

**Contact:**

P: 03 9846 1099

W: [www.aandtfs.com.au](http://www.aandtfs.com.au)

E: [info@aandtfs.com](mailto:info@aandtfs.com)

# A & T Financial Services

## **Change to the Centrelink Assets test from 1 January 2017**

From **1 January 2017** the Government is introducing changes to the Age Pension Assets Test, which have been designed to reduce the amount of Age Pension benefits the government has to pay.

Those who currently receive an Age Pension benefit (Part pension or the Full pension) could see a reduction or loss of these current pension entitlements – but there are ways to plan for this.

### **Changes to assets test thresholds**

The Assets Test threshold is the **amount of assets** pensioners can hold before their pension starts to reduce under the Centrelink Assets Test.

For pensioner clients, the 1 January 2017 asset changes will effectively result in:

- an increase to the lower assets test thresholds, and
- a decrease in the upper assets test thresholds.

This may mean that people with assets below the current lower limits can have more, whilst people near the upper limits may lose or see a reduction in the amount of Age Pension that they receive.

### **Increase in the 'taper rate'**

The taper rate is the rate at which the Age Pension reduces as assets increase above the Assets Test threshold. From 2017 the taper rate will increase from \$1.50 a fortnight to \$3 a fortnight. This means the maximum Age Pension a pensioner can receive will be reduced by \$3 per fortnight for every \$1,000 of assets they hold above the Assets Test threshold.

The table below compares the current lower (ie under which you should receive a full pension) and upper threshold (over which you should not receive any pension) and what this will change to on 1 January 2016.

**Table 1 – Comparison of Pension asset test thresholds**

	Lower thresholds		Upper thresholds	
	Current <sup>(i)</sup> Full pension (assets below \$)	1 January 2017 Full pension (assets below \$)	Current <sup>(i)</sup> Part pension (assets below \$)	1 January 2017 Part pension (assets below \$)
Single – Homeowner	210,500	250,000	804,500	547,000
Single – Non homeowner	363,500	450,000	957,500	747,000
Couple – Homeowner	298,500	375,000	1,194,000	823,000
Couple – Non homeowner	451,500	575,000	1,347,000	1,023,000

(i) Projected indexed figure at 1 January 2017.

For those of Age Pension Age, there are strategies that should be looked at now to plan for the proposed changes, which may increase the amount of Age Pension you receive.

It's important that you understand how the changes could affect your current or future entitlements and to understand what options you have available.

If you would like to know more about how these changes may affect you, or an elderly family member, please contact us to discuss or arrange an appointment time on 03 9846 1099 or [info@aandtfs.com](mailto:info@aandtfs.com)

#### **What you need to know**

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Poci Investments P/L (ACN 609 788 098) ATF Anthony Poci Family Trust ABN 62 671 011 982  
 Trading as A & T Financial Services  
 Corporate Authorised Representative 1238618  
 Charter Financial Planning Limited ABN 35 002 976 294  
 Australian Financial Services Licensee Licence number 234665  
 Principal Address: 750 Collins Street PO Box 2830 Melbourne Victoria 3001