works is that you gift the full lump sum but you treat \$10,000 as a gift and the balance as a loan and advise Centrelink/DVA accordingly. The next year, you forgive \$10,000 of the outstanding loan and the same the following year. You still need to be mindful of the \$30,000 limit over a five year period.

The loan can be an interest-free loan and it is best to document the loan for Centrelink/DVA records.

Example:

Anita is a part Age Pensioner who wants to gift \$30,000 to her son, Peter.

Anita transfers \$30,000 from her bank account to Peter. She treats \$10,000 as a gift and \$20,000 as an interest free loan. Centrelink reduce her assessable assets by \$10,000 resulting in a small increase to her Age Pension. The \$20,000 loan is assessed by Centrelink as an asset and is deemed.

In the following financial year, Anita forgives \$10,000 of the outstanding loan, thereby reducing her Centrelink assessed assets again and entitling her to another small increase to her Age Pension. The outstanding loan of \$10,000 continues to be assessed as an asset and deemed.

In the following year, Anita forgives the balance of the loan resulting in another small increase to her Age Pension. Centrelink no longer assess the loan because there is no amount outstanding.

Consequences

- Gifting assets reduces your savings. It is important to ensure you continue to have sufficient savings available for ongoing needs.
- If you exceed the allowable limit you will have a deprived asset which will be assessed against you for 5 years from the date of the excess gift.
- If a gift is repaid, any deprived asset that was created will be eliminated.
- You are required to notify Centrelink/Department of Veteran Affairs within 14 days about any change in your circumstances that may affect your entitlement.

Date: 1 April 2018

Insurance bond in a private trust

Investing in an insurance bond through a private trust such as a family or discretionary trust may increase your Centrelink/Veterans' Affairs (DVA) entitlement and reduce aged care fees due to a reduction in assessable income.

Benefits

- Your assessable income may be reduced which may increase your Centrelink/DVA entitlement under the income test
- The daily care fees you pay for aged care services may decrease as a result of the reduction in assessable income
- Your personal taxable income may be reduced which may reduce your tax liability (in some cases) and/or help you to qualify for a Commonwealth Seniors Health Card if you are a self-funded retiree
- The private trust may provide estate planning benefits, such as asset protection.

How it works

If you already have a private trust it is generally more effective to start a new trust for this strategy. You can then arrange to have money transferred into the trust which is recorded as a gift in the trust accounting records.

You need to nominate someone to act as Trustee of the trust.

The money transferred into the trust is used to invest into an insurance bond, sometimes also known as an investment bond. Insurance bonds do not distribute income unless a withdrawal is made, which means there is no taxable income generated by the trust for distribution to beneficiaries.

If the bond is the only investment held by the trust there is no assessable income for the Centrelink/DVA income test. This reduces assessable income compared to some other investments.

Centrelink/DVA assessment

Centrelink/DVA attribute the assets and income of a private trust depending on who controls the trust and the source of the money. As a general rule, if you transferred the money into the trust, or if you are associated in any way with the trust it is likely that Centrelink/DVA will attribute all assets to you.

Under the asset test, Centrelink/DVA will count the full value of the trust assets, so using a trust does not help to reduce your assessable assets.

But under the income test, Centrelink/DVA assess only the taxable income generated by the trust. If the only asset is an insurance bond and no withdrawals are made in the first 10 years (or before the death of the life insured) there is no assessable income created. This may reduce your assessable income.

Aged care assessment

The daily care fees payable for either government subsidised home care or residential care depends on your financial situation. For home care, it is generally based on Centrelink/DVA assessable income. For residential care it is generally based on Centrelink/DVA assessable income as well as your assets.

So reducing the income assessed by Centrelink/DVA may reduce your care fees.

Withdrawals

You can withdraw money from the insurance bond at any time. These amounts will be paid to you from the trust as a distribution.

A portion of the withdrawal may be classified as taxable income and this is assessed as income for Centrelink/DVA and aged care purposes for the following 12 months. So for the strategy to be most effective you need to leave the money in the insurance bond (and therefore within the trust) for at least 10 years or as an estate benefit upon your death.

Taxation

Earnings from the insurance bond are reinvested into the bond to increase the account balance. The insurance company pays tax on the earnings at the rate of 30%.

If you make a withdrawal from the trust within the first 10 years, a portion of the earnings are included as taxable income of the trust and then are passed on as taxable income to the beneficiary who receives the distribution.

The taxable portion is calculated as:

- Within first 8 years – all earnings withdrawn are taxable income
- Within the 9th year – two-thirds of earnings withdrawn are taxable income
- Within the 10th year – one-third of earnings withdrawn are taxable income
- After 10 years or upon death – none of the earnings withdrawn are taxable income

Consequences

- Earnings from an insurance bond are taxed internally at a rate of 30%. If this rate is higher than your marginal tax rate your net return from the insurance bond may be less than what could be achieved from other investments.
- If your Centrelink/DVA entitlements are assessed under the assets test this strategy will not increase your entitlements.
- If you are likely to pay the maximum aged care fees this strategy may not provide any benefit to reduce fees.
- Assets held in a private trust do not form part of your estate. You should seek legal advice to review the nomination of a beneficiary on the insurance bond and how this will interact with the trust deed for your private trust. It is also advisable to review your Will.
- You are required to tell Centrelink/DVA within 14 days about any change to your financial situation that may affect your payment.
- You may incur fees to set up the trust and for ongoing accounting requirements.

