



Pension Work Bonus

The Government is supporting older Australians who choose to work more and improve their income by increasing the Pension Work Bonus to \$300 a fortnight and extending eligibility to the self employed.

The Pension Work Bonus is an income test concession for age pensioners and equivalent Veterans' Affairs pensioners. Currently, the first \$250 of employment income a fortnight is not counted in the Age Pension income test. This amount has not been increased since 2011, and does not apply to income earned from self-employment.

Helping you earn more

From 1 July 2019, the Pension Work Bonus (Work Bonus) will increase to \$300 per fortnight, up from \$250 per fortnight. This means that the first \$300 of income from work each fortnight will not count towards the pension income test.

This is in addition to the income free area, which is currently \$168 a fortnight for a single pensioner and \$300 a fortnight (combined) for a pensioner couple. So a single person with no other income will be able to earn up to \$468 a fortnight from work and get the maximum rate of Age Pension.

Pensioners will also continue to accrue unused amounts of the fortnightly Work Bonus, which can exempt future earnings from the pension income test. The maximum accrual amount will increase to \$7,800.

For the first time the Government is also extending eligibility for the Work Bonus to earnings from self employment. That means a pensioner can earn \$7,800 per year through self-employment without impacting their pension.

To ensure the Work Bonus only applies to actual engagement in gainful work, there will be a 'personal exertion' test. It is not intended that the Work Bonus would apply to income associated with returns on financial or real estate investments.

The Government's changes to the Work Bonus support workforce participation, improve standards of living for older Australians, and better reflect modern work arrangements.

The changes are expected to benefit more than 88,000 pensioners.

This measure is expected to have a cost to the Budget of \$227.4 million over the forward estimates.

Rohan works one day a week, and receives full pension

Rohan is a single age pensioner working one day a week and earning \$450 a fortnight. He has no other income and his assets are below the asset test free area. His pension is currently reduced because of his earnings. Under the changes, the first \$300 of Rohan's earnings will not be assessed and only \$150 will count for the pension income test. As this is less than the pension income test free area, his pension will increase by \$16 per fortnight to the maximum rate.

Nisha is self-employed and will now be eligible for the Pension Work Bonus

Nisha is a single part rate age pensioner who runs a small business. She earns an average of \$1,000 a fortnight. Her assets are below the pension asset test free area. As Nisha's income from self-employment is now eligible for the Work Bonus, the first \$300 of her income will be excluded from the pension income test, and Nisha will receive a higher part-rate Age Pension. Her pension will increase by \$150 per fortnight.