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Commonwealth Seniors Health Card

For people that don't qualify for the Age Pension and are self-funded, it may appear that there is limited support for expenses incurred during the retirement years. However, for those eligible, the Commonwealth Seniors Health Card (CSHC) allows access to cheaper health care and other discounts. In the below, we summarise the valuable assistance and include an example of how a couple with $4 million in combined superannuation can apply.

Commonwealth Seniors Health Card (CSHC)

Interestingly, the CSHC does not utilise a specific 'Assets' test. To meet eligibility requirements for the CSHC, an individual must not be receiving a Government pension, or a benefit or income support supplement from the DVA, and:

- Have reached Age Pension qualification age (or pension age for veterans who have qualifying service)
- Meet the residency rules
- Meet an income test

The CSHC can provide:

- Cheaper medicine under the Pharmaceutical Benefits Scheme
- Bulk billed doctor visits (if applicable)
- A larger refund for medical costs when you reach the Medicare Safety Net
- Lower costs related to bills, rates and health care outgoings (according to where you reside)

Income Test

The income test is determined by the sum of an individual's Adjusted Taxable Income (ATI) and a deemed amount from account based income streams (unless grandfathering rules apply). ATI may include different types of income, including taxable income, foreign income, reportable fringe benefits, reportable super contributions and net investment losses.

Deeming is a system used to assess income from financial assets (e.g. managed funds and superannuation), because the income generated by these assets is not always simple to calculate.

To pass the CSHC income test (as at 20 September 2021), you must be assessed as earning no more than:

- $57,761 a year if you're single
- $92,416 a year for a couple

It is important to note that a one-off 'spike' in income (such as a realised capital gain) can impact the income test result. Similarly, income flowing from inherited investments assets are set to get captured under the assessment.

Deemed Income for Non-Grandfathered Superannuation Pensions

The Government considers account based pensions as part of the income test. As outlined above, deeming assumes that financial investments are earning a certain rate of income and applies to pensions commenced after 31 December 2014. The following table summarises the deeming rates and thresholds.

Deeming Rates and Thresholds	
Single:	**Rate**
Up to $53,600	0.25%
Above $53,600	2.25%
Couple:	**Rate**
Up to $89,000	0.25%
Above $89,000	2.25%

As the table indicates, the deeming rates are set at a relatively low level, providing benefit to those seeking access to the CSHC.

Example: James and Joan retired in 2017 and are now aged 72. The combined value of assets within their superannuation account based pensions has grown to $4 million. They have no other personal income sources. Noting that the value of the family home remains exempt, they apply for the CSHC and are approved. The income test outcome of $88,220 is calculated by adding the two amounts that result from the deeming tiers: ($89,000 x 0.25%) and ($3,911,000 x 2.25%).

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