Commonwealth Seniors Health Card

The Commonwealth Seniors Health Card (CSHC) is a federal government concession for self-funded retirees, allowing access to cheaper health care and other discounts. Legislation changes to substantially extend eligibility have now passed – we highlight the opportunities within the below summary.

Commonwealth Seniors Health Card (CSHC)

For people who don't qualify for the Age Pension and are self-funded, it may appear that there is limited support for expenses incurred during retirement years. However, individuals that are classified as 'low-income' can access certain concessions under the CSHC.

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 limits have drastically increased. To pass the CSHC income test (as at 4 November 2022), you must be assessed as 'earning' no more than:

- $90,000 a year if you're single
- $144,000 a year for a couple
- $180,000 a year for couples separated by illness

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.

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 against Superannuation Pensions

It is common for retirees to administer a large portion of their wealth within account based pensions, which the government considers as part of the income test. An account based income stream is purchased with superannuation money. As outlined above, deeming assumes that financial investments are earning a certain rate of income (excluding grandfathered account based pensions).

The following table summarises the deeming rates and thresholds.

Deeming Rates and Thresholds	
Single:	**Rate**
Up to $56,400	0.25%
Above $56,400	2.25%
Couple:	**Rate**
Up to $46,800	0.25%
Above $46,800	2.25%

For couples where neither individual receives a pension, the first $46,800 of each of your joint financial assets are deemed at 0.25 per cent per year. Anything over $46,800 is deemed to earn 2.25 per cent.

Conclusion

As the table above indicates, the deeming rates are set at a relatively low level, providing benefit to those seeking access to the CSHC. The CSHC is not automatically issued – an application is required. Once you've been issued with the card, it is valid for 12 months, and is renewed if you continue to meet the eligibility rules. Please contact your adviser if you wish for any assistance associated with the CSHC.

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