

What do the Centrelink changes mean?

A more generous Assets Test

The Assets Test is a Centrelink test that places a cap on the amount of assessable assets a person or a couple can own, before their Centrelink entitlements are reduced or lost. Certain assets may be exempt (such as the family home) or have concessional treatment (such as complying income streams).

The Assets Test taper rate will be halved from \$3.00 to \$1.50 per fortnight for every \$1,000 worth of assets in excess of the relevant threshold. The table below illustrates the cut-off thresholds:

	20 March 2007 – 30 June 2007	From 20 September 2007 (estimate)
Single homeowner	\$338,500	\$524,800
Couple homeowner	\$523,500	\$832,600

As you can see in the table, the value of the assets you can own before you are no longer eligible for a government pension are much higher.

It is estimated that singles can have an additional \$186,300 in assets and a couple \$309,100 and still receive some pension.

50% Assets Test exemption removed for complying income streams

From 20 September 2007, 'complying' income streams (such as Term Allocated Pensions) will no longer be eligible for the 50% Assets Test exemption. However, 'complying' income streams purchased prior to this date will retain the following exemption status:

Commencement date	Exemption status
Before 20 September 2004	100%
Between 20 September 2004 and 19 September 2007	50%

Tips:

- If you own assets in excess of the current threshold, from 20 September 2007 you may become eligible for the Age Pension or part thereof. You will need to reapply.
- If you currently receive a part-pension, you may be eligible for higher benefits.
- Although 'complying' income streams are generally less flexible than other types of income streams, if you want to take advantage of the 50% Assets Test exemption, act before 20 September 2007.

Would you like further information?

For further information please call your local Business Development Manager or your nearest Australian Executor Trustees office.