



18 January 2019

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretariat

Social Services and Other Legislation Amendment (Supporting Retirement Incomes) Bill 2018

National Seniors welcomes the opportunity to comment on the Social Services and Other Legislation Amendment (Supporting Retirement Incomes) Bill 2018.

National Seniors is the leading consumer lobby group for older Australians and the fourth largest organisation of its type in the world.

National Seniors supports proposals to increase eligibility and payment limits for the Work Bonus Scheme and expand eligibility and increase payment limits for the Pension Loan Scheme as proposed in the legislation.

Increasing the capacity of older Australians to maintain higher incomes will improve quality of life for people as they get older and is an important policy goal.

Work Bonus

National Seniors supports increasing the work bonus from \$6,500 to \$7,800.

National Seniors has had consistent feedback from our members and supporters calling for an increase to the Work Bonus limit. Increasing the Work Bonus limit will increase workforce participation among older Australians. This will enhance financial security for older Australians in retirement and deliver social and health benefits to individuals and the wider community. Increasing the capacity for older Australians to supplement their pension through work will be especially helpful for those individuals receiving the full rate of Age Pension who possess limited assets from which to generate extra income.

National Seniors also supports the move to expand eligibility to include those who are self-employed, contractors or consultants.

Our members and supporters have consistently raised concerns about the fairness of the current rules because people in these situations have not been eligible for the Work Bonus despite being engaged in gainful

work. We welcome this change as one that provides greater fairness and consistency in the application of the Work Bonus scheme.

In this regard, National Seniors agrees that only gainful work be included as eligible for the expanded Work Bonus scheme. We also agree that activities such as managing personal or family financial or real estate investments or undertaking domestic duties in relation to a person's own residence should not be included as gainful work involving personal exertion as this will open the legislation to abuse.

Pension Loan Scheme (PLS)

National Seniors supports the proposal to expand eligibility for the PLS.

The PLS provides an opportunity for retirees to increase their income and unlock the value held in the family home without jeopardising access to the family home.

The current rules governing the PLS are too restrictive. Only those on a part-pension can participate in the PLS and can only loan up to the value of the full Age Pension. Older Australians on a full pension and low-income self-funded retirees are not currently able to make use of the PLS to increase their regular income and improve their quality of life.

National Seniors supports the proposal to increase the amount of income that can be received.

Increasing the fortnightly amount that can be borrowed under the PLS to 150 per cent of the maximum fortnightly rate of the Age Pension is a positive move. It will enable retirees to maintain a significantly higher standard of living and make use of the productive wealth tied up in the family home.

Under the proposed changes retirees would be able to receive a maximum annual income of 150 per cent of the Age Pension, which currently calculates as \$35,735.70 for a single person and \$53,874.60 for a couple. These figures are much closer to the ASFA Retirement Standard for a comfortable lifestyle and will mean that older Australians are better able to achieve financial security in retirement (see table 1 below).

Table 1: Annual income comparison

	Single	Couple
Age Pension Income (Maximum rate including energy and Pension supplements)	\$23,824	\$35,916
Age Pension Income (Including Pension Loan Scheme at 150% of pension)	\$35,735	\$53,875
ASFA Retirement standard for a Comfortable lifestyle	\$43,200	\$60,843

National Seniors believes that rising interest in the PLS will make it important for the Department to ensure adequate checks and balances are in place to protect the interests of loan applicants. Should interest in the PLS increase, it will be important that Centrelink has adequate resources to meet any increase in the volume of applications to ensure that applications are assessed properly and the interests of applicants are adequately protected.



Unlike reverse mortgages, there are no requirements on loan applicants to seek independent advice. However, PLS applicants are currently required to meet with a Centrelink Financial Information Service (FIS) officer to discuss a loan before an application is made.

In this regard, it is vital that FIS officers have systems in place to support them in identifying applicants who may be at risk of elder abuse. This should include adequate training, so they are competent in identifying and reporting suspected cases of financial elder abuse.

Should you require any further information please contact Dr Brendon Radford

Yours sincerely

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