The Australia Institute

Research that matters.

Boosting retirement incomes the easy way

Extending the Pension Loan Scheme to all retirees

Technical Brief No. 34
September 2014
ISSN 1836-9014

Richard Denniss and Tom Swann

TAI

Technical Brief

The Australia Institute
Research that matters.

About TAI

The Australia Institute is an independent public policy think tank based in Canberra. It is funded by donations from philanthropic trusts and individuals and commissioned research. Since its launch in 1994, the Institute has carried out highly influential research on a broad range of economic, social and environmental issues.

Our philosophy

As we begin the 21st century, new dilemmas confront our society and our planet. Unprecedented levels of consumption co-exist with extreme poverty. Through new technology we are more connected than we have ever been, yet civic engagement is declining. Environmental neglect continues despite heightened ecological awareness. A better balance is urgently needed.

The Australia Institute's directors, staff and supporters represent a broad range of views and priorities. What unites us is a belief that through a combination of research and creativity we can promote new solutions and ways of thinking.

Our purpose—'Research that matters'

The Institute aims to foster informed debate about our culture, our economy and our environment and bring greater accountability to the democratic process. Our goal is to gather, interpret and communicate evidence in order to both diagnose the problems we face and propose new solutions to tackle them.

The Institute is wholly independent and not affiliated with any other organisation. As an Approved Research Institute, donations to its Research Fund are tax deductible for the donor. Anyone wishing to donate can do so via the website at www.tai.org.au or by calling the Institute on 02 6130 0530. Our secure and user-friendly website allows donors to make either one-off or regular monthly donations and we encourage everyone who can to donate in this way as it assists our research in the most significant manner.

Level 5, 131 City Walk
Canberra City
ACT 2601
Tel: (02) 6130 0530
Email: mail@tai.org.au
Website: www.tai.org.au

TAI

Summary

The Australian government is currently willing to boost the retirement incomes of wealthy Australians by providing low cost ‘reverse mortgages’ through Centrelink. The Pension Loan Scheme (PLS) allows eligible Australians to receive payments equivalent to the full age pension paid into their bank account on a fortnightly basis, borrowed from the government and secured against the value of property owned by the recipient. These government-issued loans allow wealthy older Australians to boost their own incomes by converting equity in their home into a fortnightly flow of cash from the government. The loans are repaid either on the sale of the property or on the death of the recipient. The current interest rate charged by the government is 5.25 per cent, which is significantly lower than the interest rate charged by private banks.

Remarkably, to qualify for the PLS you must be too wealthy to be eligible for the full age pension. Retirees who are on the full age pension and who own their own homes are unable to boost their income via the PLS. Only retirees whose wealth or income makes them ineligible for the full age pension can access the scheme.

It is not clear why the PLS has been designed so that it is only available to the group in society who would seem to need it the least. If the purpose of the program was to boost the retirement incomes of those with the least, then the current rules fail dismally. Alternatively, if the purpose of the scheme is to provide low-interest loans to those with the most then this would seem inconsistent with a wide range of other government programs administered through Centrelink.

This paper suggests a simple modification to the PLS that would, in making it fairer, significantly help to boost the retirement incomes of a large number of current retirees. We propose that the PLS payments be made available to all citizens of pension age. The existing rules about the maximum loan/valuation ratios would apply to the expanded PLS.

Expanding the PLS would allow an existing retiree on the full age pension who owned their own home to potentially double their retirement income (depending on their age and the value of their home) by borrowing against the equity in their home. Similarly, a very wealthy retiree who is currently ineligible for the age pension would remain able to borrow the equivalent of the full age pension.

Unlike the $36 billion the federal government will spend this financial year on superannuation tax concessions, which mostly favour the wealthy who are yet to retire, expanding the PLS would allow existing pensioners to boost their own incomes without significant cost to the budget. It would help address concerns about the sufficiency of the pension rate. It would also address concerns about proposals to include high value homes in the means test for the pension: the PLS allows retirees to draw an income from their home while they continue to live in it.

How does the Pension Loans Scheme work?

At present the Pension Loans Scheme (PLS) and age pension eligibility rules are interrelated in the most unusual of ways.

To receive the age pension currently you must be at least 65 years old and meet income and assets tests. People old enough to receive an age pension but whose income or assets exceed a legislated threshold may be eligible for a part rate payment of the age pension.

The purpose of income and assets tests is typically to target welfare to those who need it most. Such tests are one reason why the Australian social security system is often described as being among "the most targeted in the OECD".[1]

However, the PLS is only available to those whose income or assets (but not both) are above the threshold for eligibility for the age pension. Put simply, retirees eligible for the full age pension are ineligible for the full PLS – only those ineligible for the age pension are eligible for the full rate PLS.