- Fees may also be charged for the investment into the Insurance Bond. You should check the details in the fee section of your Statement of Advice and the Product Disclosure Statement (PDS).

Date: 1 April 2018

Strategies to increase Centrelink/DVA entitlements

Your entitlement from Centrelink/Veterans' Affairs (DVA) is subject to income and asset testing. Reducing your assessable income and assets can therefore increase your entitlement.

Benefits

- Your Centrelink/DVA entitlement may increase to help top-up your retirement income
- The daily care fees you pay for aged care services may decrease
- Increased cashflow means your assets will last longer because you will have less need to draw on assets to meet expenditure needs.

How it works

Centrelink/DVA apply two tests to determine your entitlement – an asset test and an income test. Both tests are applied to your situation and the test that results in the lower rate of payment is the one that is applied.

Some assets are exempt from these tests and others may receive more favourable assessment. Following are some strategies that can help to reduce your level of income and assets.

Home improvements

The value of your home is exempt from Centrelink/DVA income and asset testing, so spending money to improve your home may increase its value and also increase your entitlement.

However, it is important to remember that, although you may get an increase in your entitlement, spending money on renovations also reduces your savings. You should ensure you will continue to have sufficient money to meet your ongoing needs.

Funeral bonds

A funeral bond is an investment that is used solely to pay for your future funeral expenses. It can provide you with peace of mind knowing your family members won't have the financial burden of paying for your funeral.

Funeral bonds are exempt from Centrelink/DVA income and asset testing but only if:

- you have not already pre-paid your funeral expenses, and
- you do not invest more than the allowable limit in funeral bonds (\$14,000 for 2022/23).

The allowable limit applies per person, but if you are a couple and have one bond that is payable upon the death of the last person no more than the limit can be invested in this bond.

All earnings are retained in the funeral bond and are added tax-free. The balance of the bond cannot be accessed until your death.

Superannuation (accumulation phase)

Your superannuation account balance is exempt from Centrelink/DVA income and asset testing if it is in accumulation phase and you are under Age Pension age or Service Pension age for veterans. After this age, your superannuation balance is assessed as an asset and subject to deeming.

If you have a spouse who is under Age Pension age (or Service Pension age if they are a veteran), withdrawing some of your superannuation and making a spouse contribution into their account will reduce your assessable assets and income which may result in an increase in your Centrelink/DVA entitlement.

You should ensure the spouse contribution is within your spouse's contribution caps so tax penalties are not applied, and it is important to remember that you will not be able to access this money until your spouse meets a condition of release under superannuation law.

Annuities

An annuity is an investment that pays a series of regular guaranteed income payments for either a fixed period of time or for life. They may be purchased with superannuation funds or non superannuation monies.

Key features of annuities

Security - Your interest and capital payments are guaranteed, regardless of share market movements or interest rate fluctuations.

Flexible terms and payments - With annuities you can choose your investment term. Fixed term annuities are generally available for fixed terms of between one and 50 years. The investor selects the term most appropriate to them.

The term of a lifetime annuity is the rest of the investor's life - income payments continue until they die. It can be as short as one year, as long as 50 years or even for your lifetime. You can also select how often you get paid - monthly, quarterly, half-yearly or annually.

Lifetime income - In the case of a lifetime annuity, regular and guaranteed payments for the rest of your life.

Inflation protection - With some annuities, you can elect to index your payments so they keep pace with inflation or at a fixed indexation rate.

Tax effectiveness - When an annuity is bought with money rolled over within the superannuation system by a person aged 60 or over, the regular payments are tax free.

Access to your money - If you would like to cancel your annuity, in most cases you will receive a return of your investment but you may receive back less than you invested originally and less than you would have received had you held the annuity for its agreed term.

How are Annuities assessed (if purchased before 1 July 2019)?

Both lifetime annuities and 100% capital return annuities with terms of six years and above receive

favourable treatment under the asset and income tests for Age/DVA pensions and daily aged care fees.

The income of an annuity is assessed by the Centrelink/DVA's income test as follows:

- subject to deeming rates where the term is five years or less, or
- total income is reduced by a 'deductible amount' that reflects a return of the purchase price where the term is more than five years.

The amount you invest into an annuity is assessed under the Centrelink/DVA's Assets Test. If you choose to receive all of the capital at the end of the selected term, the assessed asset value does not change. If you choose to have some of the capital returned as part of the regular payments, the asset value is recalculated every six to 12 months and reduced by the amount of capital returned up to that time.

How are Annuities assessed (if purchased after 30 June 2019)?

Generally, 60% of the original capital investment will be assessable under the assets test up until life expectancy, and then 30% of the original capital investment thereafter.

Under the income test, 60% of the actual income provided by the lifetime annuity will be assessable.

Asset valuation

Valuing your assets the right way can be a simple way to increase your entitlement.

