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New Law Rips off Pensioners by over $1,000 pa

“Happy New Year to Australia’s Age Pension recipients drawing an income from modest account based pensions – and thank you for reducing your take home income by *$1,060 pa as a result of the Federal Government’s new Deeming rules, which came into place today.

And a VERY happy new year to the millionaires at the major banks and financial institutions who will see the potential for their bonuses explode, as our government forces hundreds of thousands of Centrelink Age Pensioners into financial products which will pay them just 3.95% pa..... while the institutions which hold them will earn 6.00 – 7.00% pa on their money.

The injustice of the new deeming rules is that unless pensioners get advice and act on it, they will see their annual income reduced from $31,913 to $30,853 – an actual cut of *$1,060 per year... while CPI continues to increase at almost 3.0% pa”

“This is a penalty which affects those who can least afford it”, according to Adelaide based financial strategist Theo Marinis.

“Our pensioners are the very people who worked hard all their lives and paid the taxes which built the hospitals, the roads and the schools we all use today. Many of them fought wars to defend our Australian way of life. These are not wealthy people ‘sharing the load’.”

“The previous rules (which recognised a ‘return of capital component’ in the account based pension income stream) were fair and on a similar footing with other non-superannuation income stream products which are currently available in the marketplace.”

“As a result of this inconsistency, which the ‘experts’ advising the Minister for Social Security have overlooked, many pensioners (including all of my affected clients) will now have access to another strategy to avoid having to take this unjustified $1,000 pa reduction” Theo said.

“My advice to my clients if in this exact position will be to invest an amount of $80,000 from their superannuation into a 7 year Zero Residual Capital Value (RCV) Annuity – this with careful ongoing management of their cash flows to ensure that they stay below the Centrelink deeming limits and allow them to maintain their overall annual income.”

“Centrelink Age Pensioners who are affected by the new account based pension deeming rules should seek financial advice immediately” Theo Marinis said.

** Based on a single person receiving a Centrelink Age Pension with a superannuation asset of $200,000.*

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