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WITH
THE HON JENNY MACKLIN MP
MINISTER FOR FAMILIES, HOUSING, COMMUNITY SERVICES AND INDIGENOUS AFFAIRS**

**SECURE AND SUSTAINABLE PENSION REFORM: NEW 'WORK BONUS' FOR AGE
PENSIONERS**

Age and service pensioners will be able to keep more of the money they earn through part time work under the Australian Government's Secure and Sustainable Pension Reform.

A new Work Bonus will treat age and service pensioners' earned income more generously.

From 20 September 2009, only half of the first \$500 of employment income earned per fortnight will be assessed under the income test.

This will enable up to \$250 of earnings a fortnight to be excluded from means testing.

This means that as a person's employment income increases, their pension will reduce at half the rate it otherwise would have.

Pensioners who do some part time work could get an extra benefit of \$125 per fortnight, on top of any pension increase.

Around 75,000 age and service pensioners with employment income are expected to benefit from the new Work Bonus.

The new Work Bonus will help older Australians receive a pension and do some part-time work at the same time.

A pensioner's earnings will now also be assessed on a fortnightly basis, bringing more consistency to pensions, and making income testing easier to understand.

Continuing employment can be important because of both the financial and non-financial benefits for individual pensioners, and for the contribution that their participation in the workforce can make to the community.

Submissions to the Harmer Review consistently highlighted the need to make it easier for age pensioners to keep money they earned from employment, with around 20 per cent of written submissions specifically calling for such a measure.

The previous Pensioner Earnings Credit was abolished in 1997. Disability Support Pensioners and Carer Payment recipients under age pension age already have access to a Working Credit scheme and therefore will not benefit from this measure.

Pensioners paid under transitional arrangements who remain under the current pension income test will only be able to access the Work Bonus once they transfer to the new system.

In addition, the Australian Government has decided to close the Pension Bonus Scheme to new entrants from 20 September 2009.

People already registered in the Scheme before 20 September will be able to remain in the Scheme and claim a pension and their Bonus when they finish working.

The Harmer Review found that the Pension Bonus Scheme has not encouraged older Australians to remain in work, with most participants saying they would have continued working anyway.

Pensioners find the Scheme complex and inflexible, and it is the subject of many complaints.

Through the Secure and Sustainable Pension Reforms, the Government is providing better ways to support older Australians who want to continue working past pension age.

In the 12 months to March 2009, 8.6 per cent of new age pensioners had employment income. Overall, 4.2 per cent of all age pensioners have employment income at some stage during the year.

The changes are part of the Government's Secure and Sustainable Pension Reform delivering a stronger and fairer pension system and providing security and sustainability into the future.

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