Assets should be valued using market value, rather than insured value. This is particularly the case for assets such as cars and home contents which are often insured for a higher value to ensure they can be replaced if they are destroyed or damaged.

Gifting and purchasing an insurance bond within a private trust can also assist you to increase your entitlements. Please refer to the 'Gifting' and 'Insurance Bond in a Private Trust' flyers for further information.

Consequences

- You should ensure you have sufficient funds to support yourself before undertaking any strategy that reduces the value of your assets. This is particularly important if the strategy results in you no longer having access to that money, such as annuities, home improvements or funeral bonds).
- A lifetime annuity has nil residual capital value, meaning nothing is paid to your dependants or estate upon your death. The exceptions are if you have selected a reversionary annuitant or if a guaranteed income period has been selected and you pass away within this period. In this event, your beneficiaries or estate will only receive what would have been paid to you during the guaranteed period. Depending on how long you live, there could be an overall loss of capital.
- Annuities are not investment linked so your capital will not grow and you cannot take advantage of favourable market movements.
- With Annuities, you are locked in to a specific rate of return for the rest of the term (or life). If interest rates rise, you are not able to take advantage of the higher potential return without incurring penalties.
- Once an annuity is established, the amount and frequency of the income payments cannot be altered.

- You are required to notify Centrelink/Department of Veteran Affairs within 14 days about any change to your situation that may affect your entitlement.
- The government may change legislation in the future.

Date: 1 July 2022

Waiting periods

How it works

Depending on your circumstances, you may need to wait for a period of time before getting your first income support payment. There are different types of waiting periods. One or more of these may apply to you.

Ordinary Waiting Period

If you are applying for JobSeeker Payment or Sickness Allowance, you will most likely need to serve a one-week Ordinary Waiting Period. Only in certain circumstances, such as if you are in severe financial hardship, can you be exempt from having to serve the Ordinary Waiting Period.

Liquid Assets Waiting Period

If you are applying for JobSeeker Payment, Sickness Allowance, Youth Allowance or Austudy, you may have to serve a Liquid Assets Waiting Period (LAWP). Only in certain circumstances, such as if you are in severe financial hardship, can you be exempt from having to serve the LAWP.

The liquid assets waiting period is between 1 and 13 weeks and applies if you have funds that are equal to or more than:

- \$5,500 if you are single with no dependants, or
- \$11,000 if you are partnered or single with dependants

Liquid assets are funds that are readily available to you or your partner, including;

- cash on hand, shares, debentures, insurance bonds and term deposits
- other money available at short notice
- payments made or expected to be made (within 28 days) from a previous employer
- compensation payments
- amounts deposited or lent to banks or other financial institutions whether or not the amount can be withdrawn or repaid immediately.

Please Note: Liquid assets do not include superannuation in the accumulation phase.

How is the LAWP calculated?

Your liquid assets waiting period is determined by your personal situation and the amount of funds you have.

The LAWP is calculated using the following formulas:

Single persons with no dependants	Couples or singles with dependants
$\frac{\text{Liquid assets} - \$5,500}{\$500}$	$\frac{\text{Liquid assets} - \$11,000}{\$1,000}$

The maximum LAWP is 13 weeks and is in addition to the ordinary one week waiting period.

Example:

Geoff is married. His liquid assets total \$19,400. His LAWP is calculated as $(\$19,400 - \$11,000) / \$1,000 = 8.4$, which is rounded up to 9 weeks.

Income Maintenance Period

The income maintenance period (IMP) is when you're not eligible to get the maximum rate of income support payment because you have received leave and/or termination payments from your previous employer. The IMP can apply if you are a new customer claiming JobSeeker Payment, Partner Allowance, Parenting Payment, Sickness Allowance, Youth Allowance, Austudy, Widow Allowance or Disability Support Pension (except if you are permanently blind).

The IMP is the period that Centrelink treat any leave and termination payments received as income. Leave and termination payments include annual leave, carers leave, leave loading, long service leave, maternity leave, rostered days off, sick leave, and redundancy payments.

Calculating the length of the IMP

The leave and termination payments will count as income for the number of weeks that the payments relate to. Usually this means you will be excluded from receiving a payment for that many weeks. The IMP can be served concurrently with other waiting periods.

The following table sets out how to calculate the length of the IMP depending on your employment situation.

If your employment has ceased	If you continue to work
The length of the IMP is calculated by adding together: (1) the number of weeks (or days) that the leave payments represent, and (2) the number of weeks that the portion of the termination payment based on your wage (e.g. 2 weeks redundancy payment for every year of service) represents, and (3) the number of weeks that the portion of the termination payment NOT based on the employee's gross wage (e.g. a gratuity payment) represents. This is obtained by dividing that portion of the termination payment by your weekly wage.	The actual leave period is used.

Note: An IMP is calculated using the total gross leave or termination payment and, where relevant, your gross weekly wage.

Example:

Kevin has been made redundant from a company and on the day of leaving he receives a redundancy payment consisting of:

Kevin's IMP will be calculated as follows:

The total IMP period will be 36.5 weeks. Kevin's total redundancy payment will be apportioned as ordinary income over this 36.5 week period and assessed under the applicable income test. Kevin is also subject to the one-week Ordinary Waiting Period and the LAWP (because of the leave payments and his bank balance. He will serve the maximum 13 week LAWP plus the one week waiting period.