For those wealthy enough to apply, the PLS is a reverse mortgage that allows retirees to draw an income stream of up to the full age pension rate. Payments (loans) are made fortnightly via Centrelink and are secured against the property of the recipient. Like a regular mortgage, interest is applied to the outstanding balance. Currently this is set at a fixed rate of 5.25 per cent compounding interest.

Applicants for the PLS must themselves provide security by "registering a charge with the Land Titles Office on the title deed of the property" – Centrelink arranges for the property to be valued independently.[2] The retiree may pay off the loan at any time, but must do so when the house is sold or out of the owner's estate on their passing away. As with any reverse mortgage, the total amount the retiree can borrow depends on:

- the value of the property
- how much equity they wish to retain
- if they are borrowing against the house they living in, their age (how long they are likely to live in the house).

Banks and other commercial financial service providers also offer reverse mortgages. The current market includes variable interest rates between 6.7 per cent and up to 7.5 per cent.[3] This is substantially more than the PLS interest rate. Moreover, these rates are variable while the PLS rate is fixed. Fixed interest rates are often higher than variable rates, making the PLS an even lower-interest option than it might at first seem.

Given the PLS offers lower interest rates, why would anyone enter into a commercial reverse mortgage? A number of explanations are possible.

[1] Whiteford, P, Redmond G, and Adamson, A, 2011, "Middle Class Welfare in Australia: How has the Distribution of Cash Benefits Changed Since the 1980s?" in *Australian Journal of Labour Economics* Vol.14 No.2 pp 81-102, on p81
This appears affected by especially stringent targeting of people of working age, which is "even more marked than it is for the overall population – the poorest 20 per cent of households receive benefits that are 15 times as much as the richest 20 per cent of households, a ratio that is more than six times the OECD average and more than twice as high as the next ranked county." *Ibid*.
[2] Centrelink, (2014g), "Security on the Loan", Available at <http://www.humanservices.gov.au/customer/services/centrelink/pension-loans-scheme>
[3] Infochoice, (2014), Reverse Mortgage Interest Rates, Available at <http://www.infochoice.com.au/home-loans/reverse-mortgage/interest-rates/> Accessed 21 August 2014

People may not be aware that the PLS exists. Although the PLS is listed on the Centrelink website, it does not appear prominently.[4] Many involved in the public debate on retirement incomes seem unaware of the scheme, as discussed below.

In addition, the PLS may not suit all retirees. Fortnightly loans under the PLS are capped at the age pension rate. Commercial reverse mortgages can be arranged at different rates, depending on the value of the property and the borrower's age.

Finally, individuals may use a commercial reverse mortgage because their income or assets are not substantial enough to make them eligible for the PLS.

The PLS is unfairly targeted

In most cases, means tests on welfare payments are used to target the payments to those who need welfare support the most. Retirees with high incomes or high value assets are expected to support themselves and cannot receive a pension, or receive a reduced pension. Income and assets tests apply to determine the eligible pension rate, with retirees receiving the lower rate determined by the two tests.

By contrast, the PLS uses means tests to target loans to those who already have significant income or assets – in fact it is potentially open to retirees with very high incomes or high value assets. To be eligible for the PLS, retirees must "receive a reduced, or nil, rate of a qualifying payment for the scheme due to the application of *either the income or the assets test, but not both*."[5] This is unusual and its justification is quite unclear.

The income tests for the age pension are shown in Figure 1; all figures represent fortnightly income or payments.[6]

Figure 1: Age pension income tests

Family situation	Full pension rate (including supplements)	Pension unaffected by income up to	Pension reduced by income at	Nil pension when income reaches
Single	$842.80	$160	50 cents for every dollar over $160	$1,845.60
Couple (combined)	$1,270.60	$284	50 cents for every dollar over $284	$2,825.20

Figure 2 shows the asset tests that apply to the age pension.[7] Retirees with assessable assets valued above the full rate age pension threshold are entitled to a part-rate pension. Each extra $1,000 in asset value decreases the pension rate by $1.50 per fortnight, up to the 'part rate' threshold, above which they receive no pension. In all cases, home-owners face lower thresholds.

[4] It is not mentioned anywhere on the page for the "Age Pension" or on the home page for "Older Australians" there is only a small-text link to information in a menu at the bottom of the page
Centrelink (2014), Age Pension, Available at
<http://www.humanservices.gov.au/customer/services/centrelink/age-pension; "Older Australians", Available at http://www.humanservices.gov.au/customer/themes/older-australians>

[5] Emphasis added, Centrelink, (2014a,b),
<http://www.humanservices.gov.au/customer/services/centrelink/pension-loans-scheme>

[6] Centrelink, (2014d), Income Test, Available at <http://www.humanservices.gov.au/customer/enablers/income-test-pensions>

[7] Centrelink, (2014c), Assets, Available at <http://www.humanservices.gov.au/customer/enablers/assets/>

