YourLifeChoices
Simplifying retirement

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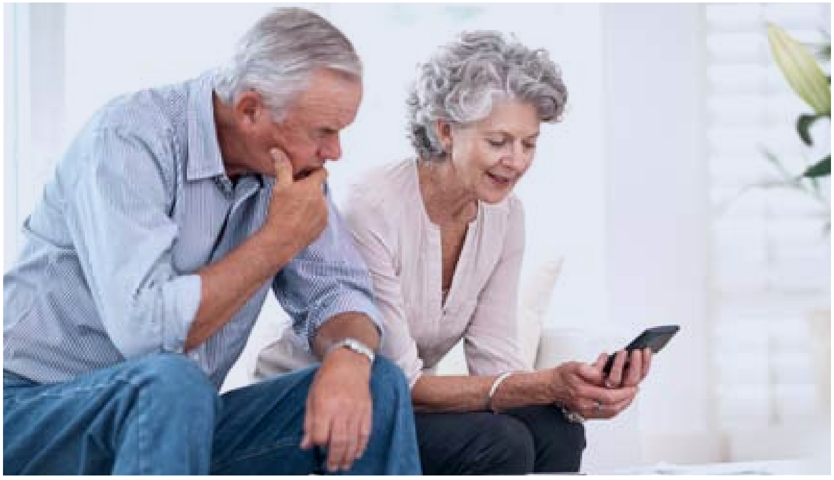
Retirement Affordability Index™ March 2017



Which retirement 'tribe' do you belong to? And how does your spending compare?

How do you want your friends to remember you?

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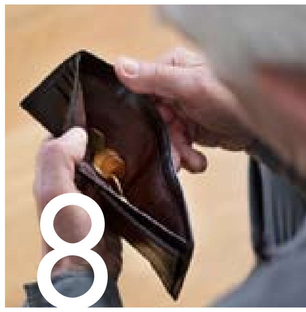

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Why are we doing this?

Life in retirement can be extremely financially challenging – downright luxurious. It all comes down to your retirement tribe.

Of the more than three million Australian retirees living on a fixed income, a growing proportion is finding it increasingly difficult to make ends meet. Yet their plight is rarely discussed, let alone addressed.

So why are these people seemingly invisible in the eyes of policy makers?

For too long the ASFA Retirement Living Standard, categorising life in retirement as 'comfortable' or 'modest', has been accepted as a sufficient description of retirement costs. But **YourLifeChoices** and The Australia Institute (TAI) have long suspected that 'comfortable' was actually better described as 'very well off' and 'modest' often really meant poverty.

With 3.5 million retirees and another four million people, currently aged 45 or over, who are due to retire over the next 20 years, retirement affordability should be one of the hottest policy topics in Canberra.

Yet apart from ongoing cuts to access to the Age Pension and fiddling around the edges of superannuation rules, there has been little real debate about the coming perfect storm. This storm consists of an ageing population, underfunded for retirement, carrying more debt, expected to shoulder all the risk of their retirement income, with virtually no government support and extremely low trust in industry advisers.

As Matt Grudnoff at TAI – our partner in this *Retirement Affordability Index*™ – has noted, "… we have long suspected that a group of people in retirement are not doing very well at all, in fact they are living in poverty."

The corollary of this is that another 'retirement tribe' is doing extremely well. And unless we reject the 'one-size-fits-all' descriptions of retirement income and look at the actual spending of the different types of retirement households, we will continue to assume life in retirement only varies between the 'comfortable' or 'modest', rather than ranging from the luxurious to the downright penurious.

Extensive research was required in order to discern the six more accurate retirement tribes (more fully explained on pages six and seven), and for this our deep thanks go to Matt and his colleagues at TAI.

First up, we required special household expenditure data from the Australian Bureau of Statistics (ABS) to segment the population into six categories according to their home ownership, relationship status and form of income. Next the Consumer Price Index (CPI) across 12 different categories of expenditure was applied, showing how prices have risen much faster than CPI for retirement renters and at a slower rate for retired homeowners.

Blind Freddie can see that this situation is likely to be exacerbated as rental prices increase under pressure from the overheated property market.

> *"…retirement affordability should be one of the hottest policy topics in Canberra… [yet] there has been little real debate about the coming perfect storm."*

Additionally, **YourLifeChoices** conducted a survey of its 250,000 members to ask about their experience of retirement affordability. This uncovered a lot of angst and the most striking responses are shown in an infographic on page five.

