

# Federal Budget 2015-16

## A summary of the key changes to super and how they may affect you

### Superannuation highlights

This year's Federal Budget included very few proposed changes to superannuation including:

- Making it easier to reunite with lost and unclaimed super
- Changes to the Age Pension asset test
- Relaxing the criteria for release of superannuation for terminal illness
- Increase of APRA levies.

### Lost and unclaimed superannuation

The Government proposes to remove redundant reporting obligations and streamline lost and unclaimed superannuation administrative arrangements. This will make it easier for individuals to be reunited with their lost and unclaimed superannuation. The proposed measures will take effect from 1 July 2016.

### Proposed changes to Age Pension asset test

The Government has proposed changes to the asset test for the Age Pension.

Currently to be eligible for the Age Pension individuals must be at least age 65, satisfy residence requirements and meet an income test and an asset test.

The proposed changes will reduce the asset test threshold to be eligible to receive the part-pension from \$775,500 to \$547,000 for single homeowners and from \$1,151,500 to \$823,000 for a homeowner couple.

For single homeowners, the maximum value of assessable assets to receive the full pension will be increased from \$202,000 to \$250,000 and for a homeowner couple from \$286,500 to \$375,000.

Under the proposed changes couples who own their own home and have assessable assets of less than \$451,500, may receive an increase in the Age Pension. Couples who don't own their own home and have assessable assets of less than \$699,000 may also receive an increase in the Age Pension.

Pensioners who lose pension entitlements on 1 January 2017 as a result of these changes will automatically be issued with a Commonwealth Seniors Health Card or a Health Care Card for those under Age Pension age.

### What do the changes mean for you?

#### To qualify for the full pension

|                                | Current threshold | As at 1 January 2017 |
|--------------------------------|-------------------|----------------------|
| Singles who own a home         | \$202,000         | \$250,000            |
| Singles with no home ownership | \$348,500         | \$450,000            |
| Couples who own a home         | \$286,500         | \$375,000            |
| Couples with no home ownership | \$433,000         | \$575,000            |

Source: Minister for Social Services the Hon. Scott Morrison MP



| To qualify for a part pension  |                   |                      |
|--------------------------------|-------------------|----------------------|
|                                | Current threshold | As at 1 January 2017 |
| Singles who own a home         | \$775,500         | \$547,000            |
| Singles with no home ownership | \$922,000         | \$747,000            |
| Couples who own a home         | \$1,151,500       | \$823,000            |
| Couples with no home ownership | \$1,298,000       | \$1,023,000          |

Source: Minister for Social Services the Hon. Scott Morrison MP

## What is the asset test?

The asset test is one of the tests used to assess eligibility for the Age Pension.

The more assets owned has an impact on eligibility for and the level of Age Pension. Based on the value of assessable assets, the Age Pension reduces accordingly.

Under the proposals, the Age Pension will be reduced by \$3.00 per fortnight for every \$1000 of assessable assets owned over the full Age Pension threshold.

## What is included in an assessable asset?

Assets include any property (except your primary home) or possessions owned or partly owned in or out of Australia and may include but are not limited to financial investments such as superannuation, cars, boats, caravans, household contents and commercial licenses.

## Relaxing the criteria for release of superannuation for terminal illness

From 1 July 2015, the Government proposes to extend access to superannuation for members with a terminal medical condition. Currently, members must have two medical practitioners (including a specialist) certify that they are likely to pass away within one year to gain unrestricted tax free access to their superannuation balance. The Government proposes to extend this period to two years.

## Increase of APRA levies

The Government proposes to increase the supervisory levies on superannuation funds in order to raise revenue of \$46.9 million over four years from 2015-16.

## Other information

From 1 July 2015, the Government proposes to reduce the company tax rate to 28.5 per cent for companies with an aggregated annual turnover less than \$2 million. Companies with an aggregated annual turnover of \$2 million or above will continue to be subject to the current 30 per cent rate on all their taxable income.

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