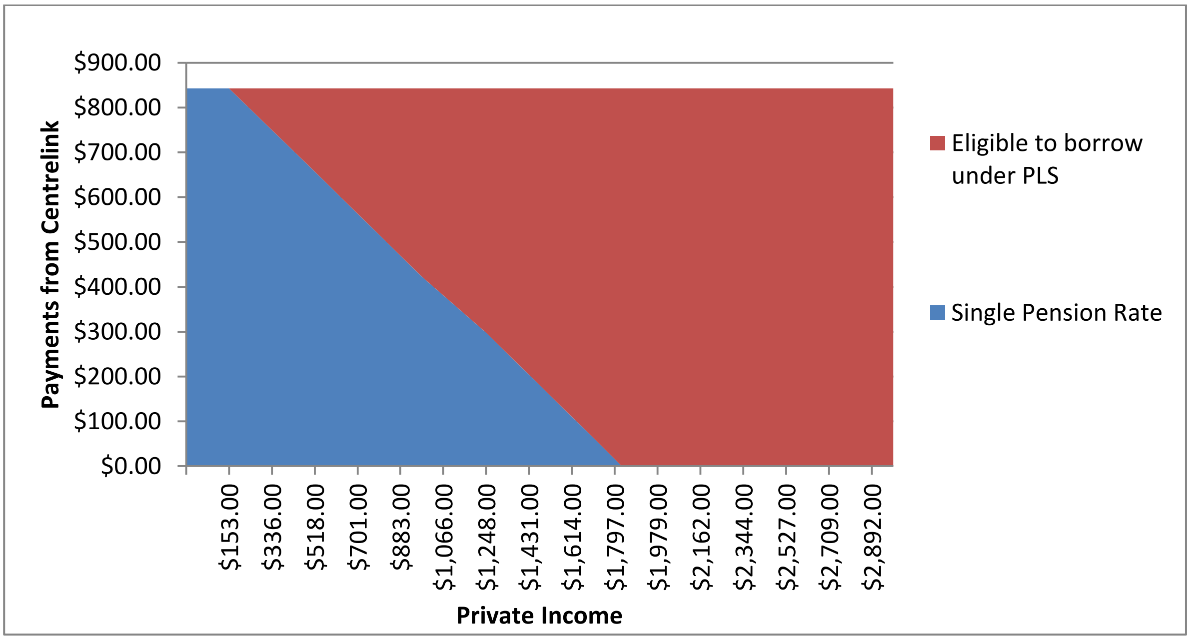
Figure 2: Age pension assets means test

	Full rate age pension		Part rate age pension	
Family situation	Home-owners with assets less than	Non-home-owners with assets less than	Home-owners with assets less than	Non-home-owners with assets less than
Single	$202,000	$348,500	$764,000	$910,500
Couple (combined)	$286,500	$433,000	$1,134,000	$1,280,500

Centrelink assesses and includes the value of most assets, at the value "you would get for them if you sold them at market value" – including property, business assets, financial investments and superannuation investments. Some assets are excluded. Most notable is the "principal home", owner-occupied dwellings including "adjacent land, up to 2 hectares".[8]

These means tests also determine eligibility for the PLS. If retirees nominate to use the PLS at the maximum eligible rate, they can receive fortnightly payments equivalent to the full age pension rate. Hence Centrelink describes the PLS as a 'top-up' payment. But using the means test in this way is regressive – it targets the wealthy. Retirees with low income and low value assessable assets cannot use the PLS, even if they own and live in a valuable home. Eligibility for a single retiree under the income test is shown in Figure 3 and under the assets test in Figure 4. Using the tests in this way excludes those with the least, while allowing those with very high incomes or high value assets to use the PLS. This is shown, with respect to income, in Figure 5.

Figure 3: PLS loans 'top-up' payments to the pension rate – income test



[8] The principal home "must be on a single title block and the land must not be used primarily for commercial purposes."
Centrelink, (2014f), "Real Estate" Available at <http://www.humanservices.gov.au/customer/enablers/assets/real-estate-assets>

