

Welcome to the April edition of Connection Point. This month we cover:

- New Social Security rates and thresholds from 20 March 2015
- New aged care fees and thresholds from 20 March 2015
- Centrelink confirm application of account based income stream 'grandfathering'
- ATO videos for SMSF clients
- ASIC Register of financial advisers
- Review of retail life insurance advice
- Taxation discussion paper

## New Social Security rates and thresholds from 20 March 2015

Social security rates and thresholds increased on 20 March 2015.

Age Pension	Current rates and thresholds	Rates and thresholds from 20 March 2015
Single	\$854.30 pf	\$860.20 pf
Couple (each)	\$644.00 pf	\$648.40 pf
Upper income threshold - single	\$1,868.60	\$1,880.40
Upper income threshold - couple	\$2,860.00	\$2,877.60
Upper asset threshold – single	\$771,750	\$775,500
Upper asset threshold - couple	\$1,145,500	\$1,151,500

For a comprehensive listing of new rates and thresholds refer to the Social Security Fact Sheet on [www.onepath.com.au](http://www.onepath.com.au)

### Implications for your clients

- The increased rates and upper asset/income thresholds increase any social security entitlements your clients receive. Clients previously ineligible may now become eligible following the increased thresholds and should apply to Centrelink.

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## New aged care fees and charges from 20 March 2015

Aged care fees, charges and thresholds will increase on 20 March 2015.

Fee/Charge/ Threshold	Rates and thresholds from 20 March 2015
Basic daily fee	\$47.49
Maximum accommodation supplement	\$53.39
Income free area - single	\$971.70pf
Income free area - couple	\$953.70pf
Home exemption cap	\$157,051.20
Annual cap on means tested fee	\$25,528.71
Lifetime cap on means tested fee	\$61,268.62
Minimum asset level for RAD or RAC	\$46,000
Maximum interest rate*	\$6.36%
Maximum RAD	\$550,000

\*Interest rate effective 1 April 2015

The asset thresholds for the asset tested component of the means tested fee will also increase from 20 March 2015.

Asset threshold	Formula from 20 March 2015
≤ \$46,000	Nil
Between \$46,001 - \$157,051.20	(17.5% of amount exceeding \$46,000)/364
Between \$157,051.21 - \$379,153.60	(\$19,433.96 plus 1% of amount exceeding \$157,051.21)/364
\$379,153.61+	(\$21,654.98 plus 2% of amount exceeding \$379,153.61)/364

## Centrelink confirm application of account based income stream 'grandfathering'

Centrelink have confirmed a strict practical interpretation of the 'grandfathering' rules for pensioners with account based income streams.

To qualify for grandfathering where the income stream continues to be assessed using the Centrelink deductible amount:

- The account based pension must have commenced before 1 January 2015, and
- The account based pension recipient is receiving an income support payment immediately before 1 January 2015, and
- Since 1 January 2015, the account based pension recipient continues to receive an income support payment.

Centrelink have confirmed that if a pensioner is not eligible to receive an income support payment in any one fortnightly payment period, grandfathering will be lost. This removes any uncertainty around the current misconception that grandfathering would only be lost if a pensioner had not received an income support payment for 6 consecutive fortnights.

### Implications for your clients

- Care should be taken when reorganising investments or commencing any type of paid employment. Clients should seek personal financial advice relevant to their situation before they make any changes to their current arrangements.

## Taxation discussion paper

On 30 March 2015, the Government introduced a taxation discussion paper as part of the process to consider the future direction for Australia's taxation system.

The discussion paper is the first step in the process to initiate discussion between the community and the Government where the focus is on ideas rather than prescribing solutions. Solutions can start to be considered as part of the options (green) paper in the second half of 2015. The green paper will be followed by a final white paper where the Government will set out the taxation reform proposals that it intends to take into the 2016 Federal election.

This discussion paper provides information about the challenges the tax system faces, the way it currently operates, identifies potential opportunities for reform and points to some of the trade-offs that would need to be considered.

A summary of the taxation discussion paper is currently being prepared by the Technical Services team and will be issued shortly.