



MEDIA RELEASE

Not a Happy Christmas for Thousands of Independent Retirees

The more than three hundred thousand retirees to be hit by the changes to the assets test have now received the bad news from Centrelink that their part pension will be reduced or axed altogether from 1 January 2017.

A spokeswoman for the Minister for Social Services, the Hon Christian Porter has said that “the changes would only affect the asset-rich”. This infers that a married couple who own their own home and have lifetime retirement savings of more than \$816000 are rich and must live on the interest or dividends from that investment.

In reality, however, retired people are conservative investors who make sure their hard-earned savings are not lost or reduced by stock exchange fluctuations, so a 4% return would be above average for most of them. At that rate their income is actually less than the Age Pension for similar retirees who would also receive the Pensioner Health Card and discounts for rates, car registration etc. The argument is the same for couples without their own home or for singles.

The Government response is that those affected will only have to drawdown less than 2% of their capital each year to maintain a reasonable lifestyle. This percentage will have to be increased each year to maintain that living standard. This will lead to many retirees reducing their capital by far more to maintain an acceptable lifestyle and be eligible for a part pension and pensioner health card etc, and so defeat the Government’s intention.

The Government argues that the retiree’s assets are not to be used for intergenerational transfer, but the family home is the actual wealth transfer asset as it is not subject to any taxes when passing it on to children. Retirees are not dumb and they may become revengeful and put money into their home to increase their eligibility for the pension and at the same time provide a better nest egg for their children.

The Association of Independent Retirees has actively lobbied the Federal Government on the negative and unforeseen impact of these changes and continues to fight for retiree justice.

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

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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.