Figure 4: PLS loans 'top-up' payments to the pension rate – assets test

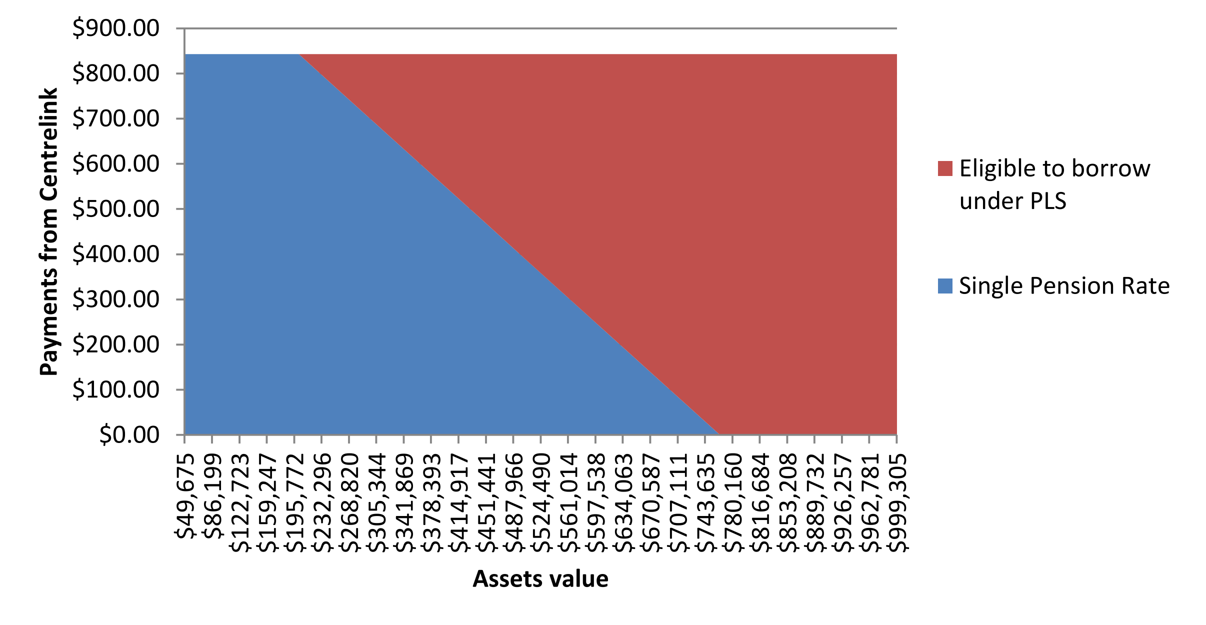
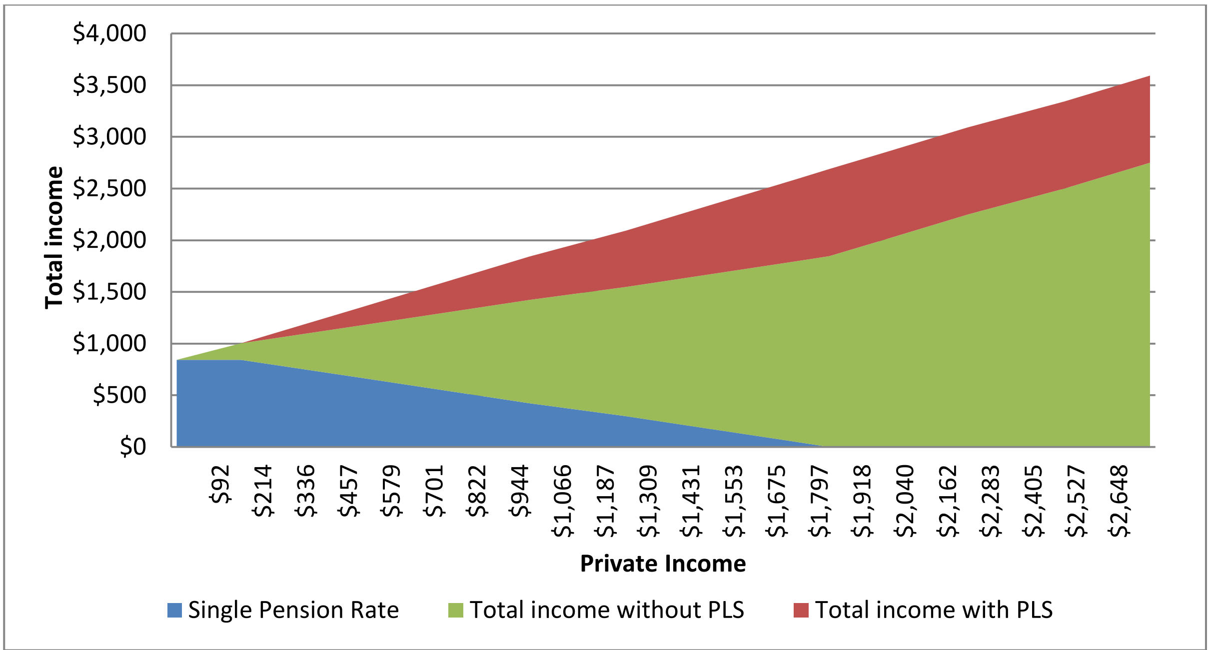


Figure 5: How the PLS boosts incomes for high income retirees



Nonetheless, some wealthy retirees are excluded. As mentioned, it is not available to those whose pension rate is reduced or nil under both tests. This may seem consistent with the broad goals of means testing. Those with *both* high income and high value assessable assets cannot use the PLS. But it also has consequences that seem perverse. A retiree with income just under the threshold and very high value assets can use the PLS, as can a retiree with very high income but assessable assets just under the threshold. But a single retiree with just over $202,000 in assessable assets and just over $160 private income a fortnight cannot access the scheme, as their pension is reduced under both tests. Yet they could use the PLS if they reduced either their income or assessable assets just slightly, so that one but not the other fell under the relevant threshold.