The ordinary waiting period and LAWP can be served concurrently with the IMP, so he has a total wait of 36.5 weeks.

The IMP can be waived or reduced in very limited circumstances, such as if you are in severe financial hardship because of having to use the leave payments to pay any unavoidable or reasonable costs (such as essential car or home repairs or essential medical expenses). The IMP will not be waived or reduced if you spend your employer payments on expenses that are not considered to be unavoidable or reasonable (such as mortgage, rent or holidays).

Unemployment Non-payment Period

If you choose to leave your job or are dismissed from your job because of misconduct, you may have an 8 week non-payment period. The period can be 12 weeks if you got relocation assistance through your Employment Services Provider.

This non-payment period may be waived if you meet the eligibility criteria and you're in severe financial hardship.

Date: 23 March 2020

Aged Care

As you grow older, you may find that you need more help with day-to-day tasks or health care. Sometimes, the best way to receive help and support can be by living in an aged care home or arranging for home care services while you stay in your own home.

Benefits

There are two types of aged care services - Home Care and Residential Aged Care. Both services are heavily regulated by government to ensure that care is accessible to all Australians. The government will subsidise the cost of care and you will also pay a portion of costs based on your assessable income and assets (if applicable).

The benefits of aged care services include:

- Home Care can help you to stay in your own home for longer. Centrelink use an income assessment to work out if you can get government subsidised Home Care.
- Residential aged care can provide the support you need as you age and reduce the burden and stress on your family. If moving to an accredited service, the government will subsidise costs to help make the care affordable. The fees you will be asked to pay for residential care are based on your assets and income to help make care affordable.
- Your family home is exempt under the assets test while a spouse is still living there.
- If your spouse (if applicable) is not moving to an aged care facility with you, your age pension entitlement will increase given that Centrelink/DVA now classifies you as being an illness separated couple.

How it works

The first step to moving into a government subsidised aged care service is that you need to have approval from an Aged Care Assessment Team (ACAT). In Victoria these are called an Aged Care Assessment Service (ACAS).

ACAT assessment

These are teams of health professionals, such as doctors, nurses or social workers, who will conduct an assessment of your needs to determine whether you are approved for residential aged care or home care packages.

Home Care

If you have been assessed and received an approval letter from your Aged Care Assessment Team **prior to 27 February 2017**, you can find a service provider with an available home care package and enter into a Home Care Agreement.

If you are assessed as eligible for a home care package after 27 February 2017 you will:

- receive a letter of approval from My Aged Care that sets out the level of home care package you are approved to receive
- be placed in a national priority queue for home care packages

There may be a waiting period between the time you are approved for care and the time you are assigned a home care package.

Costs for Home Care Packages

Your service provider may ask you to pay:

- a basic daily fee of up to 17.5% of the single basic Age Pension
- an income-tested care fee if your income is over a certain amount.

You can only be asked to pay an income-tested care fee if your yearly income is above a certain threshold. Current thresholds can be found on the Department of Health website at www.health.gov.au.

There are annual and lifetime caps that apply to the income-tested care fee. Once these caps are reached, you cannot be asked to pay any more income-tested care fees.

Residential Care

If living at home is not an option, aged care is available through a residential aged care facility. Residential aged care or Residential care is the type of care and support given to people living in a nursing home (aged care home). Residential aged care can be offered on a permanent basis or for a short term stay as respite care.

Costs for Residential Care

Once approved for residential care, you can apply for a residential care place. The service provider will charge fees to cover the cost of accommodation as well as daily care and living expenses. Charges may also be applied for other additional services. These fees include:

- Accommodation payment – payment for the room and access to amenities
- Basic daily fee – a contribution towards the daily cost of care
- Means-tested fee – an additional contribution towards the cost of care based on affordability
- Additional service fees – generally on a user pays basis where the resident requests or agrees to additional services.

The government sets rules for how these fees can be charged and the amounts. In some cases, service providers may charge additional fees (such as capital refurbishment fees) so it is important to ask the service provider for a full schedule of fees before signing a Resident Agreement. The fees should all be specified in your agreement.

Basic daily care fee

Every resident is asked to pay a basic daily fee. This is a contribution towards the cost of living expenses such as meals, cleaning, laundry, heating and cooling.

This fee is set at 85% of the annual single basic age pension and will increase each March and September in line with changes to the age pension rate.

Means-tested fee

The government subsidises the cost of care, but residents who have income and assets over a certain level will be asked to pay an additional means-tested fee to help cover the costs of care. This reduces how much the government pays as a subsidy.

This fee is capped at an annual amount and is also capped over a lifetime.

The fee payable is calculated by the Department of Human Services (DHS) based on a combined assessment of income and assets. Income and assets are assessed using mostly the same rules as used by Centrelink to calculate pension entitlements. One difference is that if you move into residential care any rent you receive on your former home is assessable.

