

Social Security – Gifting

Gifting is when you or your partner give away assets or transfer them for less than their market value. You are able to gift assets or money to someone else to help them financially. However, there are rules that apply to limit how much you're able to gift, without impacting your assessment for Centrelink/Department of Veterans' Affairs (DVA) entitlements, and aged care fees.

How it works

You can only gift within certain limits, without triggering the 'deprivation rules' for the purpose of your Centrelink/DVA entitlements. The maximum amount of assets you can give away within the limit is:

- \$10,000 each financial year; but no more than
- \$30,000 over a rolling five-year period.

These figures also represent the total combined amount that a couple can give away before the deprivation rules are triggered. The rolling five-year period is the current financial year plus the previous four financial years.

If you transfer ownership of assets between yourself and your spouse gifting rules do not apply as your assessment includes the combined total assets.

Gifting more than the allowable limit – Deprived Assets

If you gift more than the allowable limit, the excess is assessed by Centrelink/DVA as a 'deprived asset'.

A deprived asset will continue to count under the assets test and be deemed for income test purposes for five years from the date of the gift.

When you first apply for a Centrelink/DVA payment, any gifts made in the previous five years are also considered and excess amounts will be captured as a deprived asset.

Benefits

These may include:

- You will be able to provide financial assistance to family members.
- Your Centrelink/DVA entitlement may increase because the gift reduces your assessable income and assets (as long as it is within the allowable limits).
- The daily fees for aged care services may decrease due to the reduced assessable income and assets.

Risks, consequences and other important things to consider

These include:

- Gifting assets reduces your savings. It is important to ensure you continue to have sufficient savings available for ongoing needs.
- If you exceed the allowable limit you will have a deprived asset which will be assessed against you for five years from the date of the excess gift.
- If a gift is repaid, any deprived asset that was created will be eliminated.
- You are required to notify Centrelink/DVA within 14 days about any change in your circumstances that may affect your entitlement.

Version: 1.1

Issue date: 4 August 2020

Important information:

This document has been prepared by Affinity Private Financial Services (ABN 64 639 980 724, AFSL 522707) ('APFS'), registered office Level 5, North Building, 333 Collins Street, Melbourne VIC 3000, for use and distribution by representatives and authorised representatives of APFS (such as Affinity Private Advisors) and Australian Financial Services Licensees with whom it has a commercial services agreement. Information in this document is of general nature only and does not take into account your objectives, financial situation or needs. You should seek personal financial, tax, legal and such other advice as necessary or appropriate before relying on the information in this document or making any financial investment, insurance or other decision. If this document is provided to you in conjunction with a Statement of Advice ('SOA'), any personal financial advice relevant to the financial advising concept/strategy referred to in this document will be contained in that SOA.

Information in this document reflects our understanding of relevant regulatory requirements and laws etc as at the date of issue, which may be subject to change. While care has been taken in preparing this document, no liability is accepted by APFS or any member of Affinity Private Advisors, nor their agents or employees for any loss arising from any reliance on this document.

If any financial product is referred to in this document, you should consider the relevant PDS or other disclosure material before making an investment decision in relation to that financial product.