

Centrelink Deductible Amount (also just called the Deductible Amount)

The Centrelink Deductible Amount is the part of your income from your Account Based Pension (formerly known as an Allocated Pension) that does not count as income as far as the Centrelink Income Test is concerned. It's another thing that makes Account Based Pensions very attractive (being tax free is another big advantage too).

This figure is calculated by getting your original starting balance, taking away any lump sum withdrawals (not pension payments) and dividing it by a life expectancy factor based on the age you were when you began your Account Based Pension.

Example

Marie is now 70. She started her Account Based Pension at age 64 in 2002 with \$178,083 and has taken a total of \$92,538 in pension payments and \$12,000 in lump sum withdrawals. Her life expectancy at age 64 was 20.70 years.

$$\frac{\$178,083 - \$12,000}{20.70} = \$8,023 \text{ does NOT count as part of the income test}$$

She currently takes \$13,572 as an annual pension from her Account Based Pension.

$$\text{So: } \$13,572 - \$8,023 = \$5,549$$

Therefore this \$5,549 DOES count as income for the income test.

Centrelink Schedule

This is the document that shows your Centrelink Deductible Amount. Centrelink obtains this information directly from AMIST on the 30 June and the 31 December each year. This means that they will always know if you have taken a lump sum.

If you would like to update them in between these times, just call the AMIST Pension Hotline on 1800 255 521 to request a new schedule print out. You only need a new one if you have taken a lump sum withdrawal or if Centrelink insists.

Note: on the Centrelink Schedule, the important numbers are the purchase price (original start amount) and the relevant number (life expectancy).

REMEMBER: If you take out a lump sum, it will decrease the Centrelink Deductible Amount (i.e. it will reveal more income to Centrelink and potentially decrease the benefit they pay you).

If Marie had not taken out the lump sum of \$12,000:

$$\frac{\$178,083}{20.70} = \$8,603 \text{ does NOT count as part of the income test}$$

She currently takes \$13,572 as an annual pension from her Account Based Pension.

$$\text{So: } \$13,572 - \$8,603 = \$4,969$$

Therefore this \$4,969 DOES count as income for the income test.



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