When moving into care you can choose to fill out the Combined Income and Assets Assessment form so that DHS can calculate your fee. If you do not fill in this form, you will need to pay the full cost of your care, up to the annual maximum fee. Advice can help you to determine if you need to fill in this form and the implications of not doing so.

Accommodation payment

If you move into permanent residential care you need to pay for your accommodation. This price is set by the service provider based on factors such as location, quality of accommodation and demand. It is published on the myagedcare.com.au website as well as the service's own website.

If you have income and assets below certain thresholds you may be able to apply for admission as a 'low-means resident'. If approved, the government will subsidise your accommodation as well as your care and your contribution towards accommodation is determined by a formula based on your financial capacity.

The accommodation payment can be charged as a lump sum (refundable accommodation deposit – RAD) or a daily fee (daily accommodation payment – DAP). The service provider will provide both amounts to you and after you move into care you can choose which option you wish to pay. You can also choose a combination of a RAD and a DAP.

There are many strategies and options for how you pay this fee so advice is important to determine the implications and best strategy for you.

The RAD is a refundable deposit. The balance is repaid to you or your estate when you leave. The service provider can only deduct amounts if you have fees unpaid or you have asked them to deduct fees from the RAD instead of paying the fees from your cashflow. If you pay a RAD to an approved provider, repayment of the RAD is guaranteed by the government.

Consequences

- The calculation of fees can be complex and decisions you make in relation to your former home and or investments can impact not only your cashflow but also your age pension entitlements and aged care fees payable. It is important to seek advice to compare options so you can make an informed decision.
- The accommodation costs can vary widely. You may wish to shop around and compare services in your desired location and compare the costs and what you receive for your money to determine if you can afford a place in that service.
- Rental income derived from your family home is assessed as income for the purpose of calculating your social security entitlement.
- If you rent out your home while in residential care and are absent from your home for more than six years, or if you have previously used this home as a rental property, you may have to pay capital gains tax.
- If your spouse (if applicable) is not living in your family home, your home is exempt under the Assets test for two years from the date you enter the aged care facility, during which time you are considered a homeowner. After you have been absent for two years, your home will be counted, and Centrelink will consider you to be a non-homeowner.
- If you pay your accommodation costs as a lump sum, either in part or in full, you can only withdraw the lump sum, and commence paying daily payments, at the discretion of the facility.
- If you draw any fees from your RAD/RAC, the facility may ask you to top up the lump sum, or commence paying additional daily payments. This will also impact the lump sum refund you receive when you cease care at the facility. You should confirm these arrangements directly with the facility.
- If you move into an aged care facility you will not be eligible for rental assistance.
- You are required to notify Centrelink/Department of Veteran Affairs within 14 days about any change to your situation that may affect your entitlement.
- The government may change legislation in the future.

Date: 20 September 2021

The costs of aged care

Before you begin

“My Aged Care” is an Australian Government website and phone line to help you find out what aged care services may be available to help you. If you are considering entering aged care, if you have not done so already, we strongly recommend that you visit the website <https://www.myagedcare.gov.au/> and use the contact details below for specific guidance relevant to your situation:

Call 1800 200 422

- You will be asked questions over the phone to help work out your needs and care arrangements – this takes at least ten minutes.
- You will need your Medicare card.
- If you’re calling for someone else, they will need to give their consent.

In addition, we strongly urge you to undertake a formal assessment from the Department of Human Services in order to confirm the costs that are applicable to you.

Your income and assets assessment will let you know if you can be asked to pay:

- a “basic daily fee” (85% of the single person rate of the basic age pension)
- a “means-tested care fee” (if your combined income and assets are over a certain amount)
- “accommodation costs” (if you are eligible for assistance with your accommodation costs)

Note this flyer covers the costs of entering a formal aged care facility such as an aged care home. It does not cover the costs of receiving care while remaining at home i.e. receiving care from a service provider for a Home Care Package. Details of this alternative can be found at the website referenced above.

How it works

Costs of entering an aged care home

The total costs of an aged care home can be broken down into four separate expenses – the actual amount you will pay depends on a number of things, including the type of accommodation you have chosen.

Expense 1: The basic daily fee

All residents of an aged care home must pay something toward their daily living expenses. This is called the 'basic daily fee' and it covers things like: meals; cleaning; laundry; heating and cooling; some personal care; assistance with daily living and some medical care.

The basic daily fee is set by the Department of Human Services at 85% of the single Age Pension. As a guide, as of 20th March 2023 - 19th September 2023, the maximum basic daily fee is: \$58.98.

Because the Age Pension is increased or 'indexed' twice a year to keep up with rising costs of living, the basic daily fee increases twice a year too.

The daily fee is the same for everyone, whether or not you receive the Age Pension.

You can never be charged more than 85% of the single age pension for your basic daily fee at a government subsidised aged care home.

Expense 2: Means Tested Care Fee

Some aged facility residents must pay extra towards their day to day personal care and nursing costs, but this only applies to people who can afford it - and the amount varies according to a means test of income and assets conducted by The Department of Human Services. If you do not complete an income and assets assessment, you will not be eligible for any Australian Government assistance towards your care.

