

Social security gifting rules

If you or your partner receives a payment from Centrelink or Veterans' Affairs (DVA), in most cases, the amount you are eligible to receive depends on your level of assessable assets and income. To limit the potential for recipients of Government means-tested payments from avoiding the assets and income tests, Centrelink adopts a general provision of deprivation.

How much can I gift?

If you make a gift, this will reduce the value of your assessable assets.

Eligibility for Centrelink benefits is based on an income test and an assets test. Therefore, making a gift to reduce your assets (and also the assessed income) may help to increase your Centrelink/ DVA payment.

You are allowed to gift \$10,000 per financial year, with a limit up to \$30,000 over a five-year rolling period. This applies for a single person or as a couple combined. However, if you gift more than these amounts it is considered deprivation and a "deprived asset" is created for the excess amount. This deprived asset is included in your assets test assessment and is subject to deeming under the income test for five years from the date of the gift.

When applying for a Centrelink/DVA payment, any amounts gifted in the previous five years will also be taken into consideration to determine if a deprived asset was created.

What else is important to consider?

Gifting allows you to help family members or friends. However, you will lose access to the funds and will lose the ability to generate income from it. You may gain an increase in Centrelink/ DVA entitlements but this will be less than the amount you are giving away. Therefore it is important to ensure you have sufficient financial resources and can afford to make the gift without any expectation of repayment in the future.

You must notify Centrelink/DVA of any changes in your circumstances that would impact the calculation of your entitlement within 14 days.

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