



Australian Government
Department of Veterans' Affairs

Businessline

Action Required: Note the extension of a measure to temporarily halve the minimum drawdown for certain account based income streams.

To: Assistant Secretary, Income Support Branch
Directors, Income Support Branch
Assistant Directors, Income Support Branch
Income Support Branch delegates
Client Access and Rehabilitation (VAN)
Client Coordination and Support
Directors, Policy Development Branch VFP
Division Coordinators

For information:

Secretary
Deputy President
Deputy Secretary
First Assistant Secretaries
Deputy Commissioners
Assistant Secretaries

SUBJECT: Extension of halving of minimum payment amount for certain asset test exempt income streams

Purpose: To inform staff of an extension of the halved minimum payment amount for certain asset test exempt income streams.

Key Points:

- Halving of the minimum payment amount was introduced for the financial years commencing 1 July 2019 and 1 July 2020 as part of the Government's response to the COVID-19 pandemic and was later extended to include the financial year commencing 1 July 2021.
- The 2022-23 Budget included a measure to further extend the halving for the financial year commencing 1 July 2022.

Background:

Depending on individual circumstances, the income and asset value of income streams may be taken into account in calculating the rate of income support payments under the *Veterans' Entitlements Act 1986* (VEA) and the social security law. The asset value of certain market linked or account based income streams is exempt from the assets test provided the income stream meets rules laid out in the VEA and the social security law.

One of the rules for exemption from the assets test requires that the income stream pays at least a specified minimum payment per year to the holder of the income stream. The minimum payment is defined as being the account balance of the income stream divided by the payment factor. The payment factor is set out in the *Veterans' Entitlements (Asset-test Exempt Income Stream (Market-linked) — Payment Factors) Principles 2005* (the Principles) and varies according to the remaining term of the income stream.

The Government response to the COVID-19 pandemic included a measure to temporarily halve the minimum payment requirement, initially for only the 2019-20 and 2020-21 financial years but subsequently extended to include the 2021-22 financial year and later the 2022-23 financial year.

Legislation:

The Principles have previously been amended to halve the minimum payment amount for the 2019-20, 2020-21 and 2021-22 financial years.

The *Veterans' Entitlements (Asset-test Exempt Income Stream (Market-linked) — Payment Factors) Principles Amendment Instrument 2022* was registered on 1 August 2022. It amends the Principles to extend the temporary halving to the 2022-23 financial year.

For veterans and partners paid social security age pension by DVA, the Social Security (Asset test Exempt Income Stream (Market-linked) – Payment Factors) Amendment (Minimum Amount) Principles 2022 were registered on 30 June 2022 giving effect to equivalent amendments under the social security law.

Action Required:

Pensioners who reduce the income from their income stream should be advised to contact their income stream provider to obtain an updated Income Stream Schedule and provide this to DVA so that their pension assessment can be updated.

Communication:

Amendments have been made to the CLIK Policy Library at Part 10/Chapter 5/ Section 4/*Income Assessment of Purchased Income Streams*, to reflect this change.



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Veteran and Family Policy Division

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