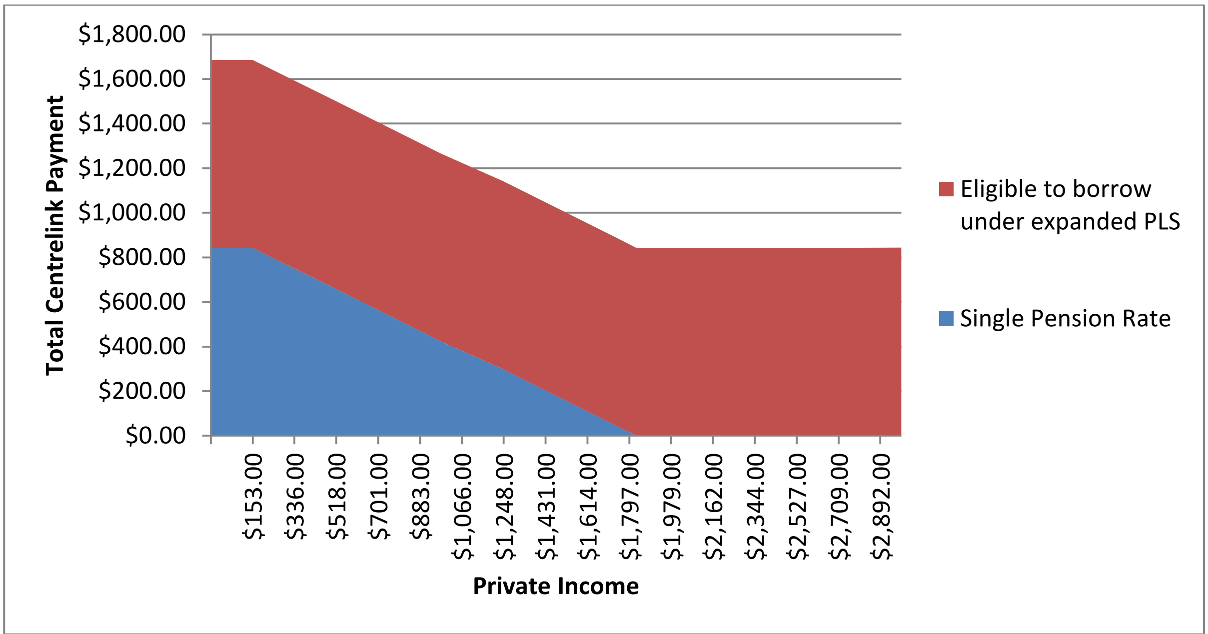
Expanding the PLS

The Australian government will spend around $36 billion in 2014-15 on tax concessions for superannuation, the stated purpose of which is to increase retirement incomes.[9] The effectiveness, efficiency and equity of such expenditure have been questioned by The Australia Institute and a wide range of other analysts.[10] Soon these tax concessions will cost the budget more than providing a universal pension without means testing.[11] Yet despite the scale of these concessions, they provide no capacity for existing retirees to boost their retirement incomes.

We propose a simple extension of the PLS: to open it to all retirees by removing the regressive means tests.

This would allow any retiree with sufficient equity to secure fortnightly loans equivalent to the full pension rate to boost their retirement income. Those currently eligible would remain eligible. Those receiving a full-rate age pension would be eligible, and therefore could potentially double their income. This is shown in Figure 5.

Figure 6: Eligibility for Expanded PLS



9 Budget 2014-15, Appendix B: Tax expenditures, BP1 Statement 5, available at <http://www.budget.gov.au/2014-15/content/bp1/html/bp1_bst5-05.htm>

10 Ingles, D and Denniss R (2014), Sustaining us all in retirement, The Australia Institute, available at <http://www.tai.org.au/content/sustaining-us-all-retirement>
Daley, J, (2014), Our super system: unjust, inefficient and increasingly indefensible, The Grattan Institute, available at <http://grattan.edu.au/news/our-super-system-unjust-inefficient-and-increasingly-indefensible/>
Stekekee, Mike, 2013, 'Tax concessions make for super hypocrisy', in *The Drum*, 22 Feb, available at <http://www.abc.net.au/news/2013-02-22/steketee-hands-off-my-super/4534272>
ABC, (2014b), 'John Hewson urges reform of tax concessions on super', *The World Today*, 24 April, <http://www.abc.net.au/worldtoday/content/2014/s3991325.htm>
Kenny, Mark, (2014), 'It's super tax concessions, not pensions that are killing the budget', *Sydney Morning Herald*, 21 April, <http://www.smh.com.au/federal-politics/political-news/its-super-tax-concessions-not-pensions-that-are-killing-the-budget-20140421-zqx7p.html>