So we hope that the quarterly publication of this *Retirement Affordability Index*™ will achieve two main aims. Firstly, to encourage more realistic research-based debate on the policy aspects of retirement income and affordability, and to prompt deeper questions about whether the current rules favour all.

And secondly, to help those individual **YourLifeChoices** members who are currently trying to navigate the confusion of changing rules and regulations, fearing that they 'don't know what they don't know', about retirement income. So we have provided an accurate and detailed table that shares the actual amounts your particular 'tribe' spends, item by item, as well as a handy table in which to record your own expenditure and to see how you compare. ■

The Australia Institute is an independent Canberra-based think tank. We conduct original research that contributes to a more just, sustainable and peaceful society. Our research covers a broad range of economic, social, transparency and environmental issues in order to inform public debate and bring greater accountability to the democratic process.

What you told us

In February this year **YourLifeChoices** surveyed our membership in order to learn more about the very real experiences of managing life on a fixed retirement income. We were delighted to receive 6,194 responses to the 32 questions, so thank you for such significant feedback. The information received has raised our awareness of just how tough retirement is for some Australians. Here are some top level responses to our questions:

Do you run out of money?

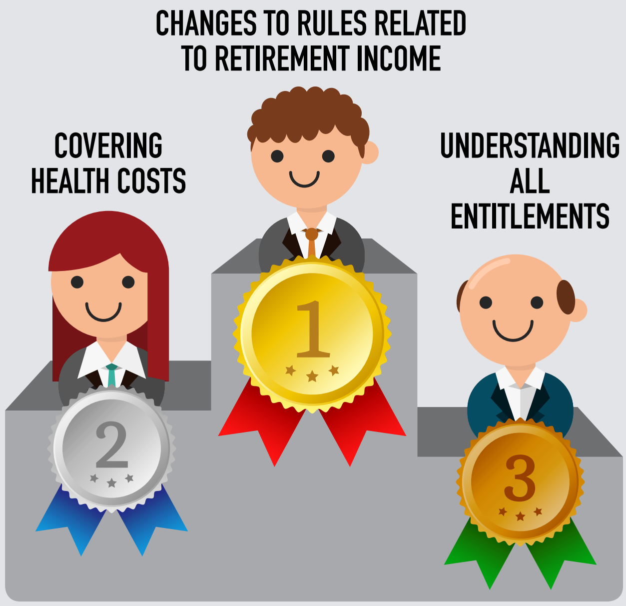
Q 14. If on a full or part Age Pension, do you ever find yourself in the days leading up to a pension payment without any money?

Yes – occasionally
Yes – rarely
Yes

= 56%

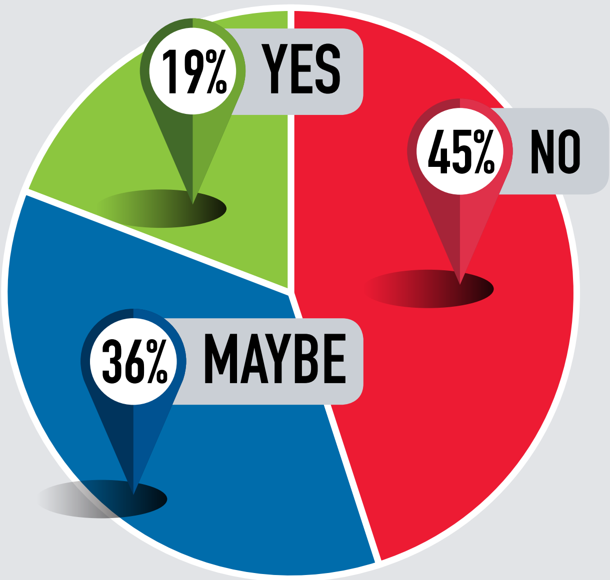
What challenges you the most?

Q 35. Which aspects of retirement affordability do you find the most challenging?



Will your savings last?

Q 25. Do you believe that your savings will provide an income to the end of your life?



No longer dining out

Q 36. How often can you afford to eat out?

28% NEVER

YourLifeChoices disclaimer

Which retirement tribe are you?

For far too long the many years in the life stage known as retirement has been treated as a ‘dead-end’ and the people who are in retirement as a big, beige homogenous blob, who demand a one-size-fits-all solution.

Having written and published content for and about retirees for the past 17 years, the team at **YourLifeChoices** has become exceedingly frustrated by the inaccuracies inherent in this broad brush approach, particularly when related to projections for retirement income. The glaring omission to date has been the assumption that all retirees live in a home with no mortgage.

