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MAKE THE RIGHT MOVES, AND YOU COULD GET THE AGE PENSION

The entitlement to an age pension in Australia depends on five major factors namely:

- Ten years residency in Australia (modified if a Double Social Security Agreement is relevant. This applies if the pensioner lived overseas and qualifies for a pension from an overseas country)
- Reaching the statutory pension age (and this is subject to a phasing out of the earlier age pension age for a female)
- An Assets Test that excludes the Principal Residence (but not the contents), and a limited number of personal items such as war medals and a wheel chair. The exemption that creates significant planning opportunities is the 50% exemption of the capital value of a 'complying annuity or pension'.
- An Incomes Test that is best described as simple but with a twist. The main concession that applies under the income test is that not all of the income from a 'complying pension or annuity' is assessable. The assessment of income from most forms of investment (bank deposits, managed funds, allocated pensions and shares) is calculated with reference to the 'deeming rules'. The deeming rules apply a statutory formula to the capital value of a pensioner's investments and arrive at a figure that is 'deemed' to be the pensioner's investment income.
- The Pensioner Bonus Scheme that encourages potential age pensioners to retire later, and qualify for a tax free lump sum payment.

Working through the hurdles outlined above provides a myriad of opportunities to achieve acceptable pension outcomes.

In addition to the issues mentioned above, there are strategies that involve gifting away assets, spending money on the principal residence, and the wise disposal of income that might in conjunction with a number of actions achieve the desired result.