

# 2009/10 Federal Budget

Adviser  
use only

Issued by Technical Services on 12 May 2009.

## At a glance / key points:

- Tax cuts (pages 1-3)
- Private Health Insurance rebate (page 3)
- Concessional contribution caps halved (page 5)
- Government co-contribution changes (pages 5-6)
- Simpler pension system (pages 6-7)
- Pension bonus scheme closed (page 7)
- Commonwealth Seniors Health Card income test (page 7)
- First Home Owners' Boost extended (page 10)

## Introduction

On 12 May 2009 Treasurer Wayne Swan delivered his second Federal budget. There are a number of announcements of which financial planners and their clients need to be aware. The changes in the following paper are proposals unless it is stated otherwise. Proposed alterations need to successfully pass through parliament before becoming law. They may be subject to further changes during this process.

## Tax

### Tax cuts

#### Implications for your clients:

- Already legislated tax cuts will be honoured
- Medicare levy thresholds are changing

In the 2009/10 budget the Government recommitted to the previously legislated marginal tax rates for the 2009/10 and 2010/11 tax years.

The current resident income tax table is as follows:

Taxable income	Tax payable
\$0 - \$6,000	0%
\$6,001 - \$34,000	\$0 + 15% > \$6,000
\$34,001 - \$80,000	\$4,200 + 30% > \$34,000
\$80,001 - \$180,000	\$18,000 + 40% > \$80,000
\$180,001 +	\$58,000 + 45% > \$180,000

#### From 1 July 2009

- The 30% tax bracket will move from \$34,001 to \$35,001.
- The second top tax rate will drop from 40% to 38%.

The 2009/10 resident income tax table is as follows:

Taxable income	Tax payable
\$0 - \$6,000	0%
\$6,001 - \$35,000	\$0 + 15% > \$6,000
\$35,001 - \$80,000	\$4,350 + 30% > \$35,000
\$80,001 - \$180,000	\$17,850 + 38% > \$80,000
\$180,001 +	\$55,850 + 45% > \$180,000

#### From 1 July 2010

- The 30% tax bracket will move from \$35,001 to \$37,001.
- The second top tax rate will drop from 38% to 37%.

The 2010/11 resident income tax table is as follows:

Taxable income	Tax payable
\$0 - \$6,000	0%
\$6,001 - \$37,000	\$0 + 15% > \$6,000
\$37,001 - \$80,000	\$4,650 + 30% > \$37,000
\$80,001 - \$180,000	\$17,550 + 37% > \$80,000
\$180,001 +	\$54,550 + 45% > \$180,000

### Low income tax offset

#### From 1 July 2009

Much like the marginal tax rates, the Government recommitted to the previously legislated low income tax offset amounts.

The offset amounts are as follows:

Year	Maximum amount	Cutout threshold
2008/09	\$1,200	\$60,000
2009/10	\$1,350	\$63,750
2010/11	\$1,500	\$67,500

The amount of low income tax offset for which an individual qualifies is reduced by 4c for every \$1 their taxable income exceeds \$30,000.

### Effective tax savings

#### From 1 July 2009

The combination of the changes to the resident income tax rates and the low income tax offset will result in the following tax savings:

Taxable income	Saving in 2009/10	Additional saving in 2010/11
\$10,000	\$0	\$0
\$15,000	\$150	\$0
\$30,000	\$150	\$150
\$45,000	\$300	\$450
\$60,000	\$300	\$450
\$80,000	\$150	\$300
\$100,000	\$550	\$500
\$130,000	\$1,150	\$800
\$160,000	\$1,750	\$1,100
\$180,000+	\$2,150	\$1,300

The increase in the low income tax offset will see individuals able to earn more before paying tax. The taxable income required before tax is paid is as follows:

Year	Taxable income
2008/09	\$14,000
2009/10	\$15,000
2010/11	\$16,000

### Minors unearned income

#### From 1 July 2009

Due to the increase in the low income tax offset, minors will be able to earn more in unearned income before facing tax on their earnings.

