



**Australian Government**

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**Department of Families,  
Housing, Community Services  
and Indigenous Affairs**

# **Secure and Sustainable Pension Reforms**

## **Information and Communication Background for Service Pensioners**

## **Pensions Overview**

The Australian Government's Secure and Sustainable Pension Reform came into effect on 20 September 2009.

The changes are focused on improving the pension's adequacy, simplifying the way it is delivered, and securing its sustainability into the future.

Every existing service pensioner received a payment increase, but changes have been targeted at those single service pensioners and war widows and widowers who are most in need. Single pensioners on the maximum rate have received a total increase of \$70.83 a fortnight, bringing total pension payments to \$671.90 per fortnight (two thirds of the rate paid to couples combined).

A new Pension Supplement has combined the full value of four existing allowances that have been paid in addition to the base pension over recent years, and the value of these allowances has been further increased for both singles and couples. Other changes include:

- Introduction of the new Work Bonus that allows pensioners to keep more of the money they earn through work.
- The Pension Bonus Scheme has been closed to new entrants;
- New pension indexation arrangements.
- A new Seniors Supplement for seniors who have a Commonwealth Seniors Health Card.
- Changes to the pension income test, including an increase in the withdrawal rate from 40 to 50 cents. Transitional arrangements now apply for part pensioners receiving a pension at 19 September 2009 affected by the movement of the income test withdrawal rate from 40 to 50 cents. Pensioners on these transitional arrangements have received an increase and their payments will be maintained in real terms.

The regular six monthly revaluation of all listed securities held by pensioners was also undertaken on 20 September 2009.

### **Why is this information important?**

As your staff come into contact with service pensioners on a regular basis, this information should help you provide clear and accurate information to pension recipients and their friends and family.

## Factsheets and news updates

The pension reforms represent the most wide-ranging changes to the Australian pension system for 100 years.

While these changes have already been communicated through a number of different channels, it is likely that some service pensioners will still be seeking further clarification about the increases they have already received, and looking for information around the other benefits and changes which may affect them in the future.

To assist you in handling ongoing enquiries, the Australian Government has developed factsheets which can be ordered and reproduced free of charge (see below for example).

**Work Bonus**

In the 2019-20 Budget, the government announced a number of reforms to the pension system as part of the Service and Superannuation Pension reforms. They included the introduction of the Work Bonus.

**What is the Work Bonus?**

The Work Bonus is an incentive for pensioners over age pension age to participate in the workforce.

Under the Work Bonus, half of the first \$500 of fortnightly employment income will be disregarded from the income test for pensioners over age pension age.

This means the maximum rate can be disregarded is \$250. This is in addition to the normal allowance in your Test Area.

**Who is eligible for the Work Bonus?**

All pensioners over age pension age (other than recipients of Payment Partner or Single sex rights) for the Work Bonus if they have employment income.

**What sort of income is disregarded?**

The Work Bonus will apply to income if any employment income (including):

- wages paid in Australia and outside Australia, and
- dividend income.

Income received will be added to the Work Bonus after each month of the month (unless under another test).

Therefore, if you are eligible for the Work Bonus, you may still have to pay tax on the first \$500 of your Work Bonus.

**What happens if I am paid a transitional rate?**

A transitional rate of pension will reduce the additional fortnightly concessional amount of 20 (fortnightly 20%) will also not have concessional treatment for a month of the change in the pension system. See transitional rates of pension document.

The concessional rate of pension is calculated using the concessional income test rules that were in effect on 20 November 2018 and the Work Bonus will not apply in the transitional 100-day period.

**Do I tell Centrelink my actual earnings or the amount after the Work Bonus?**

You should continue to advise Centrelink of your gross earnings. Centrelink will automatically deduct the Work Bonus amount from the Work Bonus before passing the relevant income test.

**Example**

John is a single age pensioner. He has income from investments of \$1000 a fortnight. He has a total net pay of \$2000 each fortnight. He is currently receiving the maximum concessional amount of \$2000 a fortnight. He is currently receiving the maximum concessional amount of \$2000 a fortnight. He is currently receiving the maximum concessional amount of \$2000 a fortnight.

| Transitional rate | Work Bonus | Work Bonus |
|-------------------|------------|------------|
| Concessional      | \$400      | \$400      |
| Work Bonus        | -\$200     | -\$200     |
| Net pay           | \$2000     | \$2000     |
| Transitional rate | -\$200     | -\$200     |
| Work Bonus        | -\$200     | -\$200     |
| Net pay           | \$1600     | \$1600     |

**How to tell Centrelink my actual earnings or the amount after the Work Bonus?**

| Transitional rate | Work Bonus | Work Bonus |
|-------------------|------------|------------|
| Concessional      | \$400      | \$400      |
| Work Bonus        | -\$200     | -\$200     |
| Net pay           | \$2000     | \$2000     |
| Transitional rate | -\$200     | -\$200     |
| Work Bonus        | -\$200     | -\$200     |
| Net pay           | \$1600     | \$1600     |

**Pension Information**

| Pension type        | Rate     |
|---------------------|----------|
| Age Pension         | \$204.50 |
| Partner Age Pension | \$204.50 |
| Single sex rights   | \$204.50 |
| Payment Partner     | \$204.50 |
| Work Bonus          | \$204.50 |
| Transitional rate   | \$204.50 |

**How to contact us**

For more information, visit [www.centrelink.gov.au](http://www.centrelink.gov.au) or call 13 23 23.

We will also continue to help organisations actively promote details about the service pension changes, by developing regular updates and announcements which highlight how the changes are making a difference to pensioners' income.

## Website & linkage guidelines

Website information has also been developed to communicate the information in the brochure. This information can be viewed at [www.australia.gov.au/pensions](http://www.australia.gov.au/pensions)

By including a link on your website to [www.australia.gov.au/pensions](http://www.australia.gov.au/pensions), you will be helping advisors and the public find relevant information that's right for them. We can provide a graphic that will help attract your web visitors' attention to the information on offer (see below for example).



You may wish to upload this graphic in combination with the explanation below, to help your web visitors understand what they will see when they click through to the link.

Australian pensions have recently changed. To find out how this will affect service pensioners, visit [www.australia.gov.au/pensions](http://www.australia.gov.au/pensions)

## **Newsletter / email article template**

The following article has been designed to give organisations and individuals an overview of the free materials available to help manage ongoing enquiries around the pension changes.

Please feel free to circulate this amongst your colleagues and contacts, to ensure that as many people in your organisation as possible are aware of the support resources on offer. If you have a large network of staff, advisors or State/regional offices, you may find it useful to reproduce this article in your internal newsletters, magazines or email updates, so that they can lodge their own orders for the materials/updates.

### **NB. No details in the article below can be amended without express permission from FaHCSIA/its representatives**

#### **Pensions Reform: A Message from FaHCSIA**

Last month's Pension Reforms have directly affected approximately 1 in 6 Australians, increasing the payments received by around 3.3m age pensioners, disability support pensioners, carers, wife and widow pensioners and veteran income support recipients.

The reforms are based on extensive feedback from the community, which has helped to ensure that the new pension arrangements give flexible financial support to those who need it most.

Pensioners received a letter from the Department of Veterans' Affairs in September, with information about what the changes mean for them.

However, we appreciate that members of the public will continue to come to organisations like yours with queries and requests for advice. To help support you and ensure you have access to the latest resources, the Australian Government has developed factsheets and other background materials (for example at-a-glance graphics). These materials provide helpful information about the changes, clearly explaining the increases and how different payments and allowances now interact together.

The factsheets can be distributed electronically (via websites, intranets or e-newsletters), or be offered free to interested members of the public – for example in receptions or on notice boards.

If you would like to request a bulk order of factsheets please contact Claudia Tylal at Horizon Communication on (02) 8572 5600.

Members of the public can contact 1800 663 011 for individual publication requests, or you can refer them to the website, [www.australia.gov.au/pensions](http://www.australia.gov.au/pensions), for further information.

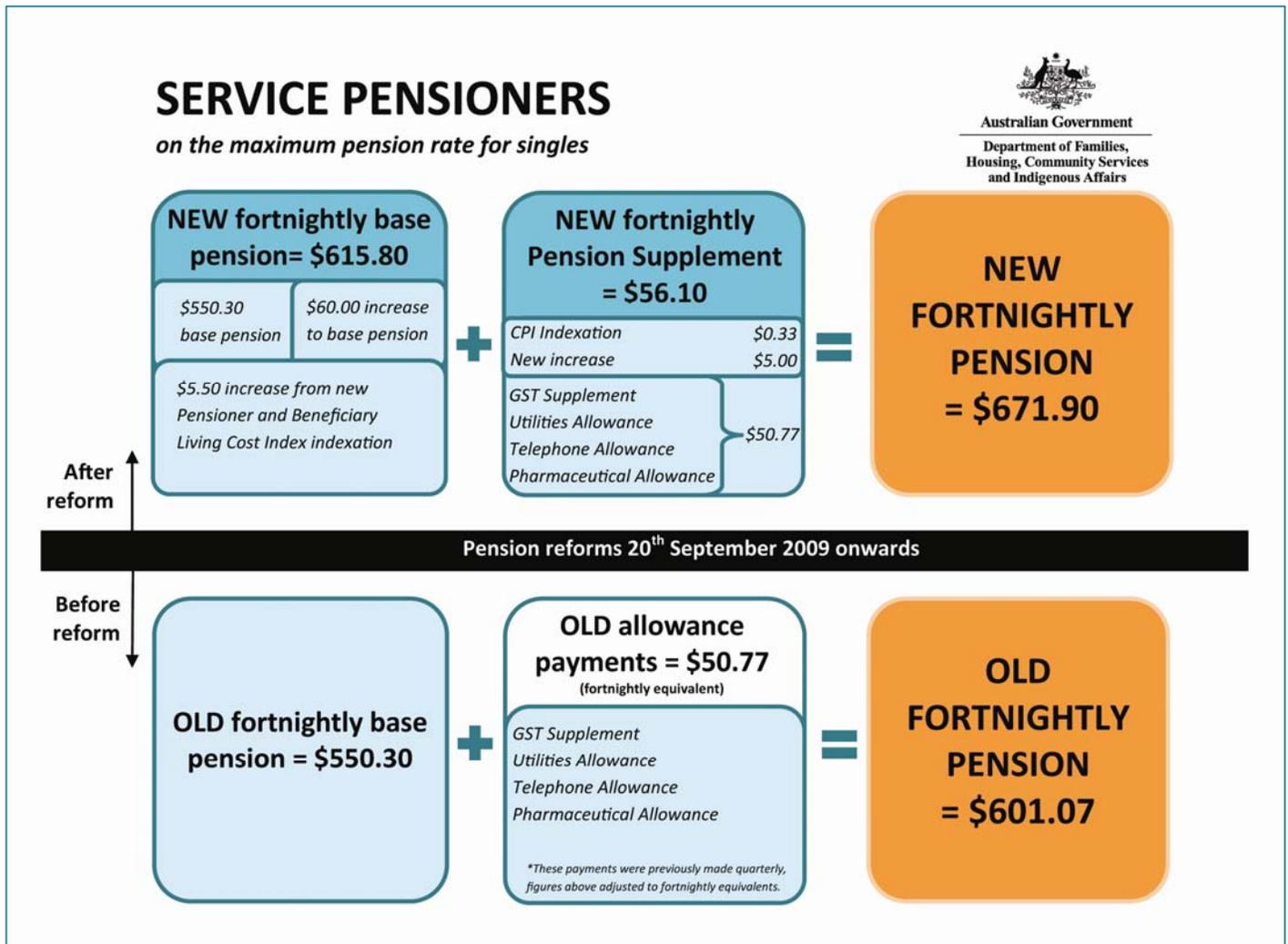
## At a glance graphics

Sometimes a picture says a thousand words.

There are a number of changes to the base pension and new Pension Supplement which interact together to influence the total increase an individual service pensioner will receive.

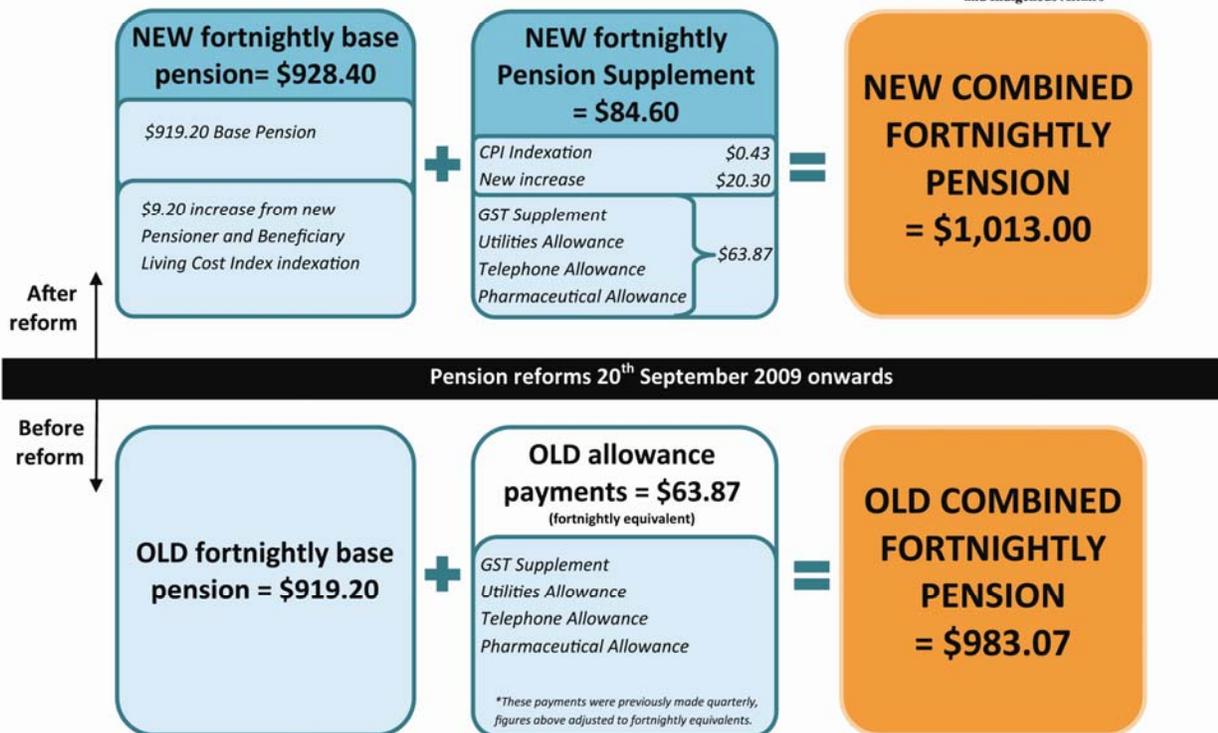
To help demonstrate which payments have been re-allocated, and which sums were introduced following the 20 September pensions increases, we have developed a range of image files.

We can provide you with the pictures below as separate j:pegs, which you can use in your own internal and external publications (for example, on websites and in newsletters).



# SERVICE PENSIONERS

on the maximum pension rate for couples



## Suggested distribution methods for these materials

The following are some ideas on how to use these materials to help build awareness of the changes amongst staff and the community:

- Highlight the availability of the free resources in your organisation's internal newsletter/intranet/regular mailings and emails
- Post the factsheets or the graphics on your website, alongside the link to [www.australian.gov.au/pensions](http://www.australian.gov.au/pensions)
- Display the factsheets in your staff and public areas, to help spread the word about the detailed changes
- Ask to receive future press releases relating to Pension Reform, which you can then send on to your colleagues/use as story ideas on your websites, magazines and other communication updates. You can be added to this e-mail mailing list at any time, by contacting Claudia Tyril on the number below

## Further Information

For further information regarding anything included in this kit, please contact Claudia Tyril, Horizon Communication on 02 8572 5600.