



PENSION BOOST

My Pension Loan Scheme Guide

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An example of the Pension Loan Scheme



Example personal details

Date of birth:	01/01/1950
Current Age Pension:	\$952.70 (full single Age Pension)
Estimated property value:	\$500,000
Current loans outstanding secured by the property:	\$0

Based on this information, their current **Age Pension** could be **boosted by:**

\$12,385
per year

=

\$476
per fortnight

We **estimate** that they could **receive this amount** indexed to inflation for around

24 years

At that point their loan would reach the maximum amount allowed under the PLS. Please note that the loan will continue to increase with interest until it is repaid.

How the PLS could affect their home equity



Their PLS loan will consume an increasing proportion of their home value over time.

Projected values table

Based on the example information, here are the key projections over time.

	Now	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
Projected home value	\$500,000	\$579,637	\$671,958	\$778,984	\$903,056	\$1,046,889	\$1,213,631
Total PLS payments received	\$0	\$65,100	\$138,755	\$222,089	\$316,373	\$398,965	\$398,965
Total interest owing + fees	\$0	\$8,550	\$35,940	\$89,961	\$179,918	\$317,189	\$497,717
Total PLS loan owing	\$0	\$73,651	\$174,695	\$312,050	\$496,291	\$716,154	\$896,682
Home equity (kept by owner)	\$500,000	\$505,986	\$497,263	\$466,934	\$406,765	\$330,735	\$316,950
Home equity as % of home value	100%	87%	74%	60%	45%	32%	26%

If things take a turn for the worse

What if interest rates are 1% higher than expected and their property doesn't grow in value?



For many seniors the risk of negative equity is small. Based on the 1,000's of PLS projections we've run for our clients, those most exposed to negative equity risk appear to be those who:

- Are younger
- Have modest levels of equity in their homes
- Have a relatively large existing loan mortgaged against their home
- Live in remote, rural or other areas with low property growth rates.

***Important information and assumptions:**

Amounts calculated are estimates only - you may end up with more or less equity in your property. The estimates provided are not a prediction or a forecast about interest rates or property values by Pension Boost nor the actuarial firm that has developed the Pension Loan Scheme calculator (ASAP Actuarial).

Our calculations are based on the information you have provided (shown above) and the following assumptions:

PLS interest rate (4.5% pa); current Age Pension rates (including Supplements); Inflation/CPI (2.5% pa); and Property growth rates (3% pa).

We also assume that you draw the maximum loan available, do not wish to have a 'Requested Amount', spend all PLS payments you receive, make no voluntary repayments, amend or cease the PLS during the terms of the loan. Where you have an existing mortgage loan we assume that that loan balance does not increase or decrease. Where one person in a couple is not of age pension age we assume only 50% of the net equity is available for PLS.

Please contact us if you wish to amend any of these assumptions so we can provide you with a personalised PLS Report.

Key facts about the Pension Loans Scheme (PLS)



Who provides the Pension Loans Scheme?

The **Australian Government** provides the PLS which is administered by **Centrelink** or **Department of Veteran Affairs (DVA)**.



Who is the Pension Loans Scheme suitable for?

The PLS assists senior Australians who are challenged in meeting the regular expenses involved in funding their lifestyle. People who have no other material financial assets besides their home may **benefit from the PLS** which provides **regular (fortnightly) payments to help them live a better life.**

However, the PLS is not suited to people who require a large lump sum payment to fund repairs or renovations to the home, a holiday, a new car or major medical expenses for example.

Maximum PLS payments

150% of Age Pension

Couples: **\$2,154** per fortnight (combined) = **\$56,012** per year (combined)

Singles: **\$1,429** per fortnight = **\$37,155** per year

Includes your Age Pension (or similar welfare benefits)
Current as at 20 March 2021

Eligibility Rules

- 1 At least one of the applicants must be of Age Pension age (currently 66 years old and moving to 66.5 years old from 1 July 2021).
- 2 You need to have been an Australian resident* for at least 10 years in total, and there must not have been a break in your residency for at least 5 of those years.
- 3 You must own real estate property in Australia (note: this excludes retirement villages and relocatable homes).



The PLS is open to all eligible seniors who own property in Australia.

You do not need to be eligible for or receiving the Age Pension, or similar welfare benefit, to be eligible for the Pension Loans Scheme.

