

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 Department of Human Services/Veterans' Affairs (DVA) entitlements, and aged care fees.

Benefits

- You will be able to provide financial assistance to family members.
- Your Department of Human Services/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.

How it works

You can only gift within certain limits, without triggering the 'deprivation rules' for the purpose of your Department of Human Services/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 the Department of Human Services/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 Department of Human Services/DVA payment, any gifts made in the previous five years are also considered and excess amounts will be captured as a deprived asset.

Risks and Consequences

- 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 5 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 the Department of Human Services/DVA within 14 days about any change in your circumstances that may affect your entitlement.

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Important: This document contains general information about the benefits, costs and risks associated with certain product classes and strategies. It has been prepared without taking into account your objectives, financial situation or needs. Because of this you should, before acting on any advice in this document, consider whether it is appropriate to your personal circumstances.