

# Social Security – Waiting periods

Depending on your circumstances, you may need to wait for a period of time before getting your first income support payment. There are different types of waiting periods. One or more of these may apply to you.

## Ordinary Waiting Period

If you are applying for certain payments including Newstart Allowance or Sickness Allowance, you will most likely need to serve a one-week Ordinary Waiting Period. Only in certain circumstances, such as if you are in severe financial hardship, you can be exempt from having to serve the Ordinary Waiting Period.

## Liquid Assets Waiting Period

If you are applying for Newstart, Sickness Allowance, Youth Allowance or Austudy, you may have to serve a Liquid Assets Waiting Period (LAWP). Only in certain circumstances, such as if you are in severe financial hardship, you can be exempt from having to serve the LAWP.

The liquid assets waiting period is between 1 and 13 weeks and applies if you have funds that are equal to or more than:

- \$5,500 if you are single with no dependants, or
- \$11,000 if you are partnered or single with dependants

Liquid assets are funds that are readily available to you or your partner, including;

- cash on hand, shares, debentures, insurance bonds and term deposits
- other money available at short notice
- payments made or expected to be made (within 28 days) from a previous employer
- compensation payments
- amounts deposited or lent to banks or other financial institutions whether or not the amount can be withdrawn or repaid immediately.

**Note:** Liquid assets do not include superannuation in the accumulation phase.

## How is the LAWP calculated?

Your liquid assets waiting period is determined by your personal situation and the amount of funds you have.

The LAWP is calculated using the following formulas:

Single persons with no dependants	Couples or singles with dependants
$\frac{\text{Liquid assets} - \$5,500}{\$500}$	$\frac{\text{Liquid assets} - \$11,000}{\$1,000}$

For example:

Geoff is married. His liquid assets total \$19,400. His LAWP is calculated as  $(\$19,400 - \$11,000) / \$1,000 = 8.4$ , which is rounded up to 9 weeks.

The maximum LAWP is 13 weeks and is in addition to the ordinary one week waiting period.

**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.

## Income Maintenance Period

The Income Maintenance Period (IMP) can apply if you are a new customer claiming Newstart, Partner Allowance, Parenting Payment, Sickness Allowance, Youth Allowance, Austudy, Widow Allowance or Disability Support Pension (except if you are permanently blind). The IMP most commonly applies where you have received leave and/or termination payments from your previous employer.

The IMP is the period that Department of Human Services treat any leave and termination payments received, as income. Leave and termination payments include annual leave, carers leave, leave loading, long service leave, maternity leave, rostered days off, sick leave, and redundancy payments.

### Calculating the length of the IMP

The leave and termination payments will count as income for the number of weeks that the payments relate to. Usually this means you will be excluded from receiving a payment for that many weeks. The IMP can be served concurrently with other waiting periods.

The following table sets out how to calculate the length of the IMP depending on your employment situation.

If your employment has ceased	The length of the IMP is calculated by adding together: (1) the number of weeks (or days) that the leave payments represent, and (2) the number of weeks that the portion of the termination payment based on your wage represents, and (3) the number of weeks that the portion of the termination payment NOT based on the employee's gross wage (e.g. a gratuity payment) represents. This is obtained by dividing that portion of the termination payment by your weekly wage.
If you continue to work	The actual leave period is used.

**Note:** An IMP is calculated using the total gross leave or termination payment and, where relevant, your gross weekly wage. For example:

Kevin has been made redundant from a company and on the day of leaving he receives a redundancy payment consisting of:

- I. 4 weeks annual leave,
- II. 9.5 weeks long service leave,
- III. \$20,500 gratuity payment ('golden handshake'), and
- IV. 3 weeks payment in lieu of notice.

Kevin's IMP will be calculated as follows:

- I. 4 weeks annual leave = 4 weeks IMP,
- II. 9.5 weeks long service leave = 9.5 weeks IMP,
- III.  $\$20,500 / \$1,000$  (Kevin's gross weekly income) = 20.5 weeks rounded down to 20 weeks IMP, and
- IV. 3 weeks payment in lieu of notice = 3 weeks IMP.

The total IMP period will be 37 weeks. Kevin's total redundancy payment will be apportioned as ordinary income over this 37 week period and assessed under the applicable income test.

Kevin is also subject to the one-week Ordinary Waiting Period and the LAWP (because of the leave payments and his bank balance. He will serve the maximum 13 week LAWP plus the one week waiting

period.

The ordinary waiting period and LAWP can be served concurrently with the IMP, so he has a total wait of 37 weeks.

The IMP can be waived or reduced in very limited circumstances, such as if you are in severe financial hardship because of having to use the leave payments to pay any unavoidable or reasonable costs (such as essential car or home repairs or essential medical expenses). The IMP will not be waived or reduced if you spend your employer payments on expenses that are not considered to be unavoidable or reasonable (such as mortgage, rent or holidays).

### **Unemployment Non-payment Period**

If you choose to leave your job or are dismissed from your job because of misconduct, you may have an 8 week non-payment period. The period can be 12 weeks if you got relocation assistance through your Employment Services Provider.

This non-payment period may be waived if you meet the eligibility criteria and you're in severe financial hardship.

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