Key points on the Means tested Care Fee:

- The amount you pay will depend on your combined income and assets assessment and the cost of your care, however, there are limits in place. At 20th March 2023 - 19th September 2023, the maximum annual means tested care fee \$31,706.83 and the maximum means tested care fee you can be asked to pay in a lifetime is \$76,096.50.
- If you need to pay the means-tested care fee, the Department of Human Services will tell you how much you need to pay.
- If you do not need to pay the means-tested care fee, the Australian Government will pay the full cost of your care.
- If you are a member of a couple, your fee will be based on half of your combine income and assets, regardless of who earns the income or owns the assets.
- If you were receiving a 'Home Care Package' before moving to an aged care home and have been paying an income-tested care fee related to that, it counts toward to your annual and lifetime caps.
- Your contribution may change as your income and assets go up and down.
- The methodology used to assess you under the means test is complex. Full details can be found on the Department of Human Services website <https://www.humanservices.gov.au/individuals/enablers/aged-care-means-test-residential-care>

Expense 3: Accommodation costs

The aged care home can charge a fee for the accommodation they provide. This covers the bricks and mortar and maintenance costs.

The fee is set by individual aged care homes and all homes must clearly advertise their accommodation price. While the aged care home cannot ask you to pay more than the maximum accommodation price advertised on their website, they can charge you less than that amount if you negotiate.

Costs will vary according to factors such as local property prices, the type and size of the room and amenities provided (e.g. gym, swimming pool, gardens).

Your income and assets assessment will determine if you will receive assistance with your accommodation costs. Some people will have their accommodation costs paid in full or in part by the Australian Government. Others will need to pay the price agreed to with the aged care home.

If you are eligible for assistance with your accommodation costs from the Australian Government, the Department of Human Services will tell you and the aged care home the amount that you will need to pay based on an assessment of your income and assets.

If you do not complete an income and assets assessment, you will not be eligible for any Australian Government assistance towards your accommodation costs.

This means your aged care home provider may ask you to pay:

- the maximum accommodation price (agreed with the aged care home before you start care) and
- the full cost of your care.

Paying for accommodation

If you are eligible for assistance with your accommodation costs, the amount you can be asked to pay for your accommodation is based on your income and assets, and will be one of the following:

- Scenario 1:** **No accommodation costs:** if your income and assets are below a certain amount, the Australian Government will pay your accommodation costs.
- Scenario 2:** **An "Accommodation Contribution":** if you need to pay for part of your accommodation, the Australian Government will pay the rest. You can choose if you would like to pay your accommodation costs by a *refundable accommodation contribution (RAC)*, *daily accommodation contribution (DAC)* or *a combination of both*.
- Scenario 3:** **An "Accommodation Payment":** if you are not eligible for assistance with your accommodation costs and need to pay the full costs of your accommodation, you can choose if you want to pay your accommodation costs by a *refundable accommodation deposit (RAD)*, *daily accommodation payment (DAP)* or *a combination of both*.

You will need to negotiate your room price directly with your aged care home.

Expense 4: Fees for Additional Services

There are extra costs depending on the choices you make. For example, some aged care homes offer rooms that are a higher standard or larger than others and come with extras such as:

- Cable/ satellite television
- Phone, internet
- Onsite hairdresser, beautician
- Special therapies such as massage, aromatherapy, hydrotherapy
- Facilities like a gym, pool, cinema, workshop, library etc.
- A bigger choice of meals and inclusions such as beer, wine and spirits

Aged care homes must clearly advertise the cost of extra services rooms.

There might also be extra 'fee for service' charges for things like dry cleaning or special outings and events. Such charges are not regulated by the government.

When you are choosing an aged care home, you will be given choices about 'fee for service' options and the process will be agreed between you and the home.

Important

The information in this flyer has been sourced from the Australian Government website, "My Aged Care" and is correct as at the date of this flyer. Rules can change frequently so it is important that you receive a formal assessment by using the contact details provided above before relying upon any information provided here.

More Information

For information on the assessment process, call:

Department of Human Services on 1800 227 475.

OR

Department of Veteran's Affairs on 133 254, (if you live in regional Australia call on 1800 555 254).

Date: 20 March 2023

Home Care

As you get older, living independently in your own home can become more difficult. If you're finding it harder to do the things you used to, you can ask for some help at home.

Asking for help doesn't mean losing your independence; it's quite the opposite. Getting a little help with daily activities means you can stay independent in your own home for longer. In fact, a little support can lead to a much better life.

Help at home looks different for different people. It may mean getting help with shopping and cooking. Or it could be receiving personal care to bath, dress, and get in and out of bed. It may even mean getting modifications to improve your safety and movement around the house.

How it works

The Australian Government subsidises the cost of home support services that you can receive in the comfort of your own home. What you need to pay depends on your services and in some cases, your financial situation.

How do I access these services?

Depending on your care needs, services can be accessed through the Commonwealth Home Support Programme or a Home Care Package. An assessment process determines what program is more suitable for you.

To qualify for assessment, you must meet some needs and age requirements. These check:

- how much assistance you need with some everyday tasks
- that you are 65 years or older (50 years or older for Aboriginal or Torres Strait Islander people).