11 Ingles, D and Denniss R (2014), Sustaining us all in retirement, The Australia Institute, available at <http://www.tai.org.au/content/sustaining-us-all-retirement>

If the PLS is justified for those with high incomes or high-value assets, it is unclear why the government should not also offer the scheme to those on lower incomes, provided they have sufficient equity to secure the loans. Without clear justification, the restriction appears arbitrary. It is regressive and leads to perverse outcomes.

Compared to the current PLS, the expanded PLS is fairer and less arbitrary. It supports retirement wellbeing by boosting retirement incomes for those who need it the most. Moreover, it does so without great cost to the government. Unlike current superannuation tax concessions, there is no need for the PLS to be heavily subsidised by the government.

How much would it cost?

The PLS has been in place in some form since at least 1986,[12] and the interest rate has since been adjusted.[13] It seems unlikely that governments and policymakers would have let a costly but regressively targeted loans scheme remain in place without attracting attention – especially given current concern about budget deficits.

The PLS is not mentioned in the 2012-13 Department of Human Services Annual Report[14] and we could not find mentions in previous annual reports.

Nonetheless, it is likely the scheme is run at a low cost to the government and could be expanded on a cost-neutral basis. Indeed, given current concerns about the budget deficit, the government could readily reform the scheme so that it generates revenue.

Significantly, if the interest rate is set to cover the cost of government borrowing and any administrative charges, then there is no cost to the government on an accrual basis.[15] From a cash flow point of view such loans represent an outlay in the short term that is more than offset by eventual repayments of principle and interest. On an ongoing basis, the PLS overall represents a cash outlay only insofar as there is rapid growth in the total volume of PLS loans.

The primary cost of the PLS is the cost of capital. The 10-year Treasury bond rate is currently 3.5 per cent and has been around four per cent since 2011.[16] This is far below the current 5.25 per cent interest rate charged on loans under the PLS. If the bond rate were to increase, for example returning to the 2000–2010 range of five to six per cent, this would increase the cost of loans under the PLS. This risk could be managed in a number of ways. The interest rate could be pegged to the 10-year Treasury bond rate, with an additional surcharge for administration and other costs. Alternatively, the interest rate could be set so that it remains below commercial rates for reverse mortgages but above the likely medium-term average bond rate, and reviewed periodically.

[12] Veterans Entitlements Act 1986, No. 27 of 1986, available at <http://www.comlaw.gov.au/Details/C2004A03268>
[13] For example, in Pension Loans Scheme—Rate of Simple Interest Determination 1997, available at <http://www.comlaw.gov.au/Details/F2009B00022/Html/Text#param3>
[14] Department of Human Services, (2013), *Annual Report 2012-13*, available at <http://www.humanservices.gov.au/spw/corporate/publications-and-resources/annual-report/resources/1213/resources/dhs-annual-report-2012-13-web.pdf>
[15] Joseph Stiglitz has argued, as has one of the present authors, that there are great economies of scope for governments to provide new simple personal financial services competitive with or at lower marginal cost than the private sector. This is because of the transactional efficiencies in government administration, in particular due to existing information and debt collection services.
Stiglitz, Joseph E, (2014) Remarks on Income Contingent Loans: How Effective can they be at Mitigating Risk?; Denniss, Richard, (2014), Using the Transactional Efficiencies of Contingent Loans – A General Framework for Policy Application,
[16] Reserve Bank of Australia, (2014), Bond rate chart, available at <http://www.rba.gov.au/chart-pack/interest-rates.html>.

Risk of default is managed by requiring the loan to be secured against property using the existing valuation/loan eligibility rules. The maximum volume of outstanding debt that may be accrued through a loan under the PLS is limited by the value of the property.

Administration costs for the PLS are low. Under the PLS, the applicant must themselves arrange and pay the legal and other costs of "establishing, changing and finalising the loan".[17] Centrelink faces administrative costs in processing applications and arranging and paying for independent property valuation. However, any such costs could be incorporated into the loan. To reduce barriers to uptake, the government could investigate ways of including the upfront costs within the PLS and facilitating initial legal requirements.

The policy significance

While the current public debate on retirement incomes is turning attention to reverse mortgages, few seem aware of the PLS. This is unfortunate, as the PLS addresses some issues of contemporary concern.

David Bell, Chief Executive of The Actuaries Institute, said that "there is now a lot of discussion about whether or not home equity represents a substantial additional pool of savings, which could be viewed if you like as a fourth pillar of retirement funding".[18] However, he did not mention the PLS. Discussing risks for retirees in reverse mortgages, Bell went on to mention "potential impacts on your pension eligibility if you release funds in your home". This is not the case under the current PLS and would not be the case under the expanded PLS we propose.

