

Position Paper: Means Test Rules for Lifetime Retirement Income Streams January 2018 – Key Assumptions for Modelling in Attachment A

Real earnings rate (gross of fees)	3.30%
Inflation	2.50%
Real discount rate	3.30%
Age Pension Indexation	3.00%
Mortality	ALT2010-12 with 25yr imp. rated down 3 yrs

Inflation indexed immediate life annuity price (purchased at 65)	4.70%
Inflation indexed deferred life annuity price (20yr deferral, purchased at 65)	25.00%

Fees

Account based pension	1.00%
GSA/DGSA	0.80%

Note for deferred products, the account-based income stream (ABIS) component is assumed to be drawn down to zero at the deferral age e.g. for a deferred life annuity vesting at age 85, the ABIS component is drawn down completely from age 65 to age 85 when the deferred life annuity begins payment.

Age Pension Means Test Thresholds

	Single	Couple
Annual Max Rate	\$23,254	\$35,058

Asset Test	Homeowner		Non-homeowner	
	Single	Couple	Single	Couple
Free area threshold	\$253,750	\$380,500	\$456,750	\$583,500
Cut out	\$551,883	\$829,967	\$754,883	\$1,032,967
Taper	\$3 per fortnight for every \$1,000 above the relevant free area			

Income Test	Single	Couple
Annual	\$4,368	\$7,800
Cut out	\$50,877	\$77,917
Taper	50%	

Deeming	Single	Couple
Thresholds	\$50,200	\$83,400
Rate - below threshold	1.75%	
Rate - above threshold	3.25%	