Note: If you are on a low income, homeless or at risk of being homeless, and aged 50 years or older (45 years or older for Aboriginal and Torres Strait Islander people), please call the My Aged Care contact centre on 1800 200 422 to discuss your situation.

You can quickly find out if you meet the requirements for an assessment by using the 'eligibility checker' on the myagedcare.gov.au website. This lets you check if you meet the requirements before committing to applying for an assessment. If you meet the requirements, you can apply for an assessment online. A trained assessor will then visit you at home to carry out an assessment. They will talk to you about your circumstances and needs and work with you to identify what services might suit you best.

If you find that you are not eligible and want more information, you can call My Aged Care on 1800 200 422 to discuss your situation. You may also want to consider looking at providers who are not government-funded.

The two types of care needs for help at home are outlined below.

Type 1 - Entry-level care - Commonwealth Home Support Programme

If you are able to manage, but need support with a few tasks, you could be eligible for subsidised support services through the Commonwealth Home Support Programme (CHSP). This program aims to help those who need a low level of support to keep living independently. It is only recommended to those who need one or two services.

Eligibility

Eligibility for this program is based on your support needs and age. To be eligible for this program, you must be aged:

- 65 years or older (50 years or older for Aboriginal or Torres Strait Islander people), or
- 50 years or older (45 years or older for Aboriginal and Torres Strait Islander people) and on a low income, homeless, or at risk of being homeless.

Services

The services available in the CHSP include:

- Services that keep you well and independent (e.g. pre-made meals and help with food preparation).
- Services that keep you safe in your home (e.g. help with keeping your home and garden safe, home modifications to improve safety and access).
- Services that keep you connected with your community (e.g. community transport or vouchers to attend appointments or activities).
- Services for people experiencing homelessness.

To make sure you can access the help you need at an affordable price, the government subsidises a variety of organisations across Australia. These organisations are called service providers. They deliver care and services to you at a subsidised price.

How much will it cost me?

If you are eligible, you're expected to contribute to the cost of your care if you can afford to. The cost depends on the type of support and the provider. Simple services like house cleaning and meals might cost a few dollars. More complex services like renovation work will cost much more.

Each provider sets their own prices. You'll need to talk to them to get exact costs. You can find CHSP service providers on the myagedcare.gov.au website.

Type 2 - More complex care - Home Care Packages

Home Care Packages are for those with greater or more complex care needs. If you need many care and support services on an ongoing basis, you could be eligible for a Home Care Package.

Home Care Packages provide a number of services to meet your needs.

Eligibility

Eligibility is based on your care needs as determined through a face-to-face assessment, but you must also be:

- an older person who needs coordinated services to help them stay at home, or
- a younger person with a disability, dementia or other care needs not met through other specialist services.

Your financial situation won't affect your eligibility. But you will need a financial assessment to work out exactly how much you may be asked to contribute.

Services

Depending on the level of Home Care Package you receive, you can get assistance with a range of different services. The three main categories of services are:

- Services to keep you well and independent – including personal care, nursing services, allied health.
- Services to keep you safe in your home – including cleaning, home maintenance and modifications, assistive technology.
- Services to keep you connected to your community – including transport, social support services.

There are care and services that you must not use Home Care Package funds for:

- items that would normally be purchased out of general income
- buying food, except as part of enteral feeding requirements
- payment for permanent accommodation, including assistance with home purchase, mortgage payments or rent
- payment of home care fees
- payment of fees or charges for other types of care funded or jointly funded by the Australian Government
- home modifications or assets that are not related to your care needs
- travel and accommodation for holidays
- cost of entertainment activities, such as club memberships and tickets to sporting events
- gambling activities
- payment for services and items covered by the Medicare Benefits Schedule or the Pharmaceutical Benefits Scheme.

Services are provided by a variety of organisations across Australia. You can find out what Home Care Package providers are near you on the myagedcare.gov.au website.

You choose a service provider that is right for you. The government then pays your provider a subsidy to arrange a package of care services to meet your needs.

As everyone's care needs are different, there are four levels of Home Care Packages with different funding amounts. These cover basic support needs through to high care needs.

The package level assigned to you is based on your needs:

Package level	Level of care needs
Level 1	Basic care needs - approximately \$9,179.75 a year
Level 2	Low care needs - approximately \$16,147.60 a year
Level 3	Intermediate care needs - approximately \$35,138.55 a year
Level 4	High care needs - approximately \$53,268.10 a year

Note - these figures are rounded.

You work with your chosen provider to identify your care needs and decide how best to spend your package funding. Your service provider coordinates and can manage your services for you on your behalf.

What will it cost me?

You're expected to contribute to the cost of your care if you can afford it. Your contribution is made up of three types of fees:

1. Basic daily fee (up to \$12.14 from 20 March 2023)

Your provider may ask you to pay a basic daily fee based on your home care package level.

2. Income-tested care fee (up to \$34.84 from 20 March 2023)

Some people may also have to pay an income-tested care fee. Whether you pay it, and how much of it you pay, is determined through a formal income assessment from Services Australia. If you have to pay this fee, there are annual and lifetime limits on how much you can be asked to pay.

