



Social Security Income Support Exemptions

July 2022

OVERVIEW

Income and asset test exemptions are in place for people affected by Mr Fluffy loose fill asbestos in the ACT who receive an income support payment from the Australian Government.

Services Australia has advised that payments made under the ACT Government's Buyback Programs will be treated as compensatory. As such, exemptions from the income test (including deeming exemptions) and the assets test can apply for these payments made under the Scheme.

DETAILS

- Any actual interest from Buyback proceeds that have been invested, e.g. in bank accounts, shares, managed investments or loans, will not be assessed as income under the social security income test.
- Deeming rules (which assume that financial investments are at a certain rate of income, regardless of the amount of income they are actually earning) will not be applied to Buyback proceeds.
- Under the asset test exemption, Buyback proceeds will not be assessed as an asset under the social security asset test.

These income and assets test exemptions will be available for 12 months from the receipt of the Buyback proceeds for the homeowners and investors who receive the Age Pension and other social security income support payments. A provision exists where the 12 month exemption period can be extended where homeowners can demonstrate that special circumstances exist.

Rent Assistance may be paid during the asset test exemption period if the income support recipient is renting while they build or buy their new home.

Once the house being purchased (or constructed on the land) becomes the person's principal home, their home is exempted from the assets test and any remaining Buyback proceeds are assessed under the asset test.

STATUS OF PROPERTY AT TIME OF BUYBACK

Principal home

Prior to Buyback the person is assessed as a homeowner and the property is usually an exempt asset. Upon Buyback, the person is a non-homeowner and may be entitled to Rent Assistance. The net funds received will not be assessed as an asset or deemed to be earning income while they are invested.

Proceeds used to buy an asset which is not an investment, e.g. a car, will be included in the assets test.

This assessment ceases if the person buys another home or otherwise obtains security of tenure or after 12 months (possibly longer if the person can show why they have not been able to obtain a new home in this time). If the new home costs less than the net amount received for the old, any remaining assets will be assessed and, if held as an investment, deemed.

Property that is not the principal home

Prior to Buyback the property is assessed as an asset. Upon Buyback, the net funds received will not be assessed as an asset or deemed to be earning income while they are invested. Proceeds used to buy an asset which is not an investment will be included in the assets test.

This assessment ceases after 12 months or sooner if the person purchases a replacement property that is not their principal home. If the new property costs less than the net amount received for the old, any remaining assets will be assessed and, if held as an investment, deemed.

Principal home that had been vacated to enter care

Prior to Buyback the former home may have been exempt from the asset test. Upon Buyback, the net funds received will not be assessed as an asset or deemed to be earning income while they are invested. Proceeds used to buy an asset which is not an investment, e.g. a car, will be included in the assets test. Aged Care fees will be calculated using the Social Security assessment i.e. not including exempt proceeds.

Regardless of the original exemption period, after 12 months from buyback, all assets will be assessed, investments deemed, and the resulting pension re-assessment used in the Aged Care fee calculation.

WHAT CUSTOMERS SHOULD TELL SERVICES AUSTRALIA

Upon settlement advise the date of sale, the amount received, and the net amount after expenses if any.

Explain that it is a Mr Fluffy home and that you are aware of the special assessment.

Although the staff member may not be local, they will be able to access information about the Scheme's assessment.

Bank accounts and loans

Provide the actual balance of accounts and the amounts to be assessed, i.e. the actual amount less the amount of proceeds in that account. Please note that if accessing your record online, only the net balances will display and update.

Shares, managed investments etc

Notify details as normal but also advise the amount of proceeds used. Please note that if accessing your record online, investments purchased with proceeds will not display.

GIFTING OR DEPRIVATION

Contact the Services Australia if you are considering making a gift of proceeds or any other asset. The means test exemption does not apply to gifts and you may be assessed as owning the amount for five years after giving it away. If so, this will be deemed to be earning income.

FURTHER INFORMATION

Contact the Services Australia on 132 300 or 136 240

ACCESSIBILITY

The ACT Government is committed to making its information, services, events and venues as accessible as possible. If you have difficulty reading a standard printed publication and would like to receive this publication in an alternative format, such as large print, please phone 13 22 81 or email loosefillasbestos@act.gov.au



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