The amount of unearned income minors can generate before paying tax is as follows:

Year	Unearned income
2008/09	\$2,667
2009/10	\$3,000
2010/11	\$3,333

## Senior Australians offset recipients

From 1 July 2009

The increase in the low income tax offset will also ensure that recipients of the Senior Australians tax offset will be able to earn more before paying tax. The taxable income that can be earned by these individuals before paying tax is as follows:

Year	Single	Couple (each)
2008/09	\$28,867	\$24,680
2009/10	\$29,867	\$25,680
2010/11	\$30,685	\$26,680

## Medicare levy thresholds

From 1 July 2008

The Medicare levy thresholds are also proposed to change for low income earners and pensioners of less than age pension age. The Medicare levy is based on taxable income (excluding any lump sum super payments that count toward an individual's low rate cap). Medicare levy will not be payable until the following income thresholds are breached:

Single income	2007/08	2008/09
Standard taxpayer	\$17,309	\$17,794
Pensioner*	\$22,922	\$25,299

\*Below pension age

Family income	2007/08	2008/09
Standard taxpayer	\$29,207	\$30,025
Pensioner*	\$29,207	\$30,025
Add each dependent child	\$2,682	\$2,757

\*Below pension age

## Private health insurance rebate

From 1 July 2010

### Implications for your clients:

- Increase in private health insurance cost, if the private health insurance rebate reduces

Currently, the private health insurance rebate is 30%, 35% or 40%, depending on an individual's age.

The proposal is to introduce a tiered system that is based upon age and an income test, which reduces the rebate for those individuals and couples who exceed a threshold.

The Medicare Levy Surcharge applies to individuals or couples who do not take out private health insurance. The current Medicare Levy Surcharge is 1%.

The proposal is for an income test to apply to the Medicare Levy Surcharge, so that individuals and couples with income above the threshold will pay a higher Medicare Levy Surcharge of up to 1.5%. The following tables outline the current and proposed tiers:

	Tier 1	Tier 2	Tier 3	Tier 4
Single	<\$75,000~	\$75,001 - \$90,000	\$90,001 - \$120,000	>\$120,001
Couple	<\$150,000~	\$150,001 - \$180,000	\$180,001 - \$240,000	>\$240,001
MLS*	1%	1%	1.25%	1.50%
Up to 65	30%	20%	10%	0%
65 – 69	35%	25%	15%	0%
70+	40%	30%	20%	0%

\*Medicare Levy Surcharge

~ These amounts are based upon the Budget papers, however there appears to be an anomaly between these thresholds (\$70,000 & \$140,000)

## Small business tax deduction boost

From 13 December 2008

### Implications for your clients:

- 50% tax deduction for capital investments for small business owners

A tax deduction of 50% is proposed for small businesses for the purchase of eligible assets from 13 December 2008 and 31 December 2009, that are installed by 31 December 2010.

Small businesses with a turnover of less than \$2 million are required to invest at least \$1,000 per asset to qualify for the tax break. The following is a table of the new proposals for eligible small businesses:

Investment installed by	Commitment to new investment by
	31 Dec 2009
31 Dec 2010	50%

The bonus tax deduction extends a previous proposal to provide a tax deduction of up to 30%, for eligible assets acquired by qualifying businesses. These previous proposals will still apply to other businesses that invest more than \$10,000 in eligible assets.

Investment installed by	Commitment to new investment by	
	30 Jun 09	31 Dec 09
30 Jun 2009	30%	-
30 Jun 2010	30%	10%
31 Dec 2010	10%	10%

## Non-commercial business losses

From 1 July 2009

### Implications for your clients:

- High income earners will be unable to use unprofitable business ventures to reduce other taxable income.

The Government propose to prevent high income earners using loss making business activities to reduce their taxable income.

Individuals with adjusted taxable income of over \$250,000 will only be able to use deductions from unprofitable business activities to reduce taxable income from those specific activities. Deductions will not be allowed to reduce taxable income from other sources (i.e. salary or investment income).

Individuals will be able to appeal to the Commissioner of Taxation if they believe the losses are temporary and the business is generally commercially viable.

## Private company benefits

From 1 July 2009

Arrangements between private companies and their shareholders (or associates of shareholders) providing licence or rights to use real property or chattels at less than arm's length values are proposed to trigger tax consequences. The non-commercial loan rules will be extended to capture these situations.

## Distributions from closely-held trusts

From 1 July 2010

Withholding tax arrangements are proposed to apply to closely-held trusts (including family trusts). This will generally require tax to be withheld from distributions to beneficiaries.

Income on which the trustee(s) themselves pay tax (eg income assessable to minors) will not need to have further tax withheld when distributed.

## Australians working overseas

From 1 July 2009

Currently, Australians residents who work overseas for 91 consecutive days receive an exemption from taxation for that foreign employment income.