3. Additional fees

Any other amount you have agreed to pay for extra care and services that wouldn't otherwise be covered by your Home Care Package.

You can read more about the fees, caps, and how to use your package funds on the myagedcare.gov.au website. The website also provides a 'home care fee estimator' to help you get an estimate of the fees you may be asked to pay.

How long will it take to get a Home Care Package?

After you have been assessed as being eligible, how long it takes to get a Home Care Package depends on what package level you are eligible for. The expected wait time for approved Home Care Package levels to become available ranges from 3 – 6 months for Level 1 up to 12+ months for Levels 2 to 4.

How urgently someone needs services can also impact how long it may take to receive a Home Care Package. Those with higher or more urgent needs are prioritised to receive services.

Additional information is available at the following website: www.myagedcare.gov.au/help-at-home

Date: 20 March 2023

Pension Loans Scheme

The Pension Loans Scheme offers older Australians a fortnightly income stream to supplement their retirement income. The payments may be made for a short period of time while your income and assets are being rearranged or may be made for an indefinite period.

Benefits

- If you are retired and own your home but are still struggling to make ends meet, then the Pension Loan Scheme might be worth considering as a supplement to your income to help pay for costs like living expenses or home care.
- The Scheme allows asset-rich, cash-poor pensioners to receive extra income.
- Any payments you receive under the Pension Loans Scheme are not subject to income tax.

How it works

Eligibility

You must meet all of the following requirements to access the Pension Loans Scheme:

- You or your partner are Age Pension age.
- You get or are eligible to get a qualifying pension*.
- You own, or your partner owns, real estate in Australia that you can use as security for the loan.
- You have adequate and appropriate insurance covering the real estate offered as security.
- You aren't bankrupt or subject to a personal insolvency agreement.

* Payments that qualify include Age Pension, Bereavement Allowance, Carer Pension, Disability Support Pension and Widow B Pension.

Maximum loan amount

If you meet these eligibility conditions, you may be able to use your property as security for a Pension Loan Scheme loan. Each fortnight you may be paid a fixed amount or a percentage of your maximum pension rate. This may continue for as long or as short a period as you like. The exact amount you can receive will depend on your age and the equity you own in your property.

When you apply for the loan, the property you offer as security will be valued. If the loan is approved, the property will be re-valued annually during the life of the loan.

A debt to the Commonwealth is registered against the property. This is done by the Commonwealth placing a charge on the property.

You can make a request to change the maximum loan amount at any time. This request must be in writing. You and any other people, trusts or companies who have ownership in the property must sign it. If you're a member of a couple, your partner must sign the request even if they don't own the property.

How much extra income can you receive?

Under the Pension Loans Scheme you can receive fortnightly payments to top up your current pension amount to 150% of the maximum rate of pension of your eligible pension each fortnight. This rate includes allowances such as rent assistance. If you do not wish to receive the maximum amount of loan, you can nominate a lower amount.

For self-funded retirees, the maximum amount is 150% of the fortnightly Age Pension rate.

The loan amount is paid to you in fortnightly payments. The amount paid to you is the difference between the pension you would normally receive (if any) and the amount you receive when your pension has been increased under the Pension Loans Scheme.

Interest is charged on the outstanding loan balance. The interest compounds fortnightly. The longer you take to repay the loan, the more interest you pay.

Your fortnightly loan payments will stop once your loan balance reaches your maximum loan amount. Interest will continue to add to the outstanding balance until you repay the loan in full.

Repaying the loan

You can repay the loan you get under the Pension Loans Scheme in part or full at any time.

If you want to sell the property used as security for the loan, you can either:

- transfer the loan to another property including your new home, or
- repay the loan on the date of settlement.

Prior to the sale, you should contact the Department to obtain the loan payout amount and arrange for the charge or caveat on the property to be removed.

Will the loan be recovered when I die?

If there's an outstanding loan after your death, the Department will generally seek repayment from your estate after 14 weeks. If your surviving partner is of Age Pension age and living in the real estate used as security, then repayment may be deferred repayment. In this case, the loan continues to attract interest.

Consequences

- The value of the home used as security for the loan may be reduced, because any amount owing on the loan may be deducted from the sale price.
- An outstanding loan when you die may reduce any inheritance you had intended to pass onto your children.
- Compounding interest adds up. The longer you take to repay the loan, the more interest you pay.
- If you get a payment under the asset hardship provisions, you can't get a loan under the Pension Loans Scheme. You can still submit a claim for the PLS. If your claim is successful, you'll need to decide which payment is best for you.
- If you get a loan under this scheme, you may not be eligible for a Pensioner Concession Card. You can apply for a Commonwealth Seniors Health Care Card.
- Claiming the Pension Loans Scheme may affect your eligibility for the Pension Bonus Scheme. This also applies if you claim a qualifying pension.
- If you get a Defence Force Income Support Allowance (DFISA) it can affect your Pension Loans Scheme amount. It will reduce by the amount of DFISA you get.
- You must advise Centrelink within 14 days about a change in circumstances in case they impact your loan. If you don't, you may be paid too much. Your loan payments may also stop if you don't tell them about changes.

Date: 1 December 2020