



MEASURED DEEMING RATE LIFT AND INDEXATION LESSEN THE BLOW TO PENSIONERS

20 February 2026

The measured change in the deeming rate of 0.5% announced by the government today, timed with indexation, acknowledges that a steeper change was not in the interests of pensioners.

Deeming rates are used as part of the Age Pension income test; to determine eligibility for the Commonwealth Seniors Health Card; and to determine co-contributions for aged care services.

From 20 March, lower and upper deeming rates will increase by 0.5% to 1.25% for the lower rate and 3.25% for the upper rate. The modest increase keeps the upper rate below the cash rate and well below returns on investments like superannuation and term deposits. This gives pensioners some breathing space in the face of the ongoing cost-of-living crisis.

National Seniors Australia (NSA) Chief Executive Officer Mr Chris Grice said the change is not surprising, but thankfully relatively modest, after the three-year freeze in which interest rates increased from record lows.

“NSA called for any lift to deeming rates to be gradual, modest, and timed with indexation. While the increase will have some impact on pensioners, it could have been worse given interest rates remain stubbornly high,” Mr Grice said.

“We have said consistently and still maintain – any upward change to deeming rates needs to be measured, incremental, and transparent to protect older people.

“If interest rates continue to rise and government reverts quickly to the old method to set deeming rates, there could be significant financial impacts, with lower pensions and higher aged care co-contributions.

“Pensioners with limited savings are still feeling cost of living pressures and need to be supported through measures to help improve their standard of living, such as exempting employment income from the Age Pension income test and additional concessions. NSA will keep fighting for these.”

Deeming rates will increase when indexation is also applied on 20 March. As our [indexation estimator](#) and Minister Plibersek has largely confirmed, indexation will result in a \$22.20 per fortnight increase in the Age Pension. Our estimator shows that the 0.5% lift in deeming rates will be largely offset by the increase in the pension. By timing the deeming rate increase with indexation, government has lessened the blow. Again, this was something NSA recommended to the Minister.

National Seniors Australia looks forward to reading in full the advice of the Australian Government Actuary, charged with advising Minister Plibersek on how to set rates in the future.

Media enquiries Media & Corporate Communications Manager Anna Townend 0488 047 380