

Challenger Tech

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What's changing with the Commonwealth Seniors Health Card income limits?

The Commonwealth Seniors Health Card (CSHC) is a concession card which is beneficial for eligible self-funded retirees who have reached Age Pension age (for veterans, Service Pension age). It provides assistance with cheaper medications, earlier access to Medicare Safety Net assisting with out-of-pocket medical costs, state and territory specific as well as private organisation discounts and concessions.

Recent legislative change has significantly increased the income test allowing some previously ineligible clients to now qualify for the CSHC. Advisers may want to reach out to clients who previously failed the income test to gauge whether they now qualify with the higher income limits as well as take into account the higher income limits for future clients.

Income test thresholds from 4 November 2022

From 4 November 2022, the CSHC income limit has significantly increased. Indeed, the Government anticipates that more than 50,000 people will now be eligible for the card.

	Previous	From 4 November 2022
Single	\$61,284	\$90,000
Couple	\$98,054	\$144,000
Couple separated by illness	\$122,568	\$180,000

The above limits can be increased by \$639.60 for each child in care of the applicant. These income limits are indexed on 20 September each year.

What income is included?

The CSHC has its own income test which is different to the income test for Age Pension purposes. The assessed income is based on adjusted taxable income and deeming of certain account-based income streams. The income test includes the following:

- taxable income
- target foreign income
- total net investment losses
- reportable fringe benefits
- reportable superannuation contributions
- certain tax-free social security payments and benefits
- deeming from non-grandfathered super sourced account-based income streams.

When does deeming apply to a super-sourced account-based income stream?

An account-based income stream will be considered to be non-grandfathered and therefore deemed if a person applied for the CSHC any time from 1 January 2015 or if the account-based income stream commenced on or after 1 January 2015. No income is assessed from grandfathered account-based income streams.

For an account-based income stream to be grandfathered, the client must have:

- been holding the card continuously from 31 December 2014 **AND**
- commenced the account-based income stream prior to 1 January 2015

What's different about the CHSC income test compared to Age Pension income test?

Given the CSHC income test is based on adjusted taxable income and deeming of non-grandfathered account-based income streams, the following sources of income are not considered for CSHC purposes unlike the Age Pension income test:

- gifting - unless the transferred asset creates taxable income such as transfer of shares or investment property
- monies held in accumulation phase - where it is deemed for Age Pension income test if the individual is over pension age
- Market linked pensions, super-sourced lifetime and fixed term annuities - where the owner is 60 or over.

Example

A high net worth, single client (70), has \$1.7 million in their non-grandfathered account-based pension and \$500,000 in accumulation phase. They also have a \$1 million share portfolio providing 5% dividend yield, inclusive of franking credits.

Prior to 4 November 2022, this client would not have been eligible for CSHC as their total income of \$87,122 (\$37,122 from deeming on the account-based pension with accumulation phase monies producing no assessable income and \$50,000 from dividends) was higher than the allowable income of \$61,284.

From 4 November 2022, this client would be eligible for the CSHC as their total income of \$87,122 is below the \$90,000 income limit for a single person.

For further details on CSHC eligibility as well as its value to your clients, please refer to the following technical articles:

[Guide to the Commonwealth Seniors Health Card](#)

[How much are the Centrelink concession card worth?](#)

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