



MEDIA RELEASE

Government Listens to Retirees in Federal Budget

The intense lobbying by the Association of Independent Retirees (A.I.R.) has forced the Government to partly redress the unfair changes to the asset test for age pension eligibility in the last Federal Budget and with that the loss of the Pensioner Concession Card.

The best part of the 2017-18 Budget for retirees is the re-introduction of the Pensioner Concession Card for those who lost it with the reduction in eligibility from 1 January 2017. For example, a married couple with assets above the asset threshold of about \$820,000 and similar loss for singles and those renting.

These people will also be entitled once again to the various State and Territory concessions, such as rates, if the States/Territories agree. They will also retain the Commonwealth Seniors Health Card and thus the Energy Supplement. The Federal Government Hearing Aid entitlement will also be returned. These provisions also applies to Veteran's entitlements.

A further Budget measure provides the ability for those over 65 to put up to \$300,000 from the sale of their house when downsizing to a smaller house into superannuation as a non-concessional contribution. However, the \$1.6m rule will still apply and if the new asset total is over that amount, 15% tax will apply to the surplus in line with the 1 July 2017 commencement for superannuation balances generally.

This measure would be enhanced by the States/Territories abolishing Stamp Duty for those transactions to encourage retiree house downsizing.

Retirees will continue to able to use negative gearing as the Government believes this assists the supply of rental housing.

Other improvements in the health area of interest to retirees are, the inclusion of "Entresto" a drug for chronic heart failure on the Pharmaceutical Benefits List and thus dramatically reduce the annual cost to the 60,000 sufferers. There will be a doubling of the number of prostate cancer nurses to that recently announced.

The emphasis on home care for the aged continues with a significant projected increase in budgetary support in the Home Support Programme.

However, despite of persistent lobbying by A.I.R., the Government has not returned the indexation rebate for Private Health Insurance to the actual annual increase in health costs. This means that the gap between the CPI allowed increase is several percentage points below the actual increase in health costs. This makes private health insurance less and less affordable for retirees, which is actually the opposite of what should be happening.

The Government has missed an opportunity to redress this private health insurance failure as the Budget improves some of the Medicare payment issues impacting doctors.

The Government continues to ignore the other A.I.R. priority to modify the aged based minimum compulsory drawdown rate for retirement income stream pensions.

Overall the 2017-18 Budget is better for retirees but it may not be enough to regain their trust and support.

For further information, contact Sue Hart, Executive Officer on 02 6290 2599

9 May 2017

The Association of Independent Retirees (A.I.R.) Ltd is a member-driven national, not for profit, non-political organisation which works to advance and protect the interests and independent lifestyle of Australians in retirement. A.I.R. seeks to secure recognition and equity for Australians who, through their diligence and careful management, fully or partly self-fund their own retirement needs.