The proposal is to abolish this exemption unless the individual employment falls within one of the following categories:

- A aid or charitable worker employed by a recognised non-government organisation
- A government aid worker
- A specified government employee (for example defence or police force personal)

A tax offset will be provided for any foreign tax paid on foreign employment income.

## Employee share scheme tax concessions

From 7:30pm 12 May 2009

Currently, the taxation treatment depends on whether the employee share scheme is qualifying or non-qualifying.

Qualifying shares or options provide employees two choices:

- An employee can elect to be assessed in the year that shares or options are acquired. All employees have access to an upfront tax exemption of up to \$1,000 on discounts received per year.
- If no election is made, taxation is deferred until a later date.

Non-qualifying shares that are issued under an employee share scheme are taxed on the discount when the employee acquires the shares (or options).

The proposal is to provide parity between qualifying and non-qualifying shares. All discounts received on shares and options will be assessed in the income year they are acquired.

In addition, the upfront tax concession of \$1,000 for qualifying schemes will be limited to those employees with a taxable income of less than \$60,000 (after an

adjustment for fringe benefits, salary sacrifice and losses resulting from negative gearing).

## Superannuation

### Concessional contributions caps halved

From 1 July 2009

#### Implications for your clients:

- May need to review salary sacrifice arrangements and utilise current concessional contributions cap until 30 June 2009.
- Review existing Transition to Retirement strategies.

The Government has announced a reduction in the annual concessional contributions cap to \$25,000 (indexed),

The annual transitional cap of \$100,000 for individuals age 50 and over will be halved to \$50,000 and will remain in effect until 30 June 2012.

Age as at 30 June 2010	Concessional contributions cap 2009/10	Proposed concessional contributions cap 2009/10
Under age 50	\$55,000	\$25,000
At least age 50	\$100,000	\$50,000

'Grandfathering' arrangements will apply for certain members of defined member schemes as at 12 May 2009 whose notional taxed contributions would otherwise exceed the reduced cap. Similar arrangements were applied the concessional contribution cap was first introduced.

### Non-concessional contributions

From 1 July 2009

The annual non-concessional contributions cap is proposed to be six times the annual concessional contributions cap. This will result in a proposed annual non-concessional contributions cap of \$150,000 for the 2009/10 financial year.

	Non-concessional contributions limits 2009/10	Proposed non-concessional contributions limits 2009/10
Annual cap	\$165,000	\$150,000
Maximum with 3-year averaging	\$495,000	\$450,000

### Government co-contributions

From 1 July 2009

#### Implications for your clients:

- Temporary reduction to maximum co-contribution amounts from 2009/10 financial year.
- Co-contribution remains a viable strategy to build retirement savings for younger and lower income earners.

The Government has proposed a temporary reduction to the matching rate and maximum co-contribution payable on an individual's non-concessional contribution. This temporary measure begins from the 2009/10 financial year and ends in the 2013/14 financial year.

The tables below highlight the proposed changes for the 2009/10 to 2013/14 financial years.

#### Changes from 2009/10, 2010/11 and 2011/12

	2008/09	2009/10, 2010/11 & 2011/12
Maximum co-contribution	\$1,500	\$1,000
Co-contribution ratio	\$1.50 per \$1	\$1 per \$1
Taper rate	5%	3.333%
Lower income threshold	\$30,342	Indexed prior year's threshold
Upper income threshold	\$60,342	Year's lower income threshold plus \$30,000

## Changes for 2012/13, 2013/14 and from 2014/15

	2012/13 & 2013/14	From 2014/15
<b>Maximum co-contribution</b>	\$1,250	\$1,500
<b>Co-contribution ratio</b>	\$1.25 per \$1	\$1.50 per \$1
<b>Taper rate</b>	4.167%	5%
<b>Lower income threshold</b>	Indexed prior year's threshold	Indexed prior year's threshold
<b>Upper income threshold</b>	Year's lower income threshold plus \$30,000	Year's lower income threshold plus \$30,000

## Small and lost superannuation accounts

**From 1 July 2010**

The Government will require superannuation funds to transfer lost accounts with balances less than \$200 and those which have been in-active for a period of five years to unclaimed monies.

## Temporary drawdown relief for account-based pensions

**From 1 July 2009**

It is proposed that the temporary relief measures for halving minimum pension payments in the 2008/09 financial year will be extended to the 2009/10 financial year.

