

SOMETHING FOR NOTHING (FINALLY..)

Source/Provider	Pension Concession Card (PCC)	Commonwealth Seniors Health Card (CSHC)	State Seniors Card (SC)	Health Care Card (HCC)
Local government	<ul style="list-style-type: none">Up to 50% discount or deferment of payment on council rates50% discount on dog licence feeTo be capped 2016-17	<i>(Need CSHC and SC to qualify)</i> <ul style="list-style-type: none">Up to 50% discount on council ratesTo be capped 2016-17	<ul style="list-style-type: none">Up to 25% discount on council ratesCapped by relevant council	
Water Corporation	<ul style="list-style-type: none">Up to 50% discount or deferment of payment on water service chargesTo be capped 2016-17	<ul style="list-style-type: none">Up to 50% discount on water service chargesTo be capped 2016-17	<ul style="list-style-type: none">Up to 25% discountCapped	
Power	<i>(Need PCC and SC to qualify)</i> <ul style="list-style-type: none">\$217 energy assistance paymentDiscount on account establishment and meter testing feesAir-conditioning subsidy for specific country towns	<i>(Need CSHC and SC to qualify)</i> <ul style="list-style-type: none">\$217 energy assistance paymentAir-conditioning subsidy for specific country towns	<ul style="list-style-type: none">Cost of living assistance payment N/A from July 1Air-conditioning subsidy for specific country towns	<ul style="list-style-type: none">\$217 energy assistance paymentDiscount on account establishment and meter testing feesAir-conditioning subsidy for specific country towns
Department of Transport	<ul style="list-style-type: none">Free driver's licence50% off vehicle registration	<i>(Need CSHC and SC to qualify)</i> <ul style="list-style-type: none">Free driver's licence50% off vehicle registration	<ul style="list-style-type: none">50% discount on driver's licence fees	
Prescription discount	<ul style="list-style-type: none">60 prescriptions @ \$6.10 each (\$366 is the PBS safety net)	<ul style="list-style-type: none">60 prescriptions @ \$6.10 each (\$366 is the PBS safety net)		<ul style="list-style-type: none">60 prescriptions @ \$6.10 each (\$366 is the PBS safety net)
Medical safety net	<ul style="list-style-type: none">After \$638 expended 80% refund applies	<ul style="list-style-type: none">After \$638 expended 80% refund applies		<ul style="list-style-type: none">After \$638 expended 80% refund applies
WA spectacles subsidy	<ul style="list-style-type: none">As per State Seniors Card	<ul style="list-style-type: none">As per State Seniors Card	<ul style="list-style-type: none">\$51.25 rebate every two years	
Transperth	<ul style="list-style-type: none">As per State Seniors Card	<ul style="list-style-type: none">As per State Seniors Card	<ul style="list-style-type: none">Up to 60% discount on faresFree travel 9am-3.30pm and 7pm-6am Mon-Fri. All day Sat/Sun and public holidays	<ul style="list-style-type: none">Up to 60% discount on fares
WA Government Royalties for Regions Scheme	<ul style="list-style-type: none">\$550 fuel card to country residents without public transport for fuel and taxi fares			
TransWA	<ul style="list-style-type: none">Up to 50% off country faresOne free trip per year	<ul style="list-style-type: none">Up to 50% off country fares	<ul style="list-style-type: none">Up to 50% off country fares	<ul style="list-style-type: none">Up to 50% on country fares
Fisheries WA	<ul style="list-style-type: none">50% discount on recreational licence	<ul style="list-style-type: none">As per Pension Concession Card	<ul style="list-style-type: none">As per Pension Concession Card	
Entry fees	<ul style="list-style-type: none">Discounts on a number of State parks and attractions	<ul style="list-style-type: none">As per Pension Concession Card	<ul style="list-style-type: none">As per Pension Concession Card	<ul style="list-style-type: none">Discounts on State parks and attractions

Compiled with assistance from Tom Rollo. Check with www.concessions.wa.gov.au for up-to-date details and other benefits. Some of the above are subject to change and legislation

