



**Office of the Hon Jenny Macklin MP
Minister for Families, Housing, Community Services
and Indigenous Affairs**

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Dr Geoffrey Bird
Executive Director
COTA Over 50s Ltd
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Dear Dr Bird

Thank you for your email of 23 October 2008 to the Minister for Families, Housing, Community Services and Indigenous Affairs, the Hon Jenny Macklin MP, about social security deeming rates. The Minister has asked me to reply to you on her behalf.

On 9 November 2008, the Minister announced a reduction in the social security income test deeming rates. From 17 November 2008, the deeming rates are 3 per cent for the first \$41,000 of financial investments held by a single pensioner (\$68,200 for a pensioner couple, \$34,100 for each member of an allowee couple) and 5 per cent for financial investments above these amounts.

Changes to deeming rates are usually made either in March or September, in conjunction with pension indexation, so there are fewer changes to payments for pensioners. By changing the deeming rates now to reflect returns available to pensioners, the Australian Government is ensuring that the social security means test remains fair. The deeming rates need to realistically reflect the returns available in the market to pensioners for their financial investments.

Thank you again for writing.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Max Jeganathan'.

Max Jeganathan
Adviser