## Portability arrangements between Australia and New Zealand

In order to facilitate the free movement of people between Australia and New Zealand the Government is proposing the introduction of a scheme that will permit the transfer of superannuation savings between the two countries.

## Clarification of Superannuation Guarantee on parental leave payments

The Australian Taxation Office (ATO) has recently advised that salary paid whilst on parental leave, and other ancillary payments, are treated as ordinary time earnings. This ATO view is yet to be formalised and the Government will not provide any further clarification until it has

completed a comprehensive review on paid parental leave in 2013.

## AFTS Report

In addition to handing down the Federal Budget, the Government released the Australia Future Tax System (AFTS) Report on the retirement income system.

The report has made numerous recommendations; The Government has agreed to some but has deferred making a decision on others until further examination

For information on one recommendation, the proposed increase in age pension age, please refer to the social security section.

## Social Security

### Simpler pension system

**From 20 September 2009**

#### Implications for your clients:

- Pension payments will increase **\$32.49 a week for singles and \$10.14 a week for couples**

A new pension system will be introduced with effect from 20 September 2009. The new system will consist of two primary payments:

- A base fortnightly rate of pension
- A pension supplement

The pension supplement will be paid fortnightly with the base pension and will include the value of the current GST pension supplement, Pharmaceutical Allowance, Utilities Allowance and Telephone Allowance.

### Increases to pension payments

**From 20 September 2009**

The new pension package will include the following pension increases:

- For singles: an increase of \$30.00 a week in base pension, \$2.49 a week increase in the new pension supplement;
- For couples: \$10.14 a week combined increase in the new pension supplement.

These increases bring the amount of base pension and pension supplement paid to singles to two-thirds of that received by couples combined.

These increased benefits will apply to recipients of the Age Pension, Service Pension, Disability Support Pension, Carer Payment, Bereavement Allowance, Widow Pension, Wife Pension, War Widow/ers and Income Support Supplement.

## Change the income test taper rate

From 20 September 2009

### Implications for your clients:

- Reduction in pension payments for clients who are income tested

Currently, these lower income test threshold for pensioners is \$138 with an additional \$24.60 for each child. One component of this measure is to remove this additional \$24.60 per child.

Another component is an increase in the income test taper rate for both single and coupled pensioners. For clients who are income tested, this will have the effect of reducing their payment. The proposed changes to the income test taper rate are detailed below:

	Current	Proposed
Single	40c per \$1	50c per \$1
Couple	20c per \$1	25c per \$1

Existing part pensioners affected by the income test changes will retain existing entitlements.

Under the new rules the income test cut off threshold will be \$38,693 (singles) and \$59,228 (couples combined). There were down from \$47,444 and \$72,423.

## Flexible payment options

From 1 July 2010

### Pension supplement

Pensioners will be given greater flexibility over how they receive their payments and can choose to take around half of the pension supplement as quarterly payments.

### Advance payments

The maximum advance pension payments available to pensioners will increase from \$500 to almost \$1,000 for singles and \$1,500 for couples combined. Multiple advance payments will also be available in any 12 month period.

## Pension Bonus Scheme closed

From 20 September 2009

### Implications for your clients:

- No new Pension Bonus Scheme participants from 20 September 2009
- Eligible clients should register as soon as possible

The Pension Bonus Scheme will be closed to new entrants from 20 September 2009. Existing members of the scheme will continue to accrue and be eligible for pension bonus payments under existing rules.

### New 'work bonus'

To encourage workforce participation among older Australians, a new income test concession for employment income will be introduced. The new 'work bonus' will only assess half of the first \$500 of employment income under the income test. This allows up to \$250 of earnings to be excluded from means testing.

## Increase in the Age Pension age

From 1 July 2017

The qualifying age for the Age Pension will increase from 65 to 67 between 1 July 2017 and 1 July 2023. Everyone born after 1 January 1957 will therefore have an age pension age of 67.

Date of Birth	Age	Earliest date of eligibility
1 July 52 – 31 Dec 53	65.5	1 January 2018
1 Jan 54 – 30 June 55	66	1 January 2020
1 July 55 – 31 Dec 56	66.5	1 January 2022
1 Jan 57 and later	67	1 January 2024

## Commonwealth Seniors Health Card – income test

From 1 July 2009

### Implications for your clients:

- Tax free income from a superannuation income stream will not be included in the CSHC income test
- Salary sacrifice to superannuation can only be used to reduce 'adjusted taxable income' in the 2008/09 financial year

The Government will not proceed with its proposal to include gross tax-free superannuation pension income in the adjusted taxable income test for the Commonwealth Seniors Health Card (CSHC). However it will proceed to include income that is salary sacrificed to superannuation in the income assessment, with effect from 1 July 2009. The inclusion of salary sacrifice in the CSHC income test is consistent with the income test changes for income support payments that have already been legislated.

