

Pension Income and Assets Tests - Centrelink

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 2019	
Family situation	Lower threshold	Upper threshold	
Single	\$258,500	\$567,250	
Couple (combined)	\$387,500	\$853,000	
Illness separated (couple combined)	\$387,500	\$1,005,000	

Asset test thresholds for non-homeowners		20 March 2019	
Family situation	Lower threshold	Upper threshold	
Single	\$465,500	\$774,250	
Couple (combined)	\$594,500	\$1,060,000	
Illness separated (couple combined)	\$594,500	\$1,212,500	

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).

The 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 2019	
Family situation	Lower threshold		Upper threshold	
Single	\$172.00		\$2,024.40	
Couple (combined)	\$304.00		\$3,096.40	
Illness separated (couple combined)	\$304.00		\$4,008.80	

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).

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 2019