



Budget 2021-22

This information is accurate as at 11 May 2021.

Increasing the Flexibility of the Pension Loans Scheme

CATEGORY: Older Australians

This measure will improve the Pension Loans Scheme (PLS) by:

- introducing a no-negative equity guarantee
- providing greater flexibility to retirees by allowing them to access capped advance payments.

The no-negative equity guarantee means a person will never owe more than the value of their equity in the property the loan is secured against.

From 1 July 2022, customers will be able to access up to 2 lump sum advances in any 12 month period. The total of these can be up to 50% of the maximum annual rate of Age Pension.

The total amount of pension plus loan available will still be capped at 150% of the maximum rate of Age Pension. This means any advances taken will reduce the maximum fortnightly loan amount a person can take over the rest of the year.

Based on current Age Pension rates, a single person could receive lump sum payments of up to about \$12,380 per year. Couples combined could receive about \$18,670.

Customers won't need to repay this advance straight away. The advance will be subject to compound interest.

This measure is subject to the passage of legislation.

Who does this measure affect?

This measure affects older Australians who currently access the PLS and those who apply in the future.

When will this start and finish?

This measure starts on 1 July 2022 and is ongoing.