Extending the PLS to those on the full-rate pension would be one way to address concerns about the pension rate being too low. The expanded PLS would let pensioners boost their incomes using their own equity, without cost to the budget.

The PLS also addresses concerns stemming from the proposal that family homes should be included in the assets test, for example from the Abbott government's National Commission of Audit.[19] The Commission of Audit recommended setting a value threshold for inclusion, although it did not recommend a specific threshold. While preventing those who own and live in a high-value home from receiving a government pension appears consistent with the broad goals of welfare means testing, many have expressed concerns it would force retirees to move out of their home. The Member for Fairfax, Clive Palmer, said the proposal was "an unnecessary attack on elderly Australians".[20] The Liberal Member for McMillian, Russell Broadbent said it was unfair that someone owning and living in a $2 million house may still receive the pension, yet his party has remained unwilling to back the proposal to include the family home in the means test.[21]

If family homes above a value threshold were included in the assets means test, affected retirees could still stay in their homes by drawing from their own equity, rather than the government budget, through the PLS. The expanded PLS would extend this option to all retirees. Strangely, the Commission of Audit did not mention the PLS in this context. It mentions only that there are "financial products – such as reverse mortgages … which allow

[17] Centrelink, (2014e), Pension Loans Scheme, available at <http://www.humanservices.gov.au/customer/services/centrelink/pension-loans-scheme>
[18] ABC, (2014a), 'Actuaries call for review of retirement income streams', *AM*, 26 August, available at <http://www.abc.net.au/am/content/(2014)/s4074400.htm>
[19] National Commission of Audit, (2014), 9.1 The Age Pension, available at <http://www.ncoa.gov.au/report/appendix-vol-1/9-1-age-pension.html>
[20] Palmer United Party, 2 May (2014), Australians must fight for the basic wage, <http://palmerunited.com/(2014)/05/australians-must-fight-basic-wage/>
[21] ABC News, (2014c), 'MP not yet supporting means testing family home for aged pension', 5 May 2014, available at <http://www.abc.net.au/news/(2014)-05-05/mp-doesnt-yet-support-means-testing-family-home/5429806>

home-owners to draw down on the value of their home over a period of time".[22] It is worth noting that the PLS currently offers this service at a lower interest rate than is available from commercial lenders.

Why should the government offer a PLS at all?

The PLS provides a useful, welfare-enhancing personal financial service at lower cost than similar products provided by commercial lenders. The existing administrative capacity of Centrelink means that the 'marginal cost' of providing additional payments to retirees is extremely low.[23] When this administrative efficiency is combined with the low borrowing costs for government and the very low risk profile associated with making loans secured against property, the case for expanding the PLS is strong. Put simply, it is difficult to conceive of a policy that could significantly boost retirement incomes for Australians at low or zero cost to the budget, but this is what the PLS achieves.

Some may argue, on ideological grounds, that despite the ability of government to provide this service at lower cost than some commercial lenders, providing such valuable services is 'not the role of the government'. While these views are commonly expressed in Australia, it is important to highlight that, in the (at least) 30 years that the PLS has existed, such concerns have not been raised in relation to the provision of PLS loans to wealthy Australians.

Despite the lack of attention paid to such services, governments in Australia and around the world have long provided a wide range of secured loans to citizens. The Victorian government makes loans for household renovations to disabled citizens,[24] while the ACT government provides secured loans for older citizens who wish to defer paying their rates.[25]

Such schemes are even more widespread overseas. For example, in the US, 26 States allow deferral of property taxes through a loan secured against the home.[26] In California, home-owners can borrow against their house to fund solar or energy efficiency upgrades, with the loans repaid along with property tax through the tax system.[27] Deferring tax liability or upgrading your house through a reverse mortgage is economically equivalent to receiving cash through a reverse mortgage.

Expanding and promoting uptake in the PLS could have a positive impact on the commercial market for reverse mortgage lenders. The PLS operates in partial competition with commercial reverse mortgage lenders (partial, because it does not offer the same range of flexibility in loan amounts). In addition, the PLS option may be more attractive to some retirees because it is offered by the government. Trust has been a problem in new markets for reverse mortgages around the world. Increased uptake in the PLS may, in turn, increase general awareness of reverse mortgages as an option for retirement and so expand the use of these services in the commercial market.

