



# SUPER SAVINGS AND THE GOVERNMENT AGE PENSION

Despite an increased reliance on superannuation to fund people's retirement, the government expects more than 60% of Australians will still qualify for at least a part government age pension for many decades to come<sup>1</sup>.


Rather than expecting to get by on the government Age Pension only or pay your own way with your super savings, the more likely scenario for most Australians is funding retirement with a combination of both.

## The Age Pension alone isn't enough

Living solely on the Age Pension isn't easy. Considering that the ASFA Retirement Standard<sup>2</sup> shows a couple aged between 65 and 84 need about \$45,808 a year for a 'modest' lifestyle, it makes sense to build up your super to supplement the Age Pension. The additional money you'll receive from your super savings will mean a more comfortable retirement lifestyle.

## Do you qualify for an Age Pension?

Most Australians qualify for at least a part government Age Pension. In addition to being a permanent Australian resident, you need to be of pension age and pass a means test.

 For more information on any of the following, go to [servicesaustralia.gov.au](https://servicesaustralia.gov.au) or call us on 13 64 63.

### Your age

The age you can start receiving the Age Pension depends on the year you were born. For example, if you're born after 1 January 1957, you'll be eligible for the Age Pension at age 67.

### Means test

To qualify for the Age Pension you must pass an income test and an assets test. The test resulting in the lower Age Pension payment amount applies.

### Income test<sup>3</sup>

Income includes (among other things):

- salary
- net rental income
- 'deemed income' from your super and most account based pensions. Deeming is an 'assumed' rate of return the government places on your investments rather than their actual return.

**Note:** this isn't a full list. Go to [servicesaustralia.gov.au](https://servicesaustralia.gov.au) for more information.

### Asset test<sup>4</sup>

Assets include (among other things):

- cash
- investment properties
- loans to family
- cars, boats and caravans
- private companies
- trusts
- super or account based pensions. Doesn't include a spouse's super if they're under Age Pension age.

The assets test does not include your home.

**Note:** this isn't a full list. Go to [servicesaustralia.gov.au](https://servicesaustralia.gov.au) for more information.



<sup>1</sup>2021 Intergenerational Report - Australia over the next 40 years

<sup>2</sup>ASFA Retirement Standard, Detailed budget breakdowns, March 2023

<sup>3</sup>There is no income test on the basic rate for age pensioners who are permanently blind. Pensioners who were receiving payments at 19 September 2009 may be paid differently under 'transitional arrangements.' For more information, contact Services Australia or visit [servicesaustralia.gov.au](https://servicesaustralia.gov.au)

<sup>4</sup>Hardship provisions may apply. There is no asset test on the basic rate for age pensioners who are permanently blind. For more information, contact Services Australia or visit [servicesaustralia.gov.au](https://servicesaustralia.gov.au)

## Even a part Age Pension can significantly improve your retirement lifestyle

If you only qualify for a part pension, this can still make a difference to your retirement lifestyle. This is because if you get at least the minimum age pension, you automatically qualify for a pension concession card.

This card provides access to discounts on items such as prescription medicines, public transport, utility bills and motor vehicle registration. These concessions can be different in different states.

## Is your spouse under government Age Pension age?

The following strategy can be used to reduce income and assets and help qualify for the Age Pension or increase part pension payments. Super isn't counted in the means test for people under pension age. This means that if a person has a spouse under pension age, they can reduce their income and assets by withdrawing some of their super and contributing it into their spouse's super account. Keep in mind that the balance of an account based pension is included in the assets test regardless of your age. As implementing this strategy can be complex, we recommend you contact your financial adviser before acting.



### What to do next

Mine Super Financial Advice can provide you with advice about how to manage your retirement savings. For more information call 13 64 63, Monday to Friday, 8am to 6pm.



### How much will you have?

You can work out what income you're likely to get from your super and the Age Pension when you retire using the government's MoneySmart Retirement Planner calculator at [moneysmart.gov.au/tools-and-resources/calculators-and-apps/retirement-planner](https://moneysmart.gov.au/tools-and-resources/calculators-and-apps/retirement-planner)

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