## Seniors Supplement for CSHC and Gold Card holders

**From 20 September 2009**

Holders of the Commonwealth Seniors Health Card and DVA Gold Card who receive the Seniors Concession Allowance are proposed to receive the Seniors Supplement. The Seniors Concession Allowance and Telephone Allowance will be incorporated into the new supplement.

The Seniors Supplement for these recipients is to be \$749.40 a year for singles and \$1,190.80 a year for couples (combined). Payments will be made quarterly.

## Carer supplement

**First payment to be made by 30 June 2009**

A new carer supplement will provide:

- \$600 per annum to all Carer Allowance recipients for each person being cared for; and
- \$600 per annum to all Carer Payment or Carer Service Pension recipients.

People who receive both Carer Payment and Carer Allowance will be eligible for both payments.

A person will qualify for the new carer supplement if:

- the person was or is paid an instalment of carer allowance, carer payment or carer service pension in respect of a period that includes:
  - 12 May in the year if the year is 2009; or
  - 1 July in the year if the year is a later year.

The new supplement will be ongoing (subsequent payments starting from 1 July 2010) and non-taxable.

## Indexation of family tax payments

**From 1 July 2009**

Family Tax Benefit Part A payment rates will be indexed by the Consumer Price Index (CPI). In some instances this may result in a lower payment rate than the existing indexation method. This measure will maintain consistency with the indexation of other family payments such as Family Tax Benefit Part B and the Baby Bonus.

## Family tax payment thresholds frozen

**From 1 July 2009**

The upper income thresholds for the Baby Bonus, Dependent spouse tax offset and Family Tax Benefits Part A and B will be frozen at their current level until 1 July 2012. These thresholds would normally be indexed by CPI.

- Family Tax Benefit Part B adjusted taxable income threshold for the higher income earner will remain at \$150,000;

- Dependent spouse tax offset taxable income threshold will remain at \$150,000;
- Baby Bonus family income threshold in the 6 months following the birth or adoption of a child will remain at \$75,000.
- Family Tax Benefit Part A income thresholds will remain unchanged. Thresholds will vary depending on the age and number of children.

## Paid Parental Leave

**From 1 January 2011**

A government funded paid Parental Leave Scheme will be introduced. Eligible primary carers will receive 18 weeks paid parental leave at the Federal Minimum Wage, currently \$543.78 per week.

An eligible primary carer must have:

- earned less than \$150,000 in the full financial year prior to the birth or adoption of a child;
- worked at least 330 hours over the 10 months preceding the birth or adoption of a child; and
- also worked continuously with one or more employers for at least 10 of the 13 months before the expected date of birth or adoption.

These payments will be taxable income and will affect entitlement to family assistance payments, but will not count as income for income support payments.

Parents who receive Paid Parental Leave:

- will not receive the Baby Bonus (except in the cases of multiple births where parents will not receive the Baby Bonus for the first child only)
- will not be eligible for Family Tax Benefit Part B and the dependent spouse, child-housekeeper and housekeeper tax offsets for the 18 week period during which they receive Paid Parental Leave

Superannuation payments whilst on Paid Parental Leave and will be considered as part of the review of the scheme which will take place in 2013. The ATO has advised the Government that it considers salary paid while on parental leave is ordinary time earnings for superannuation guarantee purposes. The Government will clarify that superannuation guarantee contributions will not apply to voluntary paid parental leave payments and will review this position as part of the review of the treatment of superannuation under the Paid Parental Leave scheme.

People who do not qualify (or elect not to receive paid parental leave) will continue to receive the Baby Bonus and other family payments, based on eligibility.

## Special Disability Trusts

Undistributed income taxed at beneficiary's tax rate

**From 1 July 2008**

The Government will ensure that undistributed income of a Special Disability Trust is taxed at the beneficiary's personal income tax rates rather than the top marginal tax rate plus Medicare Levy.

Capital gains tax main residence exemption

**From 1 July 2009**

The capital gains tax main residence exemption will be extended to include a residence that is owned by a Special Disability Trust and used by the beneficiary as their main residence.

