

Newstart Allowance

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.

Benefits

- Newstart Allowance 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 Newstart Allowance, you generally need to be:

- age 22 or older (but under Age Pension age as you may then qualify for the more generous age pension);
- 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 Newstart Allowance. 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 Newstart Allowance. 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

Important: Any advice in this communication has been prepared without taking into account your objectives, financial situation or needs. Because of this you should, before acting on any advice in this communication, consider whether it is appropriate to your personal circumstances.

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.

Newstart Allowance payment rates

Payment rates increase every 20 March and 20 September. You should refer to the Centrelink website at <https://www.humanservices.gov.au/customer/services/centrelink/newstart-allowance> 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 thresholds from 20 March 2019 are:

Family situation	Homeowner	Non-homeowner
Single	\$258,500	\$465,500
Couple (combined)	\$387,500	\$594,500
One partner eligible, combined assets	\$387,500	\$594,500

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

Income test

Income above \$104 and up to \$254 per fortnight reduces your fortnightly payment by 50 cents in the dollar and income above \$254 per fortnight reduces your payment by \$75 plus 60 cents in the dollar.

If you are a member of a couple, income earned by your partner in excess of the upper threshold also reduces your payment by 60 cents in the dollar. If your partner gets a payment from Centrelink, your income may also affect the amount they get. The Upper Threshold is increased if you are a principal carer.

Family situation	Lower threshold	Upper threshold
Single, no children	\$104.00	\$1,069.84
Single, with dependant child(ren)	\$104.00	\$1,146.67
Single, aged 60 or over, after nine months	\$104.00	\$1,157.00
Partnered (each)	\$104.00	\$978.34

If your income reaches the upper threshold, no Newstart Allowance 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 Newstart Allowance, 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 Newstart Allowance, you may also be eligible to receive other support such as Pharmaceutical Allowance, Rent Assistance and Telephone Allowance.
- Newstart Allowance may be recalculated half-yearly or when your circumstances change.
- Newstart Allowance 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 2019