

## Exempt all employment income from the Age Pension income test.

### Overview

- Latest ABS figures show 329,900 job vacancies. In some key sectors, such as healthcare and social assistance, job vacancies remain stubbornly high (60,900 or 18% of total vacancies).
- Current pension rules discourage older people from remaining in the workforce.
  - Only 3.3% of people on the Age Pension declare earnings from employment.
  - Age Pension recipients lose 50c in the dollar from their pension if they work more than the rules allow. This discourages some people from working past pension age, undermining the retention of mature and skilled workers at a time of high labour force demand.
- Age Pension rules are complex and confusing and cause many to not work or to work in the black economy to avoid impacting their pension.
- Deloitte Access Economics estimate a 5% increase in older worker participation (over 55) will result in a \$47.9bn increase to GDP (\$60bn in 2022).
- With women generally having lower superannuation balances, allowing them to retain their pension, even when they work, will help to address the gaps in retirement savings and income, boosting financial wellbeing in retirement.
- While the Federal Government announced a permanent increase in the Work Bonus of \$4,000 from 1 January 2024, this is a one-off bonus suited to periodic workers and not ideal for people who work regularly past pension age.

### WHAT ARE WE CALLING FOR?

- Exempt employment income from the Age Pension income test to simplify the pension system and encourage more older people to remain in the workforce if they need and want to.

### Budget Impact

- According to Deloitte modelling, this policy is estimated to be cost neutral if 8.3% of pensioners take up the opportunity to go back to work from additional income tax raised (this estimate does not include other tax gains, e.g., additional GST from spending, etc.).