In partnership with TAI, the following retirement tribes have been delineated by three separate criteria:

- main source or income is either from private investments or government pension
- homeowner or renter
- couple or single household.

This has allowed us to create six separate tribes that demonstrate the very different experience of retirement from a financial perspective. Which tribe matches your situation?

Couple homeowners with private income

Annual expenditure
$71,535

This annual expenditure is double three of the other categories, 3.5 times the single Age Pension homeowner and quadruple that of the single Age Pension renter.

This is the good life. To achieve this level of income, on current cash rates of 2.5% (i.e. not from investment in the sharemarket or property), such a couple would need $2,861,400 in savings.

- Retirees in this tribe tend to spend a lot more on energy than their counterparts – suggesting that heating and air-conditioning are less of a problem than in more frugal, pension households.
- Weekly expenditure on food, which includes dining out, was high ($202) – almost double that of couples on an Age Pension who rent. Similarly, $31.57 per week on clothing and footwear is dramatically more than the $6.54 that a single renter on a pension can afford.
- Recreation costs, including entertainment and holidays, are 20% of expenditure, compared to 14% for couples and self-funded singles, and just 7% for single renters on a pension.

Couple homeowners on Age Pension

Annual expenditure
$35,644

A maximum couples pension, including supplements paid at the time of ABS data 2009-10 was $26,461 per annum (many couples in this category may be on a part-pension so private income will make up the shortfall).

- As with other homeowner tribes, the housing expenditure of 11% is relatively low.
- Food was the highest percentage of expenditure (21%), even higher than for self-funded couples (15%).
- Clothing and footwear spend was about half that of both couple and singles who are privately funded, but three times that of single renters.
- The percentage of spend on transport was high (17%) compared with other categories, again in particular when compared with renting singles.

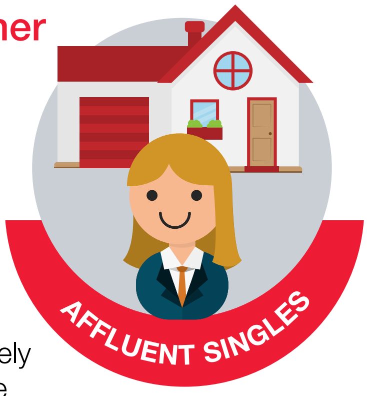
Couple who rent on Age Pension

Annual expenditure
$34,204

The maximum couples Age Pension 2009-10 was $26,461

- This tribe spends the lowest percentage of income on health – a mere 4%. Again it raises the question if renters are missing out on important preventative measures because of financial hardship.
- Alcohol and tobacco was a high spend category for this tribe (6%) compared with all other groups, in particular, single self-funded homeowners who only allocated 1% of their money in this way.
- Discretionary spending in the household services and operation and furnishing and equipment categories was the same percentage of overall expenditure, but about half the dollar amount of those who are privately funded homeowners.

Single homeowner with private income



Annual expenditure
$35,383 – if in cash, earning 2.5%, then $1,415,320 required in savings.

This expenditure is closely aligned to that of couple homeowners on a pension, and couples who are renting, so again it could be seen to be a very comfortable category in the retirement affordability stakes.

- This tribe spent the largest proportion of their income on clothing and footwear at 5%, compared to 2-3% for all other categories.
- As with all other categories except renters, health services are a higher percentage of spend.
- Leisure and lifestyle spends are also relatively high, as housing as a percentage makes up just 10% of income.

Single homeowner on Age Pension

Annual expenditure
$20,234

The maximum single Age Pension 2009-10 was $17,554

- Single pension homeowners spent the highest proportion (5%) on energy relative to other tribes. This again could be because they can better afford extra heating, cooling and lighting than those paying high rents.
- This tribe spent the least on alcohol and tobacco – a mere 1% of their expenses.

Single renter on Age Pension

Annual expenditure
$18,712

The maximum single Age Pension 2009-10 was $17,554

- A whopping 29% of a single pension renter's income is devoted to housing, compared with 22% for renting pensioner couples and just 8-15% for those in categories of home ownership.
- It is unlikely such a retiree could afford current city or inner suburban rents in cities such as Melbourne, Sydney or Brisbane, yet this may be where they have resided most of their lives and so they may now be forced to relocate due to the current overheated housing market.
- As presented in the graph on page 10, the cost of life in retirement is rising more rapidly than the CPI, perhaps largely due to rental increases.
- With just 6% of income funding medical care and health services, is this tribe going without doctor visits or tests as the out of pocket costs are too high to afford?
- Just 7% of income is devoted to recreation – one third of what is spent by the self-funded couples and almost half that of all other tribes. ■

**How these retirement tribes were finalised*

Two potential tribes have not been included. These are those whose main source of income is private who rent for both singles and couples. This has been done because the number of people in this category is very small making the results of their spending patterns unreliable. Most people with sufficient wealth so that most of their income comes from private investments own their own home. The retirement income system incentivises this by excluding a person's primary residence from the Age Pension asset test.

