



The Hon Jenny Macklin MP
Minister for Families, Community Services and Indigenous Affairs
Minister for Disability Reform

Parliament House
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Mr John Wenban
National President
Association of Independent Retirees Limited
PO Box 329
DEAKIN WEST ACT 2600

Dear Mr Wenban

Thank you for your letter of 31 May 2012 about the social security income deeming rates. Your views will be taken into consideration.

I appreciate that the lowering of the official cash rate is a concern for some investors. While the cash rate influences interest rates on financial products it is, as you have noted, one of a number of elements that are taken into consideration when setting the deeming rates.

The deeming rates are kept under on-going review and the returns available from a range of financial products including term deposits, shares and managed investments are closely monitored. I note that returns above the deeming rates are currently available for a number of financial products. For example, the National Australia Bank is paying 4.9 per cent on 12-month term deposits.

The Australian Government will continue to closely monitor financial markets and the returns available to pensioners from a range of products to ensure that the deeming rates reflect available returns and to ensure the social security means test remains fair.

Thank you again for writing.

Yours sincerely

A handwritten signature in cursive script that reads 'Jenny Macklin'.

JENNY MACKLIN MP