

Centrelink and DVA Entitlements

This document contains factual and general information only to assist you in understanding financial planning concepts. It is designed to be used in conjunction with a Statement of Advice.

Navigating Centrelink and the Department of Veterans' Affairs can be difficult and can have future consequences or impact your lifestyle, if you don't get the paperwork just right. Australia has both a progressive direct tax and social security system, so at some stage of your life, you or your family may be eligible for Centrelink benefits.

For the majority of Australians, the Age Pension will remain an important part of retirement plans, even when an individual has superannuation and non-superannuation savings.

There are a number of Government entitlements and concessions that you may qualify to receive depending on your personal circumstances:

- [Age Pension](#)
- [Pensioner Concession Card](#)
- [Commonwealth Seniors Health Care Card](#)
- [Low Income Health Care Card](#)
- [Disability Support Pension](#)
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For further information on rates and entitlements, you can refer to the Services Australia website servicesaustralia.gov.au or contact your local [Centrelink](#) Office.

You also need to create a [myGov](#) account at **my.gov.au** then link your Centrelink online account and other government online services.

Age Pension

The Age Pension is a government support payment which assists Australian residents to achieve an adequate level of income when they reach Age Pension age.

The amount payable is based on a range of factors including your home ownership and whether you are single or a couple, as well as Income and Assets tests. The Pension Supplement is an extra fortnightly payment that helps with phone, internet, utilities and pharmaceuticals.

The following table represents the age requirement for the age pension:

Date of Birth	Age
Before 1 July 1952	65
1 Jul 1952 – 31 Dec 1953	65.5
1 Jan 1954 – 30 Jun 1955	66
1 Jul 1955 – 31 Dec 1956	66.5
From 1 January 1957	67

The level of your income and assets determines what rate of pension (if any) you will receive.

Under the **Income test**, income from all sources is considered. The Centrelink Income test formula is applied to determine a rate of payment. The payment is reduced progressively if your income exceeds the thresholds set by

the government. The pension reduces by 50 cents for each dollar (single person) or 25 cents for each dollar (for each member of a couple) of assessable income in excess of the full pension income thresholds.

Under the **Assets test**, a person may own a certain level of assessable assets before their pension is reduced. The pension reduces by \$3.00 per fortnight for each \$1,000 of assessable assets in excess of the full pension asset thresholds. The value of a person's home is an exempt asset.

Note: The rate of Age Pension payment is calculated under both the Income and Assets tests. The test that results in the lower rate of pension (or nil rate) will apply.

Pensioner Concession Card

The Pensioner Concession Card (PCC) is issued to recipients of Centrelink pensions including the Age Pension and the Disability Support Pension as well as recipients of some Centrelink allowances.

Holders of the PCC receive the following concessions:

- Concessional rates on pharmaceutical benefits
- Some Australia Post concessions
- Telephone Allowance
- Some state / territory and local government concessions, which vary from state to state but include concessions for:
 - o Public transport
 - o Municipal property and water rates
 - o Energy (gas / electricity) bills, and
 - o Motor vehicle registration.

Commonwealth Seniors Health Card

The Commonwealth Seniors Health Card (CSHC) gives older Australians who are not eligible for an Age Pension access to the following Australian Government concessions and services:

- Prescription medicines listed on the Pharmaceutical Benefits Scheme (PBS) at the concessional rate
- Bulk-billed General Practitioner consultations, at the discretion of the doctor
- An increase in benefits for out-of-pocket, out-of-hospital medical expenses above a certain threshold through the extended Medicare Safety Net
- Concessional travel on Great Southern Rail services including The Ghan, Indian Pacific and the Overland

To qualify, you must:

- Be an Australian resident, living in Australia
- Have reached pension age but do not qualify for Age Pension (or do not receive certain other Social Security/ Veteran Affairs pensions/benefits)
- Provide Centrelink with your (and your partner's) tax file number
- Have an annual adjusted taxable income plus deemed

income from any account based pensions less than the CSHC income test thresholds

The health care card is not subject to an assets test.

