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## Advisers concerned over Age Pension assets test

4 August 2016 by [Malavika Santhebennur](#)



**Advisers and financial planners have expressed some frustration over the substantial changes to the Age Pension assets test, which are due to be implemented from 1 January 2017, with the social security reforms a larger shift than expected.**

That was the view of IOOF technical services manager, Josh Rundmann, who said that groups like couple homeowners who have assets above \$800,000 would either have substantially reduced benefits worth about tens of thousands of dollars, a year less in age pension, or have no age pension at all.

"That dabbling of the taper rate really cuts hard compared to the current means testing arrangement," Rundmann said.

"[The changes are] just a larger shift than what you expect on a normal

day-to-day basis. It was quite telegraphed quite far in advance and it has been legislated for quite a while so there's been a bit more certainty around this than say, the current situation around super."

One strategy that has flown under the radar was that those who lost their Age Pension because of the changes could receive the Commonwealth Seniors Health Card (CSHC), and state-based subsidies. Discounts would be tied to the pensioner concession card.

Both cards would enable access to the pharmaceutical benefits scheme and similar social benefits.

"In New South Wales, the car registration discount, which applies for pensioners who have a pensioner concession card, doesn't appear to apply for the Commonwealth Seniors Health care card holders," Rundmann said.

"So not only have you lost your pension but some of these discounts may unwind and you find yourself having less income because you don't have the age pension anymore, plus higher expenses because those discounts no longer apply. So there's a bit of concern around that double edged sword."

Advisers must talk clients through their options on alternatives when they stopped receiving the Age Pension, and how the CSHC card functioned.

"It's definitely a very strong topic that's coming through advisers, particularly when they're reviewing clients with assets between those thresholds: the \$800,000 to \$1.1 million threshold for couple homeowners for example," Rundmann said.