## Youth Allowance and Austudy – increase in income thresholds

**From 1 January 2011**

### Implications for your clients:

- **Students can earn more before student support payments are reduced**

The income free threshold (i.e. income level at which Youth Allowance or Austudy begins to reduce) will substantially increase from \$236 to \$400 per fortnight. Payments will reduce by \$0.50 for every dollar of income earned between \$400 and \$480 per fortnight and by \$0.60 for every dollar earned in excess of \$480 per fortnight.

The thresholds will be indexed annually to movements in the Consumer Price Index.

## Youth Allowance

Age of independence reduced

**From 2009**

The age of independence for Youth Allowance will be reduced from 25 to 22 years over 4 years as follows:

Year	Age of independence
2009	25
2010	24
2011	23
2012	22

Independent students are not subject to the parental income and assets test.

Stricter workforce participation criteria for establishing independence

**From 1 January 2010**

A young person is considered independent for Youth Allowance, if they have supported themselves through paid work consisting of:

1. employment of at least 30 hours per week (i.e. full-time employment) for at least 18 months during any period of 2 years; or
2. employment of at least 15 hours per week (i.e. part-time employment) for at least 2 years since the person last left school, or
3. employment in an 18 month period since leaving school, with cumulative earnings totalling at least 75% of the appropriate maximum National Training Wage Award rate (\$19,532 in 2009).

From 1 January 2010, criteria 2 and 3 will be removed, making it harder for a young person to establish independence under Youth Allowance. The changes will not apply to students who have already satisfied the workforce participation criteria and are already independent.

## Youth Allowance (Other) and Family Tax Benefit (Part A) – stricter participation requirements for unemployed 15-20 year olds

**From 1 July 2009 for new Youth Allowance (Other) claimants**

**From 1 January 2010 for existing Youth Allowance (Other) and all Family Tax Benefit (Part A) recipients**

Unemployed 15-20 year olds without a Year 12 or equivalent qualification will be required to undertake full-time education or training in order to receive Youth Allowance (Other) or for their families to receive Family Tax Benefit Part A for that child.

## The pension review report

The Government has also released a review of the basic structure of Australia's pension system. The report focuses on poverty alleviation, indexation to community living standards and prices and means testing.

Further proposals may be forthcoming after the Government has further examined the report's recommendations.

## Aged Care

### End of the 28-day income-tested fee exemption

#### Commencement date to be confirmed

Income-tested fees will be charged from the date of entry into residential aged care (nursing home or hostel). This will align income-tested fees with the other fees (eg. basic daily care fee) which are payable from the day of entry. The income test itself will not change.

Currently, income tested fees cannot be charged for the first 28 days from entering an aged care home to allow time for the Department of Health and Ageing to advise most residents of their maximum income-tested fee.

### Increase in basic daily care fee due to pension increase

#### From 20 September 2009

#### Implications for your clients:

- **New aged care clients may have a higher basic daily care fee**

The maximum daily care fee is currently set at 85% of the basic single rate of age pension. As a result of the \$32.49 per week pension increase, the maximum basic daily care fee will rise from \$33.41 to \$36.61 per day. This will result in the maximum basic daily care fee decreasing from 85% to 84% of the total pension amount.

Pensioners in aged care will retain at least 30% (or \$10.09 per week) of the \$32.49 per week pension increase and the remaining 70% of the pension increase will go to the aged care home in the form of an increase in the basic daily care fee.

Residents in aged care on 19 September 2009, who either do not receive a pension or receive a part pension, will have their existing fee levels fixed at the current level until they leave care. Those entering care after 19 September 2009 (who either do not receive a pension or receive a part pension) will initially pay the same level of fees as currently paid by residents. Over 4 years, their fees will gradually increase until they are paying 84% of the pension.

## Other

### First Home Owners' Boost extended

#### Implications for your clients:

- **FHOB is available in full until 30 September 2009 and in part until 31 December 2009**

#### From 1 July 2009

The Government has announced an extension to the existing First Home Owner's Boost (FHOB) for an extra six months.

For eligible first home buyers entering into contracts between 1 July 2009 and the 30 September 2009 (inclusive), the FHOB will continue to provide \$7,000 for the purchase of established homes and \$14,000 for new homes. This does not including the existing \$7,000 First Home Owner's Grant until 30 September 2009.

Between 1 October 2009 and t 31 December 2009 the FBOB grant will be halved to be \$3,500 for the purchase of established homes and \$7000 for the purchase of new homes.