

## **ANOTHER RATE CUT, ANOTHER PAY CUT FOR PENSIONERS**

National Seniors Australia has stepped up its demand for the Federal Government to cut deeming rates in the wake of yesterday's interest rate cut by the Reserve Bank.

Deeming rates are used to calculate the earnings on a range of investments by pensioners.

The more you are deemed to have earned the less pension you get and this is applied to a range of pensions and benefits including the Age Pension, which affects hundreds of thousands of Australians.

Australia's peak consumer group for older Australians says falling interest rates on term deposits coupled with high deeming rates are hitting the country's most vulnerable people.

National Seniors Australia Chief Advocate, Ian Henschke says when it comes to the government's deeming rates "enough is enough".

"We're calling for immediate action to lower deeming rates," Mr Henschke said.

"The top rate needs to be lower by at least 1.5% and the lower by 0.5%."

As the cash rate has dropped, the higher deeming rate of 3% on savings over \$51,800 is now double the typical return on a term deposit.

Mr Henschke says this is costing pensioners but boosting the government's budget.

"To deem pensioners are earning 3% is unconscionable."

"And to suggest older Australians "have a suite of investment options" flies in the face of reality when hundreds of billions of dollars have just been wiped from the share market," said Mr Henschke.

Interest rates have fallen eight times since February 2015 but deeming rates have only been cut twice in that time.

Mr Henschke says a cut in deeming rates would boost the hip pocket of hundreds of thousands of Australians.

"The government says it's looking for a stimulus for the economy, well this would be a great place to start," he said.

The graph shows that at the last interest rate cut before yesterday’s, both deeming rates were already well above the cash rate which means the government is deeming pensioners to earn income they haven’t, and their pension is cut accordingly.

Mr Henschke says the deeming rates when compared to average term deposit returns demonstrates how it’s punishing poor pensioners.

“We’ve just last week launched our own National Seniors term deposit in association with a community bank and they’ve given us 1.75% which is about as good as it gets.”



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