Reference for 2009/2010 Age Pension rates.

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What the research really means

When the data is analysed, it's clear who is worst off financially in retirement. *Matt Grudnoff*, from The Australia Institute, looks beyond the figures to see who is struggling the most.

Australia's retirement income system is flawed. It is failing many retirees and, as a result, poverty in retirement is a growing problem. It is not that all retired people are struggling, but a significant proportion is finding it increasingly difficult to make ends meet. The two main components of the retirement income system, the Age Pension and superannuation, are taking the inequalities throughout people's lives and magnifying them in retirement.

Among OECD nations, Australia has the second highest rates of poverty in retirement. Despite this sobering fact, this issue has not received a lot of public attention. Successive governments have largely ignored the problem and this is making it worse, since attempts to reduce the budget deficit have resulted in cuts to the Age Pension.

YourLifeChoices and The Australia Institute have teamed up to take a closer look at how different groups of retirees are coping financially in retirement. There is a serious lack of information regarding this issue and this has contributed to it being overlooked in the public policy arena.

Rather than look at all retired people as one homogenous group, we have broken them up into lots of different 'tribes' to get a more nuanced view of how they are coping financially. This allows us to look at the inequality that is inherent in the retirement income system. The study, released as the inaugural *Retirement Affordability Index*™ on page 12, allows a more detailed examination of what different retirement tribes are spending their money on and how the cost of living is affecting people differently.

We hope that this important work will help people better understand who is doing well in retirement and who is struggling. Once we understand the different financial pressures in retirement, we're better able to suggest government policy to help those in need. We can't improve the retirement income system unless we understand how it is working for some groups and how it is failing others.

In this first edition of the research we will look at six different tribes. We have split retired people (i.e. those aged 54 and up, living in households where no one is in the workforce) in three ways.

The first way we have split them is into two groups by their main source of income. The first group is those retirees who derive most of their income from government pensions and allowances, including the Age Pension. The second group is those who derive most of their income from private investments, including superannuation. So if a couple has some superannuation earnings but gets more from the Age Pension then they would be categorised as getting their main source of income from pensions and allowances. Similarly, those who get most of their income from investments but still draw a part pension are classified as getting their main source of income from private sources.

Spending three times as much on housing means that retired renters have to cut back in other areas.

The second way we split the groups is into couples and single households. These groups have different spending patterns so it is important to look at them separately.

Finally we also split our groups by their housing tenure. There are those who own their own home (either outright or with a mortgage) and those who rent, either privately or publicly.

This would give us eight groups of retirees but we have removed two of the groups because they represent such a small portion of the population and we cannot obtain reliable data for them. The two groups excluded are couples and singles who rent and get most of their income from private sources. Those who have significant investments including superannuation almost always own their own home. Given that the main residence is exempt from the pension asset test, this is a further encouragement for retirees with significant wealth to invest in their own home. The result is that there are few retirees with significant investment assets who choose to rent. This is not to say that there are no retirees in this category, only that the numbers are so small that we can't obtain reliable figures on them.

This leaves us with six tribes. They are:

- couples who earn most of their income from the pension and own their own home
- singles who earn most of their income from the pension and own their own home
- couples who earn most of the income from the pension and rent
- singles who earn most of their income from the pension and rent
- couples who earn most of their income from private investments and own their own home
- singles who earns most of their income from private investments and own their own home.

The data that we're using to look at these different tribes comes from the Australian Bureau of Statistics (ABS) Household Expenditure Survey. This survey gathers a representative sample of all Australians and looks at what they spend their money on. It then places this spending into 12 broad expenditure categories. From this we can see what each tribe spends on each category. This is set out as both a proportion of their incomes and in dollar terms.

The first major difference that we observe is that those who rent spend substantially more of their income on housing. Most retirees who own their own home do so outright and so spending on

housing is mainly on maintenance and various government taxes such as rates. While those who do not own their own home are forced to pay considerable amounts of their income towards rent.

