

• JOBSEEKER ALLOWANCE



ISSUED: AUGUST 2020
VERSION: AUGUST 2020

JobSeeker Allowance can provide financial assistance if you are looking for work or are not working and are participating in approved activities that may increase your chance of finding a job.

To be eligible to claim JobSeeker Allowance, you must be:

- aged 22 years or older but less than Age Pension Age
- looking for paid work
- prepared to complete your Mutual Obligation Requirements
- Not be on strike
- meet residence rules, and
- be unemployed with income and assets below a certain amount.

Newstart allowance is indexed on 20 March and 20 September each year.

BENEFITS

- JobSeeker Allowance provides a regular income stream to improve your cashflow.
- Your assets may last longer, because the increased cashflow means you will have less need to draw on your personal investments.
- You will be entitled to a health care card to reduce the cost of some expenses (such as reduced cost medicines).

HOW IT WORKS

You can get JobSeeker while you earn money from a part time or casual job.

You will have to wait at least one week before you can start receiving JobSeeker. This may be much longer if you have just finished a job (due to the income maintenance period) or you have liquid assets (due to the liquid assets waiting period).

Other waiting periods may also apply if you don't meet work tests or move to an area with lower job prospects.

RESIDENCE REQUIREMENTS

The residency requirements generally require you to have been an Australian resident for at least 2 years but some exemptions apply. You must still be an Australian resident living in Australia when you lodge the claim.

JOBSEEKER ALLOWANCE PAYMENT RATES

Payment rates are indexed.

The rate payable will depend on whether you are single or a member of a couple and have dependent children as well as a means test assessment.

The means test uses an income test and an assets test. Your assets must be below the assets test threshold and then the payment amount is determined by your income test.

ASSETS TEST

Under the assets test, Centrelink generally uses the net market value of your assets which is the amount the asset can be sold for, less any debts that are secured against that asset. All assets owned by you and your spouse are assessed.

This includes most investment assets (such as shares, managed funds and investment properties), plus personal assets such as motor vehicles and home contents. Importantly, your family home is not included in the assets test. Some exemptions apply if you bought non-commutable income streams before 20 September 2007 or you invest in funeral bonds within the allowable limit. Special penalty rules also apply if you have any involvement in a family trust or private company.

If your assets exceed the threshold that applies to your situation, you will not be entitled to JobSeeker.

INCOME TEST

You can earn some income before your JobSeeker Allowance is affected.

If you are a member of a couple, income earned by your partner in excess of the upper threshold also reduces your payment by 60 cents in the dollar.

If your income reaches the upper threshold, no JobSeeker Allowance is payable.

With some assets, such as a residential investment property, all of the net income (after allowable deductions) is counted under the income test. For other assets, 'deeming' applies.

Under deeming, an interest rate set by the government is applied to the balance of financial investments to "deem" the amount of income generated. The actual income derived is irrelevant. Financial investments include: bank accounts, shares, managed funds, superannuation held in accumulation after reaching age pension age, account-based pensions (unless grandfathered under deductible amount rules) and gifts that exceed the gifting thresholds.

If you have any involvement in a family trust or private company all of the income generated by that entity could be assessed as your income, depending on how the assets are assessed.

HEALTH CARE CARD (HCC)

If you are eligible for JobSeeker Allowance, you will also be entitled to a Health Care Card (HCC) to help reduce your expenses.

The HCC gives you access to a range of discounted medical services funded by the government including cheaper prescription medicines through the Pharmaceutical Benefits Scheme (PBS) and some public transport discounts. Doctors may also bulk bill.

WAITING PERIODS

When you apply for a Centrelink allowance, you may need to serve a waiting period before being eligible to receive your first payment. A waiting period is the amount of time you have to wait before receiving your first Centrelink payment.

ORDINARY WAITING PERIOD

If you are applying for JobKeeper Allowance or Sickness Allowance, you will most likely need to serve a one-week Ordinary Waiting Period. Only in certain circumstances, such as if you are in severe financial hardship, can you be exempt from having to serve the Ordinary Waiting Period.

LIQUID ASSETS WAITING PERIOD

If you are applying for JobKeeper, Sickness Allowance, Youth Allowance or Austudy, you may have to serve a Liquid Assets Waiting Period (LAWP).

The LAWP applies if your liquid assets are above the allowable threshold (please refer to the References section for the current thresholds) on the day you stop work or study, or make a claim. Liquid assets are funds that are readily available to you or your partner, including;

- cash on hand, shares, debentures, insurance bonds and term deposits
- other money available at short notice
- payments made or expected to be made (within 28 days) from a previous employer
- compensation payments
- amounts deposited or lent to banks or other financial institutions whether or not the amount can be withdrawn or repaid immediately.

Liquid assets do not include superannuation in the accumulation phase.

INCOME MAINTENANCE PERIOD

The Income Maintenance Period (IMP) can apply if you are a new customer claiming JobKeeper, Partner Allowance, Parenting Payment, Sickness Allowance, Youth Allowance, Austudy, Widow Allowance or Disability Support Pension and you have received leave payments from an employer.

The IMP is the period that Centrelink treat any leave payments received as income. Leave payments include annual leave, carers leave, leave loading, long service leave, maternity leave, rostered days off, sick leave, and redundancy payments.

The leave payments will count as income for the number of weeks that the leave payments relate to. Usually this means you will be excluded from receiving a payment for that many weeks.

The IMP can be served concurrently with other waiting periods.

The IMP can be waived or reduced in very limited circumstances, such as if you are in severe financial hardship because of having to use the leave payments to pay any unavoidable or reasonable costs (such as essential car or home repairs or essential medical expenses). The IMP will not be waived or reduced if employer payments are spent on expenses that are not considered to be unavoidable or reasonable (such as mortgage, rent or holidays).

WHAT YOU NEED TO CONSIDER

- A waiting period will apply to Newstart allowance. The waiting period will take into account any savings, including redundancies.
- You are required to report income and efforts that you make to meet your Mutual Obligation Requirements to Centrelink every fortnight.
- You may also be eligible for Pharmaceutical Allowance or Rent Assistance.
- The government may change legislation and payment rates in the future.
- JobSeeker Allowance is taxable income however you may be eligible for Tax Offset to help reduce your tax liability.
- Payments may be affected if you go overseas for extended periods of time. You should check details with Centrelink before leaving the country.
- You are required to tell Centrelink within 14 days about any change in your circumstances that may affect your payment.



REFERENCES

You may wish to refer to the following websites for further information about JobSeeker allowance:

- www.ato.gov.au
- www.dss.gov.au
- www.serviceaustralia.gov.au

The information in this document is of a general nature and does not take into account your own financial objectives, circumstances or needs. You should consider your own personal situation and requirements before making a decision.

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