

COMMONWEALTH SENIORS HEALTH CARD: TIME TO CHECK YOUR ELIGIBILITY

Sometimes forgotten about, the Commonwealth Seniors Health Card (CSHC) is a useful card for those who do not qualify for the Age Pension. The card offers numerous benefits to Australian residents and as the cost of living continues to take a toll on self-funded retirees, the CSHC has become even more invaluable.

Australian residents who qualify for the card receive access to prescriptions at a concessional rate via the Pharmaceutical Benefits Scheme, bulk billing at doctor appointments (depending on the doctor), and a larger refund for medical costs (concessional threshold applies via the Medicare Safety Net).

CSHC holders may also be entitled to other concessions such as electricity and gas bills, property and water rates, other health care costs, and public transport fares.

What has changed recently?

The income thresholds to determine eligibility are indexed annually in line with the Consumer Price Index (CPI) on 20 September each year. The current income limits are:

- \$101,105 for singles
- \$161,768 combined for couples
- \$202,210 a year for couples separated by illness, respite care or prison.

Add \$639.60 to these amounts for each child in the applicant's care.

Who is eligible?

Any Australian resident currently living in Australia who has reached Age Pension age but does not qualify for age pension due to their assets or income, can apply for the card, provided they meet the income test.

This test considers the applicants annual adjusted taxable income (ATI) plus a deemed amount from any account-based income streams.

What is a deemed amount you ask? Deeming rates are assumed rates of return on financial assets, such as bank accounts, shares, and superannuation, used to calculate assessable income for Centrelink payments. They are used to determine eligibility and payment amounts. In this case, account based pensions are deemed.

The current deeming rates for any account-based pension held are:

- Single - First \$64,200 at 0.75%, remainder at 2.75%
- Couples - First \$106,200 at 0.75%, remainder at 2.75%

The actual account based pension drawdown is irrelevant for this calculation; only the pension balances deemed amount is assessable.

The Centrelink deeming rate freeze that started during COVID-19 has ended and the rates are now increasing with the current rates above. For Commonwealth Seniors Health Card applicants, these higher deeming rates raise the assumed income from account-based pensions, which may result in some cardholders losing their eligibility.

Unlike the Age Pension or Disability Pension, the level of benefit does not adjust based on the applicant's income. If the eligibility criteria are met, and the applicant's income is below the income test threshold, the CSHC will be granted. Therefore, applicants who are still working could receive the card.

Superannuation balances in accumulation phase are not assessed as no taxable income is produced and accumulation balances are not subject to deeming.

How long is the CSHC valid?

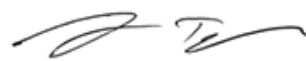
The CSHC is valid for 12 months and reissued on 1 August each year if eligibility criteria are met.

How do eligible people claim the CSHC?

Australian residents can confirm eligibility with Centrelink, and applications can be submitted online via MyGov. Bell Potter's Technical Financial Advice team is available to help and discuss this topic in more detail.

Learn more

If you have any questions or would like to discuss further, please contact your Bell Potter adviser.



Jeremy Tyzack

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Bell Potter Securities

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Working with you and your Bell Potter Adviser, we can help with most financial aspects of retirement, including:

- Identifying your financial goals
- Structuring your existing assets appropriately
- Identifying your approach to investment and your appetite for risk, and
- Reviewing your current superannuation arrangements.

To create a tailored investment plan based on your needs and objectives call your adviser or 1300 0 BELLS (1300 0 23357).

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