This means that those who have to rent in retirement face much tougher decisions on spending. Retired renters spend on average almost 30 per cent of their income on housing, while retired owners only spend about 10 per cent.

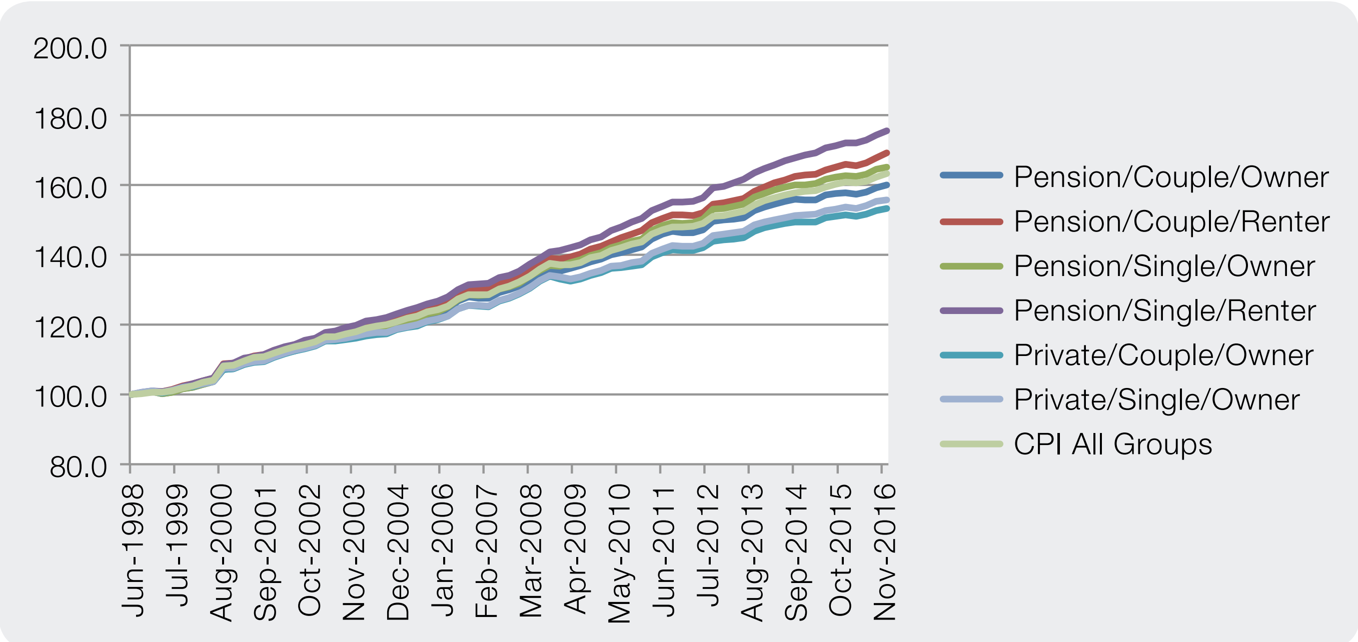
Spending three times as much on housing means that retired renters have to cut back in other areas. The two biggest areas are recreation and transport (which includes maintaining a car). The average retired homeowner spends $200 a week on recreation and transport while the average retired renter spends only $80 per week.

This means that retired renters have significantly less opportunity to interact with other people and get out of the house. Retirement for some people can be a lonely and isolating time. Being a renter in retirement can only increase the chance of this as these individuals are more likely to be stuck at home owing to their reduced financial circumstances.

The other area that retired renters cut back on is healthcare. While the average retired homeowner spends $55 a week on healthcare, the average retired renter spends less than half that at $25 per week. It is very concerning if retired renters are unable to afford medication or are putting off seeing health professionals because they have to expend almost a third of their income on housing.

While renters suffer significantly higher housing costs they also face higher cost of living increases. In the figure below we compare price increases for our six different tribes with the increase in the consumer price index (CPI) since 1998.

The reason that the cost of living for renters is rising so fast is because they spend a considerable proportion of their incomes on rent and rents are rising considerably faster than the CPI. Private income owners spend the least, as a proportion of their incomes, on housing. On the other hand they do spend the largest part of their incomes on recreation which has seen only slow growth in prices. Those who mainly rely on the Age Pension and own their own home spend a lot less on housing than renters but more (as a proportion of their incomes) on housing than those earning most of their income from investments. They also spend a larger part of their incomes on food which has seen stronger price increases.



