National Seniors AUSTRALIA

MEDIA RELEASE

GRADUAL LIFT TO DEEMING RATES HELPED BY LARGEST INCREASE IN THE PENSION SINCE 2023 KEEPS SENIORS HEADS ABOVE WATER

20 August 2026

The change in the deeming rate of 0.5% announced by the government today, timed with indexation, acknowledges a sharper change would adversely impact pensioners struggling with continued cost-of-living pressures. The lift in deeming rates comes alongside a larger-than-expected Age Pension increase from indexation, ensuring that most pensioners will still see a modest increase from 20 September of $55.60 for couples combined and $36.80 for singles (fortnightly).

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 September, lower and upper deeming rates will increase from 1.25% to 1.75% (lower rate) and 3.25% to 3.75% (upper rate). The increase keeps the upper rate below the cash rate and below returns on investments like superannuation and term deposits.

National Seniors Australia (NSA) Director of Policy and Research Dr Brendon Radford said the change to deeming is expected after deeming rates were frozen and interest rates increased from record lows.

"NSA has always maintained any lift to deeming rates should be incremental and timed with indexation to best protect those impacted. We thank the Minister for Social Services Tanya Plibersek for listening to National Seniors Australia's call for a 'slow and steady' approach," Dr Radford said.

"While we acknowledge some pensioners may experience a fall in the pension in September, it could have been worse. If the government had reverted abruptly to the previous method to set deeming rates, there would have been substantial financial impact to all pensioners. Slowing the deeming rate increase is a fair way to bring rates back to their normal range with most people still receiving a modest increase.

"Our hope is that we are getting close to the end of future deeming rate increases as the upper rate approaches the cash rate – a level which NSA believes should be the upper limit."

"Pensioners with limited savings continue to feel cost of living pressures and need to be supported with measures to help improve their standard of living. We continue to oppose the proposed cut to the higher Private Health Rebate for Australians 65 years-and-older and believe that employment income should be exempt from the Age Pension income test and we will keep advocating for these."

Indexation and deeming rate changes will affect different households differently. Our indexation estimator gives older people the means to see how the changes may affect them. To view examples of the estimated impact on pensioners please go to nationalseniors.com.au/pie

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