

Work Bonus

The Work Bonus is an assistance measure for working age pensioners. For those eligible, it ensures that a portion of any income received from gainful employment does not count towards Centrelink's income test. We summarise how the Work Bonus works, and highlight a recent alteration to the rules.

The Work Bonus applies to those who derive some income from employment and are in receipt of a pension payment (Age Pension, Carer Payment or Disability Support Pension). Centrelink applies an Income Test and an Assets Test to determine the rate of payment, with the payment result stemming from the lower rate of the two tests. Therefore, the Work Bonus benefits pensioners assessed/paid via the Income Test.

The main rules are as follows:

The first \$300 of fortnightly income from work is not assessed under the pension income test. Any unused part of the \$300 fortnightly amount accrues in the Work Bonus 'income bank' and can be used to offset future income from work.

- If a pensioner earns income from work of less than \$300 p.f. all the income is disregarded under the Income Test.
- The income bank credits accrued do not expire (except on death). This is subject to a maximum amount of \$7,800.
- The Work Bonus is applied on an individual basis and cannot be transferred to the spouse.
- Income from self-employment and paid leave while employed also qualifies as Work Bonus income.

It is important to note that the Income Test provides an income-free amount of \$190 per fortnight (for singles) and \$336 combined for fortnight for couples. For example, with the Work Bonus added to this, a single person can have \$490 of assessable income before the rate of payment begins to reduce.

\$4,000 Work Bonus increase

Age pensioners now have a higher amount stored in the Work Bonus balance meaning that a greater amount of earnings can be disregarded.

Ordinarily, a maximum of one year's worth of Work Bonus (i.e. \$7,800) can be accrued in the income bank. This cap has been temporarily increased to \$11,800 until the end of December 2023. From 1 January 2024, any excess amount in the bank exceeding \$7,800 will be cancelled. The impact for income tested pensioners (eligible for the Work Bonus) is:

- Those earning more than \$300 p.f. may see a temporary increase in entitlements; and
- Those earning less than \$300 p.f. may consider taking on additional paid work without impacting their Centrelink entitlements.

Interestingly, for people who hold substantial assets and are therefore assessed for the Age Pension under the Assets Test, they could potentially work a considerable amount more and still make use of the total Work Bonus of \$11,800.

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