The two renting tribes faced higher price increases than the CPI. Those owners who get most of their income from private sources faced much lower cost of living increases than the CPI. Pensioners who own their own home faced cost of living increases that were very similar to the CPI. This means that while the official inflation rate over the past 18 years averaged about 2.5 per cent per annum, the prices of the goods and services that renters buy are rising faster than 2.5 per cent. As opposed to the goods and services that private income owners buy that are rising more slowly than 2.5 per cent. Pensioners who own their own home are seeing price increases roughly in line with the CPI average of 2.5 per cent.

What this means is that renters, who are struggling the most financially in retirement, are also the ones who are facing the largest increases in prices. This means that over time they will see their purchasing power (the amount of goods and services that they can buy) shrink compared with that of homeowners. Combined with a growing housing affordability problem, the inequality amongst retirees can be expected to increase rather than diminish. ■

The figures come from the Australian Bureau of Statistics (ABS) 6530.0 - Household Expenditure Survey, Australia: Summary of Results, 2009-10. The data was obtained by a special data request which included the spending patterns of all households aged 54 and up who had no member of the household in the labour force (our definition of retired). The data was further segmented by main source of income (private investment income versus pensions and allowance), household type (single versus couple) and housing tenure (own including outright and with a mortgage versus renting and other tenure types).

YourLifeChoices disclaimer

Lock in the costs and save

Making arrangements for your funeral can save your family, both emotionally and financially, when it matters most.

It isn't a topic that many of us are comfortable discussing; arrangements for a funeral, and what to do after you die. The fact that it is so uncomfortable and awkward often means that it goes undiscussed and this may leave grieving family members guessing how you would want to be remembered. You wouldn't let someone take an educated guess at how you wanted your wedding to play out, and it shouldn't be any different with the ultimate celebration of your life.

This is one of the major advantages of locking in a pre-paid funeral, ensuring that you get the funeral you want and making sure you are remembered your way. Does your family know if you want to be buried or cremated? Will there be an open or closed casket? Confusion and disagreements are common between stressed family members at the time of a loved one's passing and having a plan is the best way to avoid this. Not only does this take the pressure off family members at an already stressful time, it can also give *you* peace of mind that all your affairs are in order without leaving an added burden on your family.

It isn't just the peace of mind that comes with knowing the celebration of your life will happen your way, it is also a sensible financial decision that could save your family thousands of dollars.

A prepaid funeral allows you to make all the plans for your funeral and pay at the rate quoted on the day. Prices are protected and your family will not have to find thousands of dollars in a hurry when you die. You may leave behind a substantial amount of money to family members, but that doesn't mean they will be able to access it in time for your funeral.

Anyone who has found themselves organising a funeral for a loved one may remember that uncomfortable feeling of looking at caskets and trying to strike a balance between what they can afford and not wanting to appear too stingy. Put simply, this isn't a situation in which you want to leave your loved ones. You are much more likely to choose a more simple and cost-effective design than grieving family members, who may want to ensure you have the 'best', whatever that means.

Of course, not everyone has the money sitting around to pay for a funeral before the event. This is why Guardian Plan, Australia's leading plan, works closely with various funeral directors throughout Australia and offers payment plans to help you spread the cost. For added peace of mind, should you move interstate, Guardian Plan can help you transfer your plan to another funeral director. ■

More: guardianplan.com.au

YourLifeChoices *Retirement Affordability Index™* March 2017

In conjunction with TAI, **YourLifeChoices** is publishing the inaugural *Retirement Affordability Index™*, offering for the first time a true assessment of the real costs of living in retirement. We examine the six retirement 'tribes'; those who live as a couple or single, with private income (self-funded) or on a pension and their housing situation. So here are the costs, in a weekly, monthly and annual format, for you to review, compare and keep track of your own household expenditure. This information will be updated on a quarterly basis so we can keep you informed and better able to manage your retirement income.

