



Budget 2018-19

More Choices for a Longer Life — finances for a longer life

The More Choices for a Longer Life – finances for a longer life package has three components:

- New means testing rules for innovation retirement income streams
- Increase and Extend the Pension Work Bonus, and
- Expansion of the Pension Loans Scheme

New means testing rules for innovation retirement income streams

This introduces new social security means test rules for pooled lifetime retirement income stream products purchased on or after 1 July 2019.

The new means test treatment is expected to provide a more constant assessment, rather than using a changing point-in-time assessment. This will better reflect the lifetime nature of payments from these products.

The new means test rules will not apply to existing lifetime retirement income streams purchased before 1 July 2019.

These products will continue to be assessed under the existing means test rules for the life of the product.

This is subject to the passage of legislation.

Who is eligible?

This will automatically apply to customers receiving an income support payment under the social security means test.

It will be applied when eligible customers or their partners purchase a lifetime income stream product on or after 1 July 2019.

Due to the nature of lifetime retirement income stream products, it is expected to affect customers who have reached age pension age and who are receiving:

- Age Pension
- Disability Support Pension, or
- Carer Payment.

The date this will start and finish

This will start on 1 July 2019 and is ongoing.

Increase and Extend the Pension Work Bonus

This makes changes to the Pension Work Bonus.

From 1 July 2019 there will be:

- an increase to the Work Bonus fortnightly amount from \$250 to \$300, and
- an extension to eligibility to include self-employment earnings.

The Work Bonus is an incentive for older Australians to participate in the workforce. It discounts the employment income earned by pension customers of Age Pension age.

This is subject to the passage of legislation.

Who is eligible?

Currently, the Pension Work Bonus only applies to employment income (paid work undertaken by a person for an employer). It doesn't apply to self-employed people, including sub-contractors.

This component extends the Work Bonus to self-employment earnings.

It will include a "personal exertion" test. This will ensure only self-employed people who earn income from participation in gainful work get the Work Bonus. The Work Bonus is not intended to apply to income earned through business structures, such as a return on financial or real estate investments.

The date this will start and finish

This will start on 1 July 2019 and is ongoing.

Expansion of the Pension Loans Scheme

The Pension Loans Scheme (PLS) is a government reverse mortgage product which currently allows pensioners over Age Pension age to 'top up' their pension to the maximum rate and allows self-funded retirees who are precluded from Age Pension due to the income or assets test, but not both, to obtain a loan up to the maximum rate of Age Pension.

From 1 July 2019, the maximum rate you can receive under the Pension Loans Scheme (PLS) will increase to 150 percent of the Age Pension. That is 1.5 times the maximum rate of Age Pension. It is currently 100 percent of the Age Pension.

The current interest rate for the scheme is 5.25 percent. The rate is set by the Minister for Social Services.

Who is eligible?

- People who would otherwise get a pension if it was not for the income and assets tests – i.e. they meet the qualification rules (age and residency) but their income and/or assets are too high
- People who get a part rate of pension, or
- People who get the maximum payment rate of Age Pension.

To apply for a payment (loan) under the PLS, people need to make an appointment with a Financial Information Services Officer to discuss terms and conditions.

The date this will start and finish

This will start on 1 July 2019 and is ongoing.