

Pensioners may get a triple treat

Changes to the pension and the Christmas bonus make financial sense if you're prepared, writes Money Editor Anthony Keane.

PENSIONERS are getting a three-way boost to their retirement incomes. They will get at least \$1000 from the Federal Government's Economic Security Strategy payments this month and also may benefit from shrinking asset values and changes to Centrelink's deeming rates.

Pensioners and people who hold a Commonwealth Seniors Health Card will share in the government's \$10.4 billion Economic Security Strategy payments this month.

The one-off payments of \$1400 for singles and \$1050 for eligible members of a couple will be paid into their bank accounts between December 8 and December 19.

Bernie Lewis Wealth Management chief executive Stefan Lipkiewicz says despite the Government wanting people to spend it to boost the economy, a smart move might be to keep some money aside as an economic downturn is likely next year.

Mr Lipkiewicz says the Federal Government cut deeming rates by 1 percentage point on November 17 "to take into account the fact that interest rates have been decreasing and the effects of the financial crisis on investment performance".

Single pensioners with financial assets, such as shares or cash in the bank, are now deemed to earn 3 per cent income on their first \$41,000 of assets and 5 per cent on the rest. For couples, the dollar figure is \$58,000.

Mr Lipkiewicz says the cuts have delivered one of his clients an extra \$600 a year.

Meanwhile, self-funded retirees should not let a "false sense of pride" stop them from receiving Centrelink payments to top up their dwindling nest egg, a financial strategist says.

Marinis Financial Group's Theo Marinis says the share market fall over the past 12 months has eroded the assets of many retirees, which has opened the door to pension payments.

"Under Centrelink rules, couples with investments of more than \$873,500 - excluding their home - or singles with more than \$550,500 are not eligible for pension support. For non-homeowners the thresholds are even higher," he says.

People entitled to either a full pension or a part pension can receive benefits such as medical, council and utilities concessions.

"If you qualify, you deserve support. In fact, the Government is encouraging people to do so," Mr Marinis says.

"If you have been wise and diligent enough to become a self-funded retiree in the first place, you have saved taxpayers a fortune during the bull market and during your active working life you would have contributed a significant amount of tax. Therefore, do not be shy about putting up your hand during the current tough times."

To find out if you are entitled to a pension, consult a financial planner or Centrelink. »

Stefan Lipkiewicz, chief executive of Bernie Lewis Wealth Management.

05 THINGS TO DO WITH YOUR PAYMENT

- 1 Spend it, which is what retailers and the Government want done to help boost a stuttering economy.
- 2 Put it in a savings account to help you ride out a possible recession.
- 3 Repay debt because interest costs can destroy wealth.
- 4 If adventurous, invest in the stockmarket as experts say we are very close to the market's low point.
- 5 Start an education savings plan for a grandchild.