

Simplified Superannuation

Fact Sheet – Age Pension Arrangements

Key Points

- The pension assets test taper rate will be halved from 20 September 2007 so that pension recipients only lose \$1.50 per fortnight (rather than \$3) for every \$1,000 of assets above the relevant threshold.
- The assets test exemption for purchased ‘complying’ income streams will be removed for income streams purchased on or after 20 September 2007.
- The income test will not change.

How will the assets test change?

The pension assets test taper rate will be halved from 20 September 2007 so that recipients only lose \$1.50 of pension per fortnight (rather than \$3) for every \$1,000 of assets above the relevant threshold.

This will apply to the following payments:

- age and service pension;
- disability support pension;
- carer payment;
- wife pension;
- widow B pension; and
- bereavement allowance.

How will the assets test change for people with complying income streams?

The current 50 per cent assets test exemption for purchased ‘complying’ income streams will be removed from 20 September 2007. This change will apply only to income streams purchased on or after 20 September 2007. It will not affect ‘complying’ income streams purchased before this date.

Will the income test change?

The current income test treatment of superannuation pensions will not change. Income streams with a term of greater than five years are assessed under the income test on the basis of the gross annual income from the product reduced by an annual allowance for return of capital. Income streams with a term of less than five years are assessed under the social security deeming rules.