

WHAT IS The Age Pension?

July 2026

It is a primary source of income for many older Australians in retirement, payable by the Australian Government if you meet the eligibility criteria.

Eligibility

To receive this payment, you must:

- Be Age Pension Age or over
- Qualify under both the pension income and assets tests
- Be an Australian resident at the time of the application and for at least 10 years, with at least five of these years in one period.

There may be additional residence requirements depending on your circumstances at the time of your application.

Age Pension age

The Age Pension eligibility age increased progressively between 2017 and 2023, based on the applicant's date of birth. It is now set at age 67 for all applicants.

Income and Assets test

When calculating your payment, Centrelink will apply an income and assets test. Whichever test generates the lower amount will determine your rate of payment. If your income or assets exceed the cut-off limit for either test, your payment ceases.

If you are a member of a couple, your income and assets plus those of your partner are assessed. This applies regardless of whether your partner is eligible for, or in receipt of, the Age Pension.

You are a member of a couple if you are:

- Legally married
- In a registered relationship (same sex or different sex)
- In a de facto relationship (same sex or different sex)[1]

1. De facto spouse generally means someone who is living with you as your partner on a permanent or indefinite basis.

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Assessable income

Income counted for the income test generally includes:

- Salary or wages
- Deemed income
- Rent
- Distributions from trusts and companies
- Payments from pensions and annuities

Depending on the pension and annuity type, some or all of the payment may be counted.

Financial assets generate deemed income

Deeming rules are used to work out income from financial assets. It is a set of rules which assume certain assets earn a set rate of income, no matter what they really earn.

Financial assets which generate deemed income include:

- Savings accounts and term deposits
- Managed investments, shares, loans you make and debentures
- Some account-based pensions (ABP) - If you commenced an ABP before 1 January 2015 and you did not continuously receive an age pension payment since that date, deeming applies. An ABP commenced on or after 1 January 2015 is also deemed.
- Most term annuities payable for less than 5 years[2]
- Assets you have given away that are over the allowable gifting threshold[3]
- Investment bonds

Work bonus

The Work Bonus applies to pensioners of Age Pension age and aims to encourage paid employment by reducing the amount of employment income included under the income test.

Under the Work Bonus, the first $300 of fortnightly income from work is not assessed as income under the income test. Any unused amount of the fortnightly $300 Work Bonus will accumulate in a Work Bonus income bank, up to a maximum amount of $11,800.

From 1 January 2024, a person commencing the Age Pension will receive an upfront $4,000 starting credit in their work bonus income bank.

The amount accumulated in the income bank can be used to offset future income from work that would otherwise be assessable under the income test.

The income bank amount is not time limited; if unused it carries forward, even across years.

Employment income, and self-employment income from gainful employment is eligible for work bonus. However, employment income does not include superannuation payment.

For more information, visit www.servicesaustralia.gov.au and search 'Work Bonus'.

Assessable assets

An asset counted under the assets test generally includes:

- Business assets
- Caravans, cars, boats
- Home contents
- The current value of pensions and annuities
- Financial assets
- Property
- Your interest in a trust or company
- Some gifts you make

Assets or income you give away to friends or family can also be assessed. For more information, refer to the **'What are the social security gifting rules?'** fact sheet.

2. If the term of the annuity is greater than your life expectancy, it is not deemed for the income test.
3. $10,000 permissible gifting limit each year up to $30,000 over five financial years.

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Exempt assets

There are some assets which are not assessed. They include:

- Your home and renovations you make to it.
- Amounts held in a super fund whilst under Age Pension age.
- A portion of some term allocated pensions (subject to additional criteria).
- The current value of a complying pension/ annuity which was purchased prior to 20 Sept 2004.
- A defined benefit pension that doesn't have an account balance.
- Lump sum paid to an aged care facility.
- A Funeral Bond up to the allowable limit.
- The difference between the insured value and the garage sale value of your home contents and motor vehicles.

For information, visit Services Australia at http://www.servicesaustralia.gov.au and search 'Age Pension'

For specific payment rates and thresholds, refer to the **Social Security Quick Reference Guide**, published July 2026.

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