Note*: There are some limited exceptions to the residency requirement (for example refugees and defence personnel)

How does the Pension Loans Scheme (PLS) work?

Under the PLS each fortnight the Australian Government (via Centrelink or DVA) can provide you with up to 150% of the Age Pension entitlement. It's important to note that PLS payments are in addition to any Centrelink/DVA Age Pension or similar welfare benefit you are already receiving. For example, if you are receiving the full Age Pension you can receive an additional 50% of that amount under the PLS, or if you receive no Age Pension you can be eligible for up to 150%.



How much you chose to take under the scheme is up to you (**you do not have to take the maximum**).

All payments provided under the PLS are secured by a registered charge over your property. Unlike typical home loan mortgages you are not required to make any repayments during the life of the loan (commonly referred to as a 'reverse mortgage'). You are expected to repay the loan either when you leave the property, or it is sold, or from your estate.

Interest is charged at a variable rate of 4.5%pa (current as at 20 March 2021) and added to your outstanding loan each fortnight. This means interest compounds each fortnight (ie you pay interest on interest).

Important: The PLS is not subject to the **No Negative Equity Guarantee** regulations applying to commercial reverse mortgages. This means you or your estate could end up owing a debt to the Australian Government if your PLS loan balance is higher than the value your property is sold for.

Join our petition - show your support to get the PLS amended to provide No Negative Equity Guarantee protection for seniors.

[VISIT OUR WEBSITE TO SIGN THE PETITION](#)



Got questions? Refer to our **Frequently Asked Questions** on our website www.pensionboost.com.au/FAQ

For more information we suggest you visit:

<https://www.humanservices.gov.au/individuals/services/centrelink/pension-loans-scheme>

<https://www.moneysmart.gov.au/tools-and-resources/calculators-and-apps/reverse-mortgage-calculator> [**caution: ASIC calculator has not been developed for the Pension Loan Scheme**]

Things you need to consider



Discuss it with your family

Pension Boost recommends you discuss how you might **fund your lifestyle with your family** and other potential beneficiaries prior to entering into any agreement. It's important to be aware that the Pension Loans Scheme, or any other form of reverse mortgage or debt, will most likely affect the **net realisable value** for your **estate in the future**.



Consider your future needs

An important factor to think about when considering any form of reverse mortgage solution, including the Pension Loans Scheme, is how you might meet your possible future needs. This could include:

- Potential requirements for aged care accommodation and other health care needs; and
- Whether you wish to leave equity in your property to your estate for your beneficiaries
- Will your current property continue to suit your needs?



Seek independent advice

Pension Boost recommends you seek **independent legal and financial advice** before entering into a Pension Loans Scheme arrangement.

Pension Boost is **not licensed** to provide legal or financial planning advice.



Consult a specialist

Pension Boost is a leading independent specialist in the Pension Loans Scheme. We can assist you understand what the PLS is, how it works, what you might be entitled to and optimise how you might take advantage of the PLS.

Most importantly, we have the technology and skills to keep you in control of your Pension Loan and the net equity in your home on an ongoing basis.

Who is Pension Boost?

Pension Boost is a private Australian business that has been established to assist everyday Australian seniors to unlock a better life. We are a leading independent specialist in the Australian Government's Pension Loans Scheme, and take the hassle out of dealing with Centrelink or DVA for our customers. We assist seniors to understand what the scheme is, how it works, and how it may assist them live a better life.



We help seniors apply for their Pension Loan and keep them informed and in control of their Pension Loan on an ongoing basis.

PLS Application Service

	TOTAL	
Normal Price	\$660	100% Moneyback Guarantee In the event that Centrelink/DVA do not approve your PLS application
Pensioners' Price	\$440 SAVE \$220	

What's included?

- Personalised PLS Report
- PLS Specialist consultation
- Preparing your PLS application form
- Lodging your PLS application
- Tracking progress of your PLS application
- Responding to Centrelink/DVA queries
- Reviewing your PLS approval

What's not included?

- **Certificates of Title: \$26 - \$70 (Per title)**
- **Postage and Handling: \$40**
Only applies where you request application forms to be printed and express posted to you

Learn how we could help you by talking to one of our PLS specialists today



Call us on
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Email us at
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PENSION BOOST

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