Weekly expenditure for retirees aged 54+

Expenditure items	Couple homeowners with private income	Couple homeowners on Age Pension	Couple who rent on Age Pension	Single homeowner with private income	Single homeowner on Age Pension	Single renter on Age Pension
Housing Rent, interest, home repairs and maintenance & body corporate fees	106.67	75.25	146.15	65.51	60.12	102.41
As percentage of expenditure	8%	11%	22%	10%	16%	29%
Domestic fuel & power Electricity, gas & oil	33.16	26.36	22.88	22.18	19.55	16.15
As percentage of expenditure	2%	4%	4%	3%	5%	5%
Food & non-alcoholic beverages Includes meals in restaurants	202.65	146.33	119.40	102.24	76.47	63.70
As percentage of expenditure	15%	21%	18%	15%	20%	18%
Alcoholic beverages & tobacco products Alcohol consumed at licensed premises	31.15	23.75	41.26	9.91	11.03	13.46
As percentage of expenditure	2%	4%	6%	1%	3%	4%
Clothing and footwear Dry cleaning, repairs & alterations	31.57	17.30	16.96	33.03	10.90	6.54
As percentage of expenditure	2%	3%	3%	5%	3%	2%
Household furnishings & equipment Outdoor furniture, floor and window coverings, linen and bedding, appliances, glassware, tableware and cutlery, tools & mobile phones	78.91	42.24	30.42	44.15	19.88	13.96
As percentage of expenditure	6%	6%	5%	7%	5%	4%
Household services & operation Cleaning and garden products, phone charges (including mobile), pest control & home cleaning services	72.56	48.37	38.75	42.77	33.76	38.09
As percentage of expenditure	5%	7%	6%	6%	9%	11%
Medical & health care Health insurance, doctor and dental fees, medicines and pharmaceutical products, prescriptions & hospital and nursing home charges	104.94	54.78	27.33	48.53	35.23	23.14
As percentage of expenditure	8%	8%	4%	7%	9%	6%
Transport Purchase, maintenance and insurance of vehicles, fuel & public transport fares	207.72	113.17	89.47	70.01	45.35	23.48
As percentage of expenditure	15%	17%	14%	10%	12%	7%
Recreation AV equipment including TVs and pay TV, books, newspapers and magazines, camping and fishing equipment, sports equipment, internet charges, holidays & animal expenses	272.16	92.42	92.99	97.46	47.42	25.63
As percentage of expenditure	20%	14%	14%	14%	12%	7%
Personal care Toiletries, cosmetics & hairdressing	26.24	14.81	12.06	14.51	9.76	9.56
As percentage of expenditure	2%	2%	2%	2%	3%	3%
Miscellaneous goods & services Stationery, watches and jewellery, interest payments on credit cards and all loans (excluding home loans), education, rates and charges on investment properties, accountant and tax fees & cash gifts	204.25	28.84	18.30	128.32	18.60	23.04
As percentage of expenditure	15%	4%	3%	19%	5%	6%
Total weekly expenditure	**$1,371.96**	**$683.62**	**$655.99**	**$678.61**	**$388.07**	**$359.15**
Total monthly expenditure	**$5,961.16**	**$2,970.33**	**$2,842.62**	**$2,940.64**	**$1,681.64**	**$1,556.32**
Total annual expenditure	**$71,533.99**	**$35,643.95**	**$34,111.48**	**$35,287.72**	**$20,179.64**	**$18,675.80**

How does *your* spending compare?

Expenditure items	Couple homeowners with private income	Couple homeowners on Age Pension	Couple who rent on Age Pension	Single homeowner with private income	Single homeowner on Age Pension	Single renter on Age Pension
Housing Rent, interest, home repairs and maintenance & body corporate fees As percentage of expenditure						
Domestic fuel & power Electricity, gas & oil As percentage of expenditure						
Food & non-alcoholic beverages Includes meals in restaurants As percentage of expenditure						
Alcoholic beverages & tobacco products Alcohol consumed at licensed premises As percentage of expenditure						
Clothing and footwear Dry cleaning, repairs & alterations As percentage of expenditure						
Household furnishings & equipment Outdoor furniture, floor and window coverings, linen and bedding, appliances, glassware, tableware and cutlery, tools & mobile phones As percentage of expenditure						
Household services & operation Cleaning and garden products, phone charges (including mobile), pest control & home cleaning services As percentage of expenditure						
Medical & health care Health insurance, doctor and dental fees, medicines and pharmaceutical products, prescriptions & hospital and nursing home charges As percentage of expenditure						
Transport Purchase, maintenance and insurance of vehicles, fuel & public transport fares As percentage of expenditure						
Recreation AV equipment including TVs and pay TV, books, newspapers and magazines, camping and fishing equipment, sports equipment, internet charges, holidays & animal expenses As percentage of expenditure						
Personal care Toiletries, cosmetics & hairdressing As percentage of expenditure						
Miscellaneous goods & services Stationery, watches and jewellery, interest payments on credit cards and all loans (excluding home loans), education, rates and charges on investment properties, accountant and tax fees & cash gifts As percentage of expenditure						
Total weekly expenditure						
Total monthly expenditure						
Total annual expenditure						

The value of a concession card

Eligibility for any of the following cards can make a huge difference to your cost of living.

