



02 financial benefits seniors fact sheet

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

Pension Indexation

Pension rates are checked every March and September to make sure they keep pace with cost of living increases, as measured by the Consumer Price Index (CPI). The CPI is a very good measure of how price changes in goods and services affect age pensioners and self funded retirees, as well as the general population, and includes the price effects of the Goods and Services Tax.

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 Government's 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).

Increasing the superannuation contributions age limit to 75

The Government has recently changed the work test for people aged 65 to 74 so that a person will no longer have to work every week in order to make a superannuation contribution. People in this age group can contribute to superannuation once they have worked at least 40 hours within a period of 30 consecutive days. Once a person satisfies this test they are able to make contributions

for the rest of the financial year. Previously, superannuation funds were only able to accept mandated employer contributions on behalf of workers under 70.

Government superannuation co-contribution

The Australian Government contributes \$1.50 for every dollar of eligible personal superannuation contributions made. The maximum co-contribution of \$1500 is payable for those with an annual income of \$28,000 or less. This amount is reduced by 5 cents for every dollar of annual income over \$28,000. The maximum income for eligibility is \$58,000 a year. For further information phone the Australian Taxation Office on **13 1020**, or visit www.ato.gov.au/super

Super Surcharge Rate Reduction

In the 2004-05 Budget, the Government announced further reductions in the maximum superannuation surcharge rates to encourage those who can afford to save for their own retirement to do so. The maximum surcharge rates have now been reduced to 12.5 per cent for 2004-05, and to 10 per cent for 2005-06 and following years. For further information phone the Australian Taxation Office on **13 1020**, or visit www.ato.gov.au

Senior Australians Tax Offset

The Senior Australians Tax Offset (SATO) is a tax offset available to eligible senior Australians of age pension or service pension age to reduce tax liability. Where eligible, the SATO combined with the low-income tax offset, ensure that single senior Australians can have income up to \$20,500 without paying tax, while each member of a couple can earn \$16,806 without paying tax. For further information call the Personal Tax Infoline on **13 2861** or visit www.ato.gov.au

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A more flexible and adaptable retirement income system

The Government has recently introduced a number of initiatives to improve the retirement income system. Superannuation rules have been changed to reduce red tape and to make it easier for Australians to contribute to superannuation.

There has also been a broadening in the range of income streams that qualify for taxation and social security assets test concessions.

In addition, from 1 July 2005, people who have not retired will be able to access their superannuation as a non-commutable income stream, once they reach their superannuation preservation age. This initiative is subject to the passage of changes to superannuation regulations.

Further information can be found in the statement *A more flexible and adaptable retirement income system* at:
<http://demographics.treasury.gov.au>

Financial Information

The **Financial Information Service (FIS)** provided by specialist Centrelink officers is an education and information service available to everyone in the community. FIS is independent, free and confidential, and provides services by phone, personal interview and through seminars. FIS helps people make informed decisions about investment and financial issues for their current and future financial needs. For more information about FIS call Centrelink on **13 2300**. For information about seminars being held, call Centrelink on **13 6357**.

The **National Information Centre on Retirement Investments (NICRI)** is an independent body funded by the Australian Government to provide the public with free information on financial investments, financial industry services and saving for retirement. NICRI can assist customers to provide for their retirement and to make the investment choices that are best for them. You can contact NICRI toll free on **1800 020 110**, or visit www.nicri.org.au

Seniors Information Booklets

The Australian Government Department of Family and Community Services (FaCS) produces a range of free booklets which provide practical and easy to read information on topics such as investment options, accommodation choices, concessions, seniors' organisations and other support available.

The publications are:

- > **Australian Retiree –Your Choices**, a valuable guide to services, concessions & seniors organisations for retirees;
- > **Investing Money –Your Choices**, which helps you understand the range of investment options available to you;
- > **Moving House –Your Choices**, which gives practical advice on buying, selling, renting and the actual move;
- > **Home and Residence Choices for Older People**, which provides helpful information on accommodation and care options for older Australians; and
- > **Understanding Retirement Income Streams**, which explains retirement income streams and how they might be used in retirement planning.

These useful booklets are available free of charge. Simply phone Centrelink on **13 2300** to order your copy, or visit the Department of Family and Community Services' website www.facs.gov.au