[22] National Commission of Audit, 2014, 9.1 The Age Pension, available at <http://www.ncoa.gov.au/report/appendix-vol-1/9-1-age-pension.html>

[23] Stiglitz, Joseph E, (2014) "Remarks on Income Contingent Loans: How Effective can they be at Mitigating Risk?"; Denniss, Richard, (2014), "Using the Transactional Efficiencies of Contingent Loans – A General Framework for Policy Application"

[24] Department of Human Services, (2014), "Home Renovation Loan", Victorian Government, available at <http://www.dhs.vic.gov.au/for-individuals/housing-and-accommodation/home-owner-support/home-modification/home-renovation-loan>

[25] ACT Revenue Office, (2014), "Rates Assistance", available at <http://www.revenue.act.gov.au/duties-and-taxes/rates/rates-assistance>

[26] Dornfest, Alan S., AAS; Van Sant, Steve; Anderson, Rick; Brown, Ronald, 2010, "State and Provincial Property Tax Policies and Administrative Practices (PTAPP): Compilation and Report" in *Journal of Property Tax Assessment & Administration,* Vol.7, No.4, p14, available at <http://www.iaao.org/uploads/PTAPP_2010.pdf>

[27] HERO, (2014), "Home Energy Renovation Opportunity", available at <https://www.heroprogram.com/>

References

ABC, (2014a), ‘Actuaries call for review of retirement income streams’, AM, 26 August, available at <http://www.abc.net.au/am/content/2014/s4074400.htm>

ABC, (2014b), ‘John Hewson urges reform of tax concessions on super’, *The World Today*, 24 April 2014, available at <http://www.abc.net.au/worldtoday/content/2014/s3991325.htm>

ABC, (2014c), ‘MP not yet supporting means testing family home for aged pension’, ABC News, 5 May 2014, available at <http://www.abc.net.au/news/2014-05-05/mp-doesnt-yet-support-means-testing-family-home/5429806>

ACT Revenue Office, (2014) “Rates Assistance”, available at <http://www.revenue.act.gov.au/duties-and-taxes/rates/rates-assistance

Budget 2014-15, (2014), Appendix B: Tax expenditures, BP1 Statement 5, available at <http://www.budget.gov.au/2014-15/content/bp1/html/bp1_bst5-05.htm>

Centrelink (2014a), Older Australians, available at <http://www.humanservices.gov.au/customer/themes/older-australians>

Centrelink (2014b), Age Pension, available at <http://www.humanservices.gov.au/customer/services/centrelink/age-pension>

Centrelink, (2014c), Assets Test, available at <http://www.humanservices.gov.au/customer/enablers/assets/>

Centrelink, (2014d), Income Test, available at <http://www.humanservices.gov.au/customer/enablers/income-test-pensions>

Centrelink, (2014e), Pension Loans Scheme, available at <http://www.humanservices.gov.au/customer/services/centrelink/pension-loans-scheme>

Centrelink, (2014f), Real Estate, available at <http://www.humanservices.gov.au/customer/enablers/assets/real-estate-assets>

Centrelink, (2014g), Security on the Loan, available at <http://www.humanservices.gov.au/customer/services/centrelink/pension-loans-scheme>

Daley, J, (2014), ‘Our super system: unjust, inefficient and increasingly indefensible’, available at <http://grattan.edu.au/news/our-super-system-unjust-inefficient-and-increasingly-indefensible/>

Denniss, R (2014), ‘Using the Transactional Efficiencies of Contingent Loans – A General Framework for Policy Application’, In *Income Contingent Loans; Theory Practice and Prospects*, Bruce Chapman, Tim Higgins and Joseph E Stiglitz (eds.) International Economics Association, Palgrave McMillian

Department of Human Services, (2013), Annual Report 2012-13, Commonwealth Government, available at <http://www.humanservices.gov.au/spw/corporate/publications-and-resources/annual-report/resources/1213/resources/dhs-annual-report-2012-13-web.pdf>

Department of Human Services, (2014), “Home Renovation Loan”, Victorian Government, available at <http://www.dhs.vic.gov.au/for-individuals/housing-and-accommodation/home-owner-support/home-modification/home-renovation-loan>

Dornfest, Alan S., AAS; Van Sant, Steve; Anderson, Rick; Brown, Ronald, 2010, “State and Provincial Property Tax Policies and Administrative Practices (PTAPP): Compilation and Report” in *Journal of Property Tax Assessment & Administration*, Vol.7, No.4, p14, available at <http://www.iaao.org/uploads/PTAPP_2010.pdf>

HERO, (2014), “Home Energy Renovation Opportunity”, available at <https://www.heroprogram.com/>

Infochoice, (2014), Reverse Mortgage Interest Rate, available at <http://www.infochoice.com.au/home-loans/reverse-mortgage/interest-rates/> Accessed 21 August 2014

Ingles, D and Denniss R (2014), Sustaining us all in retirement, The Australia Institute, available at <http://www.tai.org.au/content/sustaining-us-all-retirement>

Kenny, M, (2014), ‘It's super tax concessions, not pensions that are killing the budget’, *Sydney Morning Herald