

Media release

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Can you eat the family home?

Both major parties are right to say pensioners can't eat their homes - but only because the government won't let them, argues The Australia Institute.

The new Social Services Minister Scott Morrison is [concerned about retirees who are cash poor but asset rich](#). Labor Deputy Leader Tanya Plibersek raised similar concerns, saying:

'You can't eat your family home, you can't pay your electricity bill with it.'

But an existing government scheme allows retirees to do just that, argues The Australia Institute.

The [Pension Loans Scheme \(PLS\)](#) allows retirees to draw an income from the government by borrowing against their home while they live in it. The balance of the loan is later settled from the estate, but retirees cannot be forced out of their home.

"The idea of a retiree being forced into poverty because they want to stay in their home is unacceptable to all," Executive Director of The Australia Institute, Richard Denniss said.

"But what Morrison and Plibersek are curiously avoiding mention of is that there is a scheme already in place that could easily prevent that from happening, even if multi-million dollar homes were part of the pension equation."

"While there are commercial 'reverse mortgages', the PLS provides an interest rate much lower than available on the private market."

"The PLS has been in operation for decades but at the moment it is available only to retirees who are excluded from the pension because of their income or assets."

The Australia Institute published [a report on the PLS](#) in late 2014. We argued it should be extended to all retirees who wish to boost their own incomes, not just those excluded from the pension.

"In the debates around cuts to the budget, some have raised the spectre of further means-testing of pensions. Unlike other assets, owner-occupied housing is not included in the means test for the aged pension"

"Currently retirees living in a multi-million dollar home may still be eligible to draw an aged pension. There have long been calls to change this, to save money and make the pension more equitable," Dr Denniss said.

For media enquiries, please contact:

Tom Burmester 0468 926 833