Low Income Health Care Card

The Low Income Health Care Card is available to people with incomes below set levels and provides substantial savings on prescription medicines as well as other health concessions. To determine eligibility, an income test applies based on average gross income for the eight weeks immediately prior to applying for, or renewing the card. The Low Income Health Care Card is not subject to an Assets Test.

Disability Support Pension

You may be eligible for the Disability Support Pension (DSP) if you have an illness, injury or disability and you are:

- Aged between 16 years of age and Age Pension age at time of claim
- Permanently blind or have been assessed as having a physical, intellectual, or psychiatric impairment
- Unable to work, or to be retrained for work, for 15 hours or more per week at or above the relevant minimum wage within the next two years because of your impairment
- Have been assessed as having a severe impairment or as having actively participated in a Program of Support.

To assess your eligibility for Disability Support Pension, Centrelink usually requires a report from your treating doctor or specialist on your disability, injury or illness.

The amount of Disability Support Pension you get depends on both your income and your assets. The Disability Support Pension is recalculated half-yearly, yearly or when your circumstances change.

How much is Payable?

The rate of payment varies according to the person's age and family situation. Generally, the maximum payment is equivalent to the Age Pension.

The Age Pension income and assets test apply and the disability support pension is not taxable where the client is under age pension age.

Note: The rate of payment is calculated under both the income and assets tests. The test that results in the lower rate of pension (or nil rate) will apply.

Carer Allowance

You may receive a Carer Allowance if you provide daily care for someone with a disability, medical condition, or is frail and aged. To qualify you must be a resident and you do not have to meet an assets test however an income test does apply where your combined family adjusted taxable income must be less than \$250,000 per year. Carer Allowance is a tax free payment.

You may get Carer Allowance even if you do not live with the person you care for.

However, if you do not live in the same home you will need to meet the following requirements:

- You must be providing some personal care every day
- This care must amount to at least 20 hours per week
- You must be providing this care in either your home or the home of the person you are caring for, and
- You must not be receiving wages (at or above the relevant minimum wage) for providing care.

Carer Supplement

You will also be entitled to a Carer Supplement of up to \$600 pa for each person being cared for which is payable as a lump sum in July each year.

Carer Payment

Carer payment is a fortnightly Government payment for a person providing constant care for someone with a severe disability, medical condition, or is frail and aged. To qualify you must meet residency, assets and income requirements. The person being cared for must also meet certain eligibility criteria.

“Constant care is care on a daily basis for a significant period” during each day. The care may be active, supervisory or monitoring. The carer payment is paid at the pension rate and is also subject to the pension income and assets tests. The carer payment is not taxable if the carer and the person being cared for are under age pension age and the person being cared for is receiving a non taxable pension.

The person you care for must also either:

- Receive an income support payment from Centrelink or the Department of Veterans' Affairs, or
- Be unable to receive an income support payment from Centrelink or the Department of Veterans' Affairs because they have not lived in Australia long enough to be eligible, or
- Meet the special care receiver income and assets tests.

Jobseeker Payment

Jobseeker Payment is paid every 2 weeks to help unemployed people over the age of 22 and under Age Pension age while they look for work.

There are many conditions that must be met to qualify for and retain the Jobseeker Payment and these conditions can vary from person to person depending on your individual circumstances.

An income and assets test applies to this payment and residency rules must be met.

Rent Assistance

Rent assistance is a payment available to recipients of social security entitlements who are paying rent in the private rental market. It is not available to people who are paying rent to a government housing authority. To receive rent assistance, you must be paying a minimum amount of rent called the rent threshold.

Rent assistance is then paid at a rate of 75 cents for each dollar above the rent threshold up to a maximum rate.

Gifting

A single person or couple can dispose of assets up to \$10,000 per financial year or a maximum \$30,000 over a rolling five year period, without affecting their Centrelink entitlement. Where assets exceed \$10,000, the excess amount is included in the persons assessable assets for the purpose of the assets test for a period of five years from the date of disposal. In addition, the excess amount is subject to 'deeming' and included in the income test.

Department of Veterans' Affairs (DVA)

The DVA generally pays two types of pensions – service pension and compensation payments. Of the compensation payments, the most common types are Disability Pension and War Widow / Widower Pension.

The full list of current DVA pension rates can be found on the DVA website (www.dva.gov.au).

Service Pension

To qualify for a Service Pension an Australian veteran must have qualifying service. Some Commonwealth and Allied veterans who served with Australian forces may also be eligible. Generally, they need to have served in the armed forces in areas where they were in danger from hostile forces.

Age Service Pension

Eligibility for the Age Service Pension is similar to the Centrelink Age Pension – it is income and asset tested in the same manner with similar payment rates, income free areas and asset limits. As with the Age Pension, Age Service Pension is taxable and pensioners can claim the pensioner or senior Australian tax offset.

Eligibility age is currently 60 for both males and females. Blind veterans are not subject to an income and asset test.

Invalidity Service Pension

This pension is for people who have qualifying service and are under age service pension age and who have received an injury which is not due to war or defence service. This payment is income and asset tested. If incapacitated due to war or defence service then a Disability Pension may be paid.

Partner Service Pension

A partner service pension can be paid to an eligible:

- partner of a veteran with qualifying service;
- former partner of a veteran with qualifying service; or
- widow or widower of a veteran who had qualifying service.

Partner service pension age is 60 for both men and women.

The level of your income and assets determines what rate of pension (if any) you will receive.

The rate of payment is calculated under both the Income and Assets tests. The test that results in the lower rate of pension (or nil rate) will apply.

DVA Disability Pensions

A Disability Pension is paid to a veteran, with qualifying service, who has an injury or disease because of war. This pension is not taxable and is not subject to an Income Test or Assets Test. Of the four that are payable, the most common types are outlined below.

There are several rates of pension:

General Rate

The General Rate is the basic Disability Pension. It is paid in multiples of 10% up to 100% of the pension. The Pension is assessed on the overall incapacity caused by accepted disabilities.

Special Rate

Often known as the Totally and Permanently Incapacitated (or TPI) pension, the Special Rate is payable to a veteran who is receiving, or is entitled to receive, a General Rate of at least 70%, and as a result of accepted disabilities alone, is:

- Incapable to undertake remunerative work for periods in excess of eight hours per week; and
- Has experienced a loss of earnings.

DVA War Widow Pension

To be granted this type of pension, you must have been the spouse of an eligible veteran immediately before the veteran died. The eligible veteran must have:

- Had death determined as war-caused or defence-caused; or
- Died as a result of an injury or disease accepted as war-caused or defence-caused; or
- Been in receipt of a Disability Pension at the special rate; or
- Been in receipt of an Extreme Disablement Adjustment; or
- Been an Australian prisoner of war.

War widow pension is not assets tested or income tested. Pension payments are not taxable.

Income Support Supplement

War widows or widowers who have limited means to support themselves may also be entitled to receive an Income Support Supplement (ISS). To be eligible for ISS a person must:

- Be a war widow or widower;
- Be an Australian resident; and
- Be in Australia at the time of lodging the claim.

An income and assets test applies to this payment.

Concession Cards

You may be entitled to receive a White (for specific conditions related to war service) or a Gold Card (over 70 years and other specific eligibility requirements).

Factual Information Disclaimer

This information has been provided as factual information only. We have not considered your personal financial circumstances, needs or objectives.

Whilst all care has been taken in the preparation of this material, it is based on our understanding of current regulatory requirements and laws at the publication date. As these laws are subject to change you should speak with an authorised adviser or relevant professional for the most up-to-date information. Any case studies, graphs or examples are for illustrative purposes only and are based on specific assumptions and calculations. Past performance is not an indication of future performance.