While as many as 65 per cent of older Australians rely on an Age Pension or other government payment as their main source of income, it's often the associated concession card that holds the key to a more affordable retirement.

A concession card gives you access to savings on prescription medicines, health services, car registration, public transport, rates and utility bills, to name just a few. Many of these concessions are offered by state governments, local councils and private businesses, so they do tend to vary depending on where you live.

1 Pensioner Concession Card (PCC)

Pensioner Concession Cards are issued by Centrelink to those receiving an Age Pension, Disability Support Pension or Carer Payment. You may also be eligible for a Pensioner Concession Card if you are over 60 years of age and have been receiving any of the following payments for at least nine months:

- Newstart Allowance
- Partner Allowance
- Widow Allowance.
- Sickness Allowance
- Special Benefit

2 Health Care Card (HCC)

If you do not qualify for a Pensioner Concession Card, you may be entitled to a Health Care Card if you are below Age Pension age and receive one of the following payments:

- Newstart Allowance
- Partner Allowance
- Widow Allowance.
- Mobility Allowance
- Special Benefit

3 Commonwealth Seniors Health Card (CSHC)

Self-funded retirees who are of Age Pension age but do not qualify for the Age Pension, may be eligible for a Commonwealth Seniors Health Card if their annual adjusted taxable income is below the following thresholds:

- $52,796 (singles)
- $84,472 (couples combined)
- $105,592 (couples separated due to ill-health).

4 Low Income Health Care Card

For those who do not qualify for any Centrelink benefits, it may be possible to receive a Low Income Health Care Card if your income is below the required thresholds.

To qualify for a Low Income Health Care Card, your income must be below the following thresholds for the eight weeks prior to making a claim:

- $543 per week or $4,344 over eight week period (singles)
- $939 per week or $7,512 over eight week period (couple).

Once you have received the card, you will be required to undergo a review every six months to assess your continued eligibility.

Seniors Card

As well as concession cards that are linked to government payments, you may also be eligible for a Seniors Card. Issued by state and territory governments, Seniors Cards are available to those aged 60 and over who no longer work full-time. However, eligibility varies depending on the state or territory in which you reside, as do the concessions available to you, so it's worth checking if you qualify. The main benefit is that Seniors Card holders are entitled to travel concessions in their home state or territory, as well as interstate.

Find out more and locate your state or territory Seniors Card office here. ■

Government update

Here are the Centrelink changes that you need to know about now.

Increase in Age Pension age

The eligibility age for the Age Pension will start to increase from 1 July 2017, until it reaches 67 by 2023. A breakdown of the increase is as follows:

Date	Eligibility age
1 July 2017	65.5 years
1 July 2019	66 years
1 July 2021	66.5 years
1 July 2023	67 years

For more information, visit HumanServices.gov.au

New pension rates

The biannual indexation of pension payment rates occurred on 20 March 2017 and has resulted in a fortnightly increase of $10.40 for singles and $7.80 for each member of a couple.

For full details of new payment rates, visit YourLifeChoices.com.au

New income and asset thresholds for part Age Pensions

As well as increasing pension payments, indexation has also occurred for the income and asset thresholds that apply to part Age Pensions. This may mean that those who have narrowly missed out on a part Age Pension, or lost their part Age Pension after the 1 January 2017 asset changes, may now qualify for the payment.

For full details of income and assets thresholds, visit YourLifeChoices.com.au

Changes to Energy Supplement eligibility

Pensioners who apply for the Commonwealth Seniors Health Card (CSHC) may no longer receive the Energy Supplement with changes having come into effect on 20 March 2017.

If you…	Your Energy Supplement…
claimed a CSHC from 20 September 2016, within six weeks of your income support payment stopping	will continue to be paid unless there's a period where you are not eligible for a CSHC.
claimed a CSHC from 20 September 2016, more than six weeks after your income support payment stopped	will have stopped on 20 March 2017.
claim a CSHC after 20 March 2017	will not be paid, unless you're receiving a CSHC as a replacement for an income support payment that stopped less than six weeks before claiming (e.g. as a result of losing the Age Pension due to asset threshold changes).

Online claiming for Carer Payment and Carer Allowance

You can now apply online for a Carer Payment or Carer Allowance. If you're already a Centrelink customer, all you have to do is provide any new details, and your previous information will be transferred across to your new claim. You can also monitor the progress of your claim, via Claim Tracker.

You can apply via mygov.gov.au ■

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