DIY
SUPER



Monica Rule

Homes a trap for trustees

Recently, a self-managed superannuation fund trustee informed me that he intended to use the money in his SMSF to purchase a residential property owned by his son. Only a week earlier, I explained to him that the superannuation law does not allow his SMSF to acquire his son's property because it did not meet the definition of a business real property. This is because his son did not use the property for business purposes, but instead used it as his residence. A residential property can only be acquired by an SMSF from a related party if the property was wholly and exclusively used in a business. The reason why this trustee was going to intentionally contravene the law was because he had thought that the Australian Taxation Office would only impose an administrative penalty of \$10,200 for non-compliance with the law. He would not mind paying the \$10,200 penalty if it meant his SMSF could keep the property acquired from his son because he believed it was a good investment. I informed him that even though the ATO could impose a \$10,200 penalty — which will be increased to \$10,800 from July 31 — it was only one of a number of actions the ATO could take. The first thing the ATO would do is direct his SMSF to sell the residential property. The ATO could also consider taking the following actions on him and/or his SMSF:

- Issue an education direction for him to undertake a course on superannuation law within a certain time frame;
 - Remove the compliance status of his SMSF, if the property is not removed from the SMSF; or
 - Disqualify him as trustee.
- Just because the new administrative penalties have been introduced does not mean the ATO would only consider imposing those penalties. If an SMSF has acquired a residential property from a related party when it should not have, the ATO would not allow the SMSF to keep it upon the payment of an administrative penalty. It would open the flood gates to those who see related party investments as worth the expense of an administrative penalty.

Monica Rule is an SMSF specialist and author of *The Self-Managed Superannuation Handbook* www.monicarule.com.au

Race for card new retirement goal

Nick Bruining

Everybody loves a discount. A few cents off a cup of coffee, a few hundred off the price of your new car and maybe beating down your electrical shop to give you a cash price on your new TV. Many of these pale into insignificance when it comes to the savings on health, utilities, power and other expenses attached to the various concession cards. It's not helped when we discover that there's an array of cards on offer and each comes with its own eligibility requirements and the discounts provided. As independent retiree Tom Rollo explains: "There is a great deal of confusion out there about who gets what and there's no simple way of gathering all the information together." Mr Rollo has helped compile the *Your Money* guide to concessions. We'll start by differentiating the four cards on offer.

DATES FOR THE DIARY

July 1, 2016: Discounts on water and council rates capped at \$550 and \$600 respectively

January 1, 2017: New age pension asset thresholds come in which will affect eligibility for Federal concession cards



The **Automatic-Issue Health Care Card** is issued by Centrelink and is granted when it provides income support payments, including allowances. This includes Newstart, parenting, widow and others. The claim-required health care card, as described, requires you to apply. Little known is that single low-income earners who earn less than \$527 a week gross, based on income over the eight weeks before claiming, can get the card. For couples, the combined income threshold is \$912 a week, and beyond the first child you're allowed an additional \$34. Once holding the card, income can increase by up to 25 per cent before it is lost. The **Pension Concession Card** is issued to anyone in receipt of an aged or disability pension, or those over 60 who have received an allowance payment for nine months. The **Commonwealth Seniors Health Care Card** is issued to those over 65 who don't get an age

pension because of means testing. It has an income test of \$51,500 for singles and \$82,400 combined for couples. These totals are derived from a confusing dual assessment system. It firstly includes taxable income such as wages, investment earnings and rent. For those already with a CSHC card and with an account-based pension started before January 2015, the payments are exempt from the income test. For those who receive or qualify after that date, the ABP alone is caught in the deeming system and that figure is added to the other taxable income. The **State Seniors Card** is issued to WA residents presently aged 60 or more who work less than 25 hours a week, averaged over a year. It entitles you to discounts but combined with the CSHC, the discounts are similar to those who hold a Pension Concession card.

Nick Bruining is a WA financial adviser

Q. I retired last year with my wife working until she reaches pension age in three years. I commenced an account-based pension with \$640,000 and claimed an age pension before January 1, knowing that doing so would see my ABP receive more favourable treatment under Centrelink's income test. In the past month, my wife received a pay rise which was back-dated several months. I notified Centrelink but I

have been kicked off the pension because I exceeded the income-test thresholds. I thought my ABP was grandfathered under the old rules?

A. The rules state that if you lose entitlement to the age pension, the grandfather provisions are lost. Your wife's back-dated pay rise probably meant you exceeded the income-test threshold for that fortnight and hence you were no longer eligible and the grandfathering provisions lost. When your

pension was reinstated, the ABP balance was caught under the income test deeming system and on the above balance and assuming no other financial investments, I have calculated the deemed income to be \$754 per fortnight. This is added to your wife's pre-tax income and, unfortunately, you probably now exceed the upper cut-off.

Please email your questions to our finance experts at yourmoney@thewest.com.au.



Q&A
with Nick Bruining