



01 support for seniors seniors fact sheet

This fact sheet outlines ways in which the Howard Government supports seniors.

Age Pension

Age Pension is a safety net for older people who are not able to provide fully for themselves in retirement. It is paid to ensure adequate incomes in retirement. A person may get Age Pension if they are a male aged 65 years and over or a female aged 62.5 years and over (gradually increasing to 65 years), meet certain residence requirements, and have assets and income below certain amounts.

Utilities Allowance

Utilities Allowance, announced during the election, is now available to older Australians of age or veteran pension age who receive income support, to help with regular household bills such as gas and electricity. The allowance commences at \$100 a year for singles and \$50 for each eligible member of a couple. The allowance will be indexed to the Consumer Price Index (CPI) and will be paid automatically in two instalments a year in March and September.

Exemption of Accommodation Bonds from the Assets Test

The Australian Government is delivering on an election commitment to exempt accommodation bonds from the Social Security and Veterans' Affairs assets tests. Under current rules, care recipients who pay an accommodation bond on entry into aged care have the value of the refundable portion of the bond counted as an asset under the assets test. From 1 July 2005, accommodation bonds paid by residents entering aged care will be exempt from the Social Security and Veterans' Affairs assets test. This measure will apply to all bonds, regardless of when they were paid.

Pension benchmarked to 25% of Male Total Average Weekly Earnings (MTAWE)

In addition to the normal six-monthly adjustment to the pension to compensate for price increases, pensioners also share in improvements in community living standards as measured by wages. The Australian Government legislated to ensure the maximum single pension rate is at least 25 per cent of MTAWE, with proportional flow-ons to the maximum partnered rate. As a result of this legislation, since March 1998 pension rates have increased by \$44.30 a fortnight for singles and by \$37.40 a fortnight each for partnered people (based on March 2005 pension rates).

Additional assistance

Centrelink customers may be eligible for additional assistance including:

- > a quarterly Telephone Allowance for eligible pensioners, Commonwealth Seniors Health Card holders, and certain older long-term allowees;
- > Pharmaceutical Allowance for pensioners and certain allowees;
- > Rent Assistance, a supplementary benefit paid to eligible pensioners, allowees and certain Family Tax Benefit recipients who pay private rent; and
- > Remote Area Allowance, for all income support recipients whose usual place of residence is in certain defined remote areas of Australia.

Concessions

All social security and Department of Veterans' Affairs pensioners and certain allowees are automatically issued a Pensioner Concession Card (PCC). PCC cardholders and their dependants are entitled to pharmaceuticals listed under the Pharmaceutical Benefits Scheme (PBS) at the concessional rate

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(with free prescriptions after the first 52 each year), a lower Medicare safety net, access to bulk billing incentives for their GP and free hearing assessments and rehabilitation. State, territory and local governments also provide a range of concessions to PCC holders. These may include reduced fares on public transport, and reduced rates, utilities and motor vehicle registration charges.

Commonwealth Seniors Health Card (CSHC)

The main purpose of the CSHC is to assist Australian seniors who do not qualify for Age Pension, with certain living costs. It was introduced to support self-provision in retirement, and recognises the additional health costs incurred by people in this age group. CSHC holders are entitled to prescription items listed under the PBS at the concessional rate (with free prescriptions after the first 52 each year), and if eligible, a quarterly payment of Telephone Allowance.

To be eligible for a CSHC a person must:

- > be of Age Pension age, not receiving a social security pension or benefit, or a Department of Veterans' Affairs Service Pension or Income Support Supplement;
- > be an Australian resident; and
- > have an annual taxable income of less than \$50,000 for a single, \$80,000 for a couple combined or \$50,000 each for a couple separated by illness. There is no assets test.

Seniors Concession Allowance

Seniors Concession Allowance, announced by the Government during the election, is paid to holders of a CSHC to help with household costs and in recognition that most states do not provide concessions to this group. The payment, which commenced at \$200 a year, is indexed to the CPI and paid automatically in two instalments in December and June each year.

Pension Bonus Scheme

The Pension Bonus Scheme provides an incentive for older Australians to defer claiming Age Pension and remain in the workforce. The scheme is entirely voluntary and provides a tax-free lump sum payment when participants

eventually claim and are eligible to receive Age Pension. People must be gainfully employed for at least one year after registering for the scheme to be eligible for the bonus.

Pension Loans Scheme

The Pension Loans Scheme (PLS) is available to part-rate pensioners and some self-funded retirees who own real estate in Australia and who are not entitled to a maximum rate of pension or any pension because of their income or assets (but not both). Under this scheme, a person who is of age pension age, or the partner of someone who is, may be able to obtain a loan that will increase their fortnightly pension payment from a part-rate or nil rate, up to the maximum pension rate. Repayments can be made at any time or the debt can be left, including the accrued interest, to be recovered from the person's estate. The loan is secured against the value of any real estate they own.

For further information about all the Australian Government support for seniors listed above, please contact Centrelink on **13 2300** or visit www.centrelink.gov.au

Home Equity Conversion Loans

A home equity conversion loan (also known as a reverse mortgage) generally involves borrowing against equity in the family home, with the option of deferring repayments so the loan plus interest is repaid from the borrower's estate, or depending on the specific product, if the borrower sells or moves permanently from the home. There is no Government involvement in these loans.

Home equity conversion loans are not all the same, so it is wise to investigate each of them fully before you make any decisions. You need to understand the terms and conditions before entering into one of these arrangements.

For further information on home equity conversion loans, please contact your financial institution. For information about how home equity conversion loans affect the social security income and assets tests, please contact Centrelink on **13 2300** or visit www.centrelink.gov.au