



# Better Outcomes for Pensioners

## 10 Things You Need to Know



*Over the last week, we've been listening to feedback from the community — and it's clear that there's a lot of misinformation around about the Greens' pension agreement.*

*So here are the top ten things you need to know about the change to the pension system.*

**1// The Greens are reversing a Howard-era decision that made the pension system unfair**

People with fewer assets will be given more support, and some people with substantial assets will have their pension reduced.

In 2007 when John Howard introduced the pension decision, the Greens opposed it because they failed to direct support to the people who need it the most. Reversing this decision means that people with substantial assets will get smaller payments from the Government and those with fewer assets will get more support.

*For example* — the change means that a couple with their own home will stop receiving the pension if they have more than \$823,000 of assets on top of their home value.

At the other end of the scale, those with fewer assets can hold an additional \$50,000 in assets before their full pension is reduced - giving more support to those who need it most.

**2// The Greens have made an agreement with the government to secure more funding for the 171,500 pensioners with few assets**

These changes will make life easier for those who need the most support.

171,500 pensioners will be better off because of this change to the pension system, and 50,000 more people will now get a full pension. Those with fewer assets who benefit from this scheme will be \$30 a fortnight better off.

Reversing John Howard's 2007 decision means better targeting of the pension. That also means that approximately 6% of pensioners (327,300 people) with more substantial assets will have their pensions reduced and 2% will have their pensions cancelled.

**3// Higher superannuation means we are retiring better off**

Superannuation is designed to ensure that people save throughout their life for their retirement. Superannuation has hit a new record high this year. Higher compulsory super contributions mean the vast majority of Australians retire better than previous generations. Our superannuation system needs reform, with a disproportionate amount of super assets going to the top 20% of people. The purpose of superannuation is to enable those people who have accumulated wealth over their lifetimes to use this to help fund their retirement needs, while those with more modest means can rest assured they too will be able to have a dignified life in retirement by relying on the aged pension.



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### **4// Most aged pensioners will not be affected by the change**

Eighty percent of aged pensioners will not be affected by these changes at all.

### **5// The Greens have secured a broad review into retirement income and put it on the national agenda**

The Greens also secured agreement from the government to include retirement incomes in the current Tax Review putting superannuation well and truly on the national agenda.

The Abbott Government has made it clear they are not interested in fixing our broken superannuation system.

That's why we're laying the groundwork now for when this mob is gone and we can change the super system to make sure it works the way it was intended - to help hardworking Australians save for their retirements.

### **6// The experts and service providers have been calling for this change**

This is an outcome that stakeholders including the Council of the Ageing, Uniting Care and ACOSS have been seeking for a long time. Australian Council of Social Service (ACOSS) took the same position as the Greens in 2007 against the Howard decision and welcomes the tighter assets test to make the pension fairer.

### **7// Your family home will not be affected by these changes**

The family home is not included in the assets test. The new pension agreement has not changed this.

In fact, no aspect of the assets test has changed. It wasn't counted before, it won't be counted now. Personal assets like cars are currently included in the assets test but at their depreciated rather than their full value.

### **8// Women will not be worse off and those with the least will be better off**

The real pain for women is the inadequacy of the superannuation system — that means that often their superannuation is not sufficient to add much on top of any pension they receive. The Greens have now secured a review of retirement incomes that will ensure it stays on the political agenda and that all parties will be forced to address the issue.

What Labor fails to mention in its scare campaign is that 60% of women would not achieve a comfortable standard of living [which they state is \$42k per year (with your own home) compared with the full pension which is \$22k] no matter what, because they don't retire with enough money to support themselves.

### **9// The change doesn't affect other entitlements**

The 2% of pensioners who will have their part pensions cancelled will still be eligible for a Seniors Health Care Card. Holders of Commonwealth Seniors Health Cards receive the same concessional rate on pharmaceutical benefits, the lower extended Medicare safety net threshold, and bulk-billed doctors' appointments without the discretion of the doctor, as for pensioners. Most state concessions are available to all health card holders, regardless of the card type.

### **10// The Greens believe all Older Australians should be able to retire decently and with dignity**

The Greens support a retirement income system that allows everyone to live with dignity. We support a retirement income system that will care for Older Australians and protect those who are unable to build a healthy super balance as well as providing the means by which individuals can save for their retirement through a superannuation system. This agreement is positive, but it's only the first step to a fairer and more caring system.