

## Attitudes towards home ownership and the aged pension – survey results

In a recent national survey of 1413 people, The Australia Institute about attitudes to the aged pension means testing and home ownership. Full survey questions are included below with results.

### Summary

2 in 3 people agree a home worth \$1 million or more is “expensive”. 1 in 3 agree a home worth \$750,000 or more is “expensive”. 4 in 5 agree a home worth \$1.5 million or more is “expensive”.

3 in 4 people think retirees who own and in expensive homes should still receive an age pension. 46 per cent of these people supported a part pension rather than a full pension. To ensure those who live in expensive homes get a part pension, the value of the family home would have to be included in the pension assets means test.

Respondents were then given a one sentence explanation of the Pension Loans Scheme: *“an existing government program that allows wealthy retirees to stay in their home while borrowing against it to receive a fortnightly income, equivalent to the age pension.”* Given this explanation, 1 in 2 people think retirees who live in expensive homes should fund their own retirement through the Pension Loans Scheme, rather than have pension payments funded by the government. Only 28 per cent think the government should continue to pay. In other words, nearly twice as many people supported requiring them to use the PLS.

Opinions on pensions to owners of expensive homes, and on the PLS, did not vary greatly with opinions about the value of “expensive” homes.

### Survey questions and results

*Q1: Many retirees live in homes that they own. When would you say a home is “expensive”? When the home is worth:*

**Table 1 - When is a home 'expensive'?**

	Less than \$500,000	\$500,000 or more	\$750,000 or more	\$1 million or more	\$1.5 million or more	\$2 million or more	\$2.5 million or more
Response rates	4%	11%	20%	31%	17%	10%	9%
Total who agreed	4%	15%	34%	65%	81%	91%	100%

*Q2: Should retirees who own and live in ‘expensive’ homes get the aged pension?*

**Table 2 - Should retirees who own and live in expensive homes get a pension?**

Yes, they should receive a full aged pension	Yes, they should receive a part aged pension	No, they should not receive a pension	Not sure/ Don't know
29%	46%	16%	9%

The stronger support for the part pension suggests concerns about giving payments to owners of valuable assets. This would be achieved by including more of the value of the home in the assets test for the pension.<sup>1</sup> This could be done by considering home values above some threshold. Achieving a part pension for those nominated as owning ‘expensive homes’ means setting the threshold *below* that value.

*Q3: The “Pension Loan Scheme” is an existing government program that allows wealthy retirees to stay in their home while borrowing against it to receive a fortnightly income, equivalent to the age pension. Given the existence of the Pension Loans Scheme, who do you think should fund the retirement of retirees who own and live in “expensive” homes?*

**Table 3 - Who should fund retirement incomes for owners of expensive homes?**

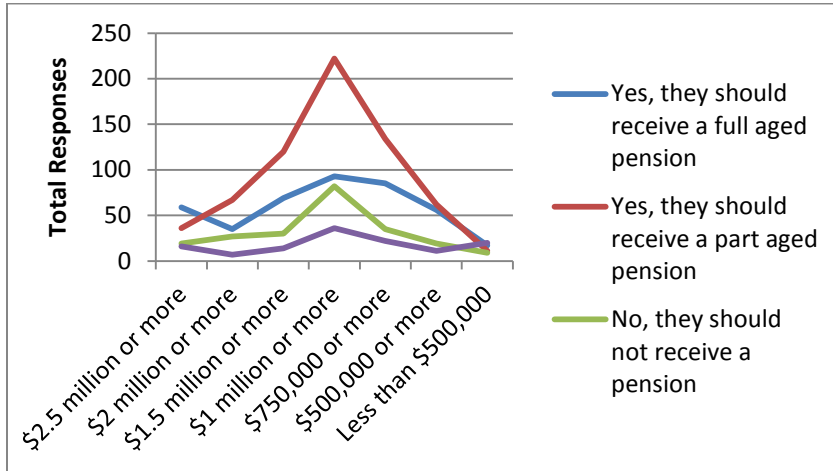
The government should still pay them the age pension	Retirees should fund their own retirement through the PLS	Not sure/ Don't know
28%	50%	22%

## Crosstabs

Responses to the latter questions did not vary greatly with the value of homes deemed “expensive”, as seen in the following tables and figures. This suggests there were strong broader concerns about retirees not receiving the pension – perhaps that such retirees could be left without an income.

<sup>1</sup> Currently \$146,500 is the value of the family home is in effect included in the assets test. Anything above that has no impact on the pension received. This is the difference between the asset test threshold for the single age pension for owner-occupants compared to non-owner occupants. This difference means owner-occupants face a slightly lower threshold on the means test for assets *other* than the family home. <http://www.humanservices.gov.au/customer/enablers/assets/#a14>

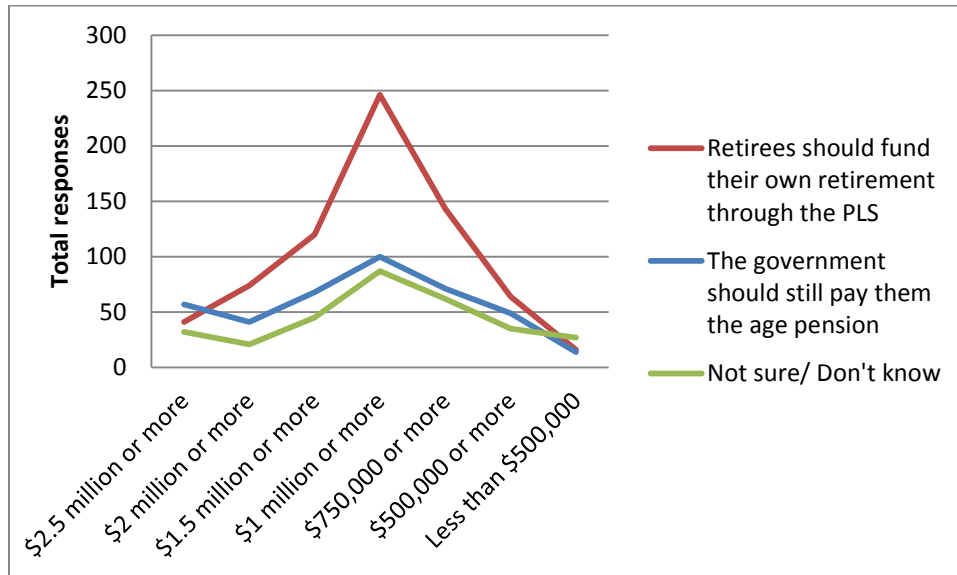
**Figure 1 - Pension for owners of expensive homes, by house value**



**Table 4: Should retirees who own and live in expensive homes get the aged pension?**

	Yes, they should receive a full aged pension	Yes, they should receive a part aged pension	No, they should not receive a pension	Not sure/Don't know
Total Response Rate	29%	46%	16%	9%
% of these respondents who agreed homes worth \$1 million or more were expensive	61%	66%	66%	71%

Figure 2 - Who should fund retirement, by responses for when a home is 'expensive'.



- Should retirees that own and live in an 'expensive' home receive the age pension, either part or full, from the government?

1. The government should still pay them the age pension
2. Retirees should fund their own retirement through the "Pension Loans Scheme"
3. Not sure/ Don't know