



Australian Government
Department of Veterans' Affairs

Businessline

Action Required: For information on the temporary increase on the Work Bonus Bank

To:

Assistant Secretary Income Support Branch
Assistant Secretary Business Improvement and QA Branch
Assistant Secretary Client Access & Rehabilitation
Policy Development Branch Directors
Division Coordinators

Distribute to:

Client Contact and Support – all staff
Income Support – all staff
Business Improvement and QA Directors

For information:

Secretary
Deputy President
Deputy Secretaries
First Assistant Secretaries
Deputy Commissioners
Assistant Secretaries

SUBJECT: Temporary increase to the Work Bonus Bank.

Purpose: To inform staff of changes to the Work Bonus Bank from 1 December 2022.

Key Points:

- The *Social Services and Other Legislation Amendment (Workforce Incentive) Act 2022* received Royal Assent on 23 November 2022.
- This legislation temporarily increases the Work Bonus Bank from 1 December 2022 until 31 December 2023.
- All affected pensioners will have \$4,000 credited to their Work Bonus Bank upfront and the maximum Work Bonus Bank will increase from \$7,800 to \$11,800 until 31 December 2023.
- Any work bonus bank balance above \$7,800 after 31 December 2023 will be reset to \$7,800.

The Work Bonus concession of \$300 per fortnight will remain unchanged.

Background:

The work bonus is an incentive to encourage people who are able, to continue working after they reach qualifying/pension age. Under the work bonus rules, the first \$300.00 of wages earned per fortnight is excluded from the income test for income support pensioner. If a person who is eligible for work bonus and has no employment or gainful work income, or up to \$300 employment or gainful work income per fortnight, they can accrue the unused amount of the work bonus income concession in a work bonus bank. The difference between \$300 and the gross employment or gainful work income each fortnight is credited to the work bonus bank to a maximum of \$7,800. The balance in the work bonus bank can then offset the employment or gainful work income that would otherwise be assessable in the future.

From 1 December 2022 the Work Bonus Bank will increase from \$7,800 to \$11,800. The \$4,000 increase will be available until December 31, 2023. This means older Australians have the option to remain in the workforce if they wish to without losing access to their pension and benefits.

Legislation:

Social Services and Other Legislation Amendment (Workforce Incentive) Act 2022 (Act No. 55 of 2022) received Royal Assent on 23 November 2022.

Communication:

Articles regarding the measure will be published in VetAffairs, eNews and Advocacy News.

Question & Answers relating to the measure will be published in Vanqish to assist staff in answering questions from veterans and their families and advocates.



Brian Eastman
A/g Assistant Secretary
Policy Development Branch
Veteran and Family Policy Division

1 December 2022

Q&As – Work Bonus Bank

What are the changes?

The Government has decided to temporarily increase the maximum allowed Work Bonus Bank balance from \$7,800 to \$11,800, and to provide a one-off increase of \$4,000 to individuals' Work Bonus Bank balances. The increase will be available from 1 December 2022 until 31 December 2023. The changes mean that pensioners will be able to earn more money without affecting their income support pension.

What is the work bonus?

The work bonus is a discount of up to \$300 per fortnight applied to your earnings from employment or gainful work income. Gainful work income is income from self-employment involving personal exertion. The discount reduces the income used to assess your rate of Service Pension, Income Support Supplement or social security age pension. If your work bonus income is less than \$300 per fortnight, you can accrue the unused amount of the work bonus income concession in a work bonus bank.

If your work bonus income in the future exceeds \$300 per fortnight, your work bonus bank balance will offset the amount of income we assess in calculating your payment.

The current maximum Work Bonus Bank balance is \$7,800.

What are the changes to the Work Bonus Bank?

Those already eligible for the work bonus will have their Work Bonus Bank balance increased by \$4,000.

Any person who becomes eligible for the work bonus during the period 1 December 2022 to 31 December 2023 will be given an opening work bonus bank balance of \$4,000.

The maximum Work Bonus Bank will increase from \$7,800 to \$11,800 until 31 December 2023.

When will the increase to Work Bonus Bank take effect?

The *Social Services and Other Legislation Amendment (Workforce Incentive) Act 2022* received Royal Assent on 23 November 2022. The increase to Work Bonus Bank balances takes effect from 1 December 2022.

What will happen after 31 December 2023?

Any work bonus bank balance above \$7,800 after 31 December 2023 will be reset to \$7,800.

This will occur from the beginning of the pension period after 31 December 2023.

Who is eligible for the work bonus?

DVA clients eligible for the work bonus are:

- recipients of service pension or income support supplement (ISS) who are over qualifying age

- recipients of age pension.

The work bonus discount will only be used to calculate the rate of pension for a person assessed under the income test rules that came into force on 20 September 2009. Clients with a transitional assessment using the previous income test rules will receive the benefit of the work bonus when they qualify for a higher rate of pension under the current income test rules (non-transitional assessment).

How does the work bonus apply to couples?

The work bonus discount applies only to the work bonus income of a person who is eligible for the work bonus.

For members of a couple, your combined assessable income affects both of you. Therefore, if the individual who has work bonus income is eligible for the Work Bonus, you will both benefit from the reduced assessable income.

If both members of a couple receive work bonus income and both are eligible for the bonus, the work bonus discount will apply to the work bonus income of both members of the couple.

However, if the partner with work bonus income is not entitled to the work bonus, the work bonus discount does not apply and the work bonus income will be assessed in full.

How do I apply for the work bonus?

You do not need to apply for the work bonus. It will be calculated automatically when your pension is assessed. You do need to make sure that if you have employment or gainful work income it is notified to DVA.

If you receive income from self-employment, you will need to provide information about the percentage of income earned from your active participation.

Vetaffairs Article

Veterans and partners able to earn more

Veterans and partners who receive the Service Pension, Income Support Supplement or Social Security Age Pension and are entitled to the Work Bonus will be able to earn more money without it affecting their pension entitlements.

Under the changes, pensioners who are eligible for the Work Bonus will receive a one-off increase of \$4,000 to their Work Bonus Bank balance. In other words, the maximum allowed Work Bonus Bank balance will temporarily increase from \$7,800 to \$11,800. The changes took effect on 1 December 2022 and will be available until 31 December 2023.

This one-off increase to the Work Bonus Bank balance will allow eligible veterans and partners the choice to be engaged in additional or new paid work of up to \$4,000 if they want to, without reduction to their pension and benefits.

These changes are intended to improve the financial wellbeing and self-sufficiency of our veterans and families.

More information about the Work Bonus is available on the [DVA website](https://dva.gov.au) (dva.gov.au and search for 'work bonus').