

Understanding the Age Pension income and assets test

Understanding how the Age Pension works, if you're eligible, and how much you could receive can help you plan in the lead up to retirement.

The Age Pension & eligibility

The Age Pension is an income support payment provided by the government to people who have reached Age Pension age. Generally, to be eligible you must:

- be aged 66 or over, depending on when you were born
- be an Australian resident and have lived in Australia for at least 10 years
- meet the income and asset tests.

The age you'll be eligible to apply for the Age Pension will depend on the date you were born, as shown in the table below.ⁱ

Your birthdate	Your age pension age	Date of age pension age change
1 Jan 1954 to 30 June 1955	66 years	1 July 2019
1 July 1955 to 31 Dec 1956	66 years and 6 months	1 July 2021
On or after 1 Jan 1957	67 years	1 July 2023

To receive the Age Pension, you must be an Australian resident and physically present in Australia on the day you submit your claim. You must also have lived in Australia for at least 10 years, during which there should be at least one period where you have lived in Australia continuously for five years.

To see if you are eligible, Centrelink runs two tests: the Age Pension income test and the Age Pension assets test. The tests measure how much income you get and how much your assets are worth. If your income or assets are above certain limits, your Age Pension payment will be reduced, or you may not be eligible at all. You can find out more about eligibility criteria via the Department of Human Services.

Income and assets tests

Centrelink will assess your income and assets to determine how much money you'll receive through the Age Pension. When assessing your income, Centrelink will consider all income streams you receive, including from sources outside Australia.

This includes things like:	It doesn't include things like:
employment	rental assistance payments
pensions, including account-based pensions	payments through an NDIS package
annuities	emergency relief payments
investments	regular payments from a close relative
salary packaging.	

You can find a complete list of all the income sources considered and exempt under the test at The Department of Human Services website. To work out how much your financial assets are worth as income, they use a set of rules known as deeming. Find out more about deemed income on the Services Australia website.

Centrelink will also use the market value of your assets to make a decision. Assets include things like investment properties, caravans, cars and boats and business assets. You can find a complete list of all assets considered and exempt under the test at The Department of Human Services website. Overseas assets have their value converted into the equivalent Australian dollar amount. If you live in your family home, it isn't counted as an asset. But if you decide to sell, it could affect your pension. There are also separate rules for granny flats and retirement village contributions.

There's a lot of things to consider when it comes to assets and retirement, so speak with us, so you can make informed decisions. Depending on the outcome of the income and assets tests, you may receive the full pension or part pension, or no assistance at all.

How much is the Age Pension?

The standard rate for Age Pension payments depends on the results of your income and assets tests. And if you're single or in a couple.

If you're eligible, the maximum standard Age Pensionⁱⁱ per fortnight is:

Singles \$860.60 Couples \$1,297.40

There is another rate, called the transitional rate. This applies to some people who were receiving a part-pension payment before, or on, 19 September 2009.

If you're eligible, the maximum transitional Age Pensionⁱⁱ per fortnight is:

Singles \$775.20 Couples \$1252.40

These amounts do not include any supplements. Age Pension rates are adjusted twice yearly, in March and September. You can find out more information on the Services Australia website.

Age Pension cut-offs

There are certain cut-offs for income and assets that will mean you're not eligible to receive any government assistance. These are the fortnightly cut-offsⁱⁱⁱ for aged pension income support:

If you're	You won't receive assistance when your income exceeds
A standard rate pensioner - single	\$2,066 .60
Standard rate pensioners - couple living together	\$3,163.20 combined
Standard rate pensioners - couple living apart due to ill health	\$4,093.20 combined
A transitional rate pensioner - single	\$2,151.25
Transitional rate pensioners - couple living together	\$3,500.00 combined
Transitional rate pensioners - couple living apart due to ill health	\$4,262.50 combined

^{*}These thresholds were last updated July 2020

Your Age Pension cut-off point will be higher if you get the Work Bonus. Find out more at Services Australia. Similarly, there are limits on the value of assets you can hold before you're no longer eligible for the Age Pension. These fall into three categories – full pension, part-pension and transitional rate.

Cut-offs for assets for the full pension ^{iv}		
If you're	Homeowner	Non-homeowner
Single	\$268,000	\$482,500
A couple, combined	\$401,500	\$616,000
A couple, separated due to illness, combined	\$401,500	\$616,000
A couple, 1 partner eligible, combined	\$401,500	\$616,000

Cut-offs for assets for part pension ^{iv}		
If you're	Homeowner	Non-homeowner
Single	\$583,000	\$797,500
A couple, combined	\$876,500	\$1,091,000
A couple, separated due to illness, combined	\$1,031,500	\$1,246,000
A couple, 1 partner eligible, combined	\$876,500	\$1,091,000

Cut-offs for assets for transitional rate ^{iv}		
If you're	Homeowner	Non-homeowner
Single	\$531,250	\$745,750
A couple, combined	\$826,500	\$1,041,000
A couple, separated due to illness, combined	\$928,000	\$1,142,500
A couple, 1 partner eligible, combined	\$826,500	\$1,041,000

^{*}These tables only consider those who are receiving pensions (including the Age Pension). Other thresholds apply to other income support payments. Updated July 2020.

If you're suffering severe financial hardship and your assets reduce your payment or stop you getting one, you can apply for consideration for special provisions. You can find out more at Service Australia Asset Hardship Provisions.

How much will I receive?

Use the Age Pension estimator on the Centrelink website to see what you might receive. As the amount you receive will be based on your income and assets you may want to consider how your assets (both super and non-super) may affect the amount you're eligible for.

Planning for retirement and working out your entitlements isn't always straightforward. Contact us as we can help you figure out what you're eligible for.

ⁱ <https://www.servicesaustralia.gov.au/individuals/services/centrelink/age-pension/who-can-get-it>

ⁱⁱ <https://www.servicesaustralia.gov.au/individuals/services/centrelink/age-pension/how-much-you-can-get>

ⁱⁱⁱ <https://www.servicesaustralia.gov.au/individuals/topics/income-test-pensions/30406>

^{iv} <https://www.servicesaustralia.gov.au/individuals/services/centrelink/age-pension/how-much-you-can-get/assets-test/assets#assetstestlimits>