

# Superannuation Strategy for Centrelink

Newstart Allowance and Age Pension payments are currently subject to an asset and income test. Superannuation does not become an assessable asset for Centrelink purposes until persons are of Age Pension age which is currently 65 years for males and the following for females:

Date of birth	Pension age for females
1 January 1946 to 30 June 1947	64 years
1 July 1947 to 31 December 1948	64.5 years
1 January 1949 or later	65 years

Therefore, any money retained within superannuation until Age Pension age is reached, is not subject to the asset test or income test. However, if the client has retired from the workforce and has reached their preservation age then the capital is available to be withdrawn.

Here is an example of how a client may use superannuation to assist their Centrelink entitlements:

## Case Study

Bill (65 years) and Jill (60 years) have both decided to retire from the workforce. Their combined assets are as follows:

Principal residence	\$300,000
Home contents	\$ 10,000
Motor vehicles	\$ 30,000
Cash at bank	\$ 10,000
Investment property	\$230,000

If Bill and Jill were to apply for a Centrelink benefit then Bill would be eligible to claim an Age Pension because he has reached age 65, however, Jill will only be eligible to receive a Newstart Allowance as she will not obtain Age Pension age until 64.5 based on her date of birth.

Under the current legislation couples are allowed an asset limit of \$243,500 (not including their principal residence). If they exceed this limit then the Age Pension is reduced by \$1.50 per \$1,000 in excess.

However, under the Newstart rules if they exceed this limit by \$1 then there is no Newstart payment made.

**This would mean that Jill would be ineligible to receive any Newstart Allowance because based on their current joint assets (totaling \$280,000) they would exceed this limit. Bill would be entitled to a part Age Pension.**

However, Bill and Jill have decided that they wish to sell their investment property\*. The best option in this regard would then be for the sale proceeds to be placed into superannuation in Jill's name as Jill has not reached Age Pension age and therefore the superannuation is an exempt asset.

Need more information? **Call 1800 222 209**  
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**Bill would then be entitled to a full Age Pension and Jill would be entitled to a full Newstart Allowance as their joint assets would then total \$50,000 (well under the Asset Limit of \$243,500).**

**Because Jill is retired from the workforce, Jill would also be able to make capital withdrawals from the superannuation proceeds at any time when and if required.**

## **Need more information?**

If you would like further information regarding Centrelink superannuation strategies in retirement you can make an appointment with a Quadrant First financial advisor by contacting us on 1800 222 209.

*\*Capital Gains Tax would need to be taken into consideration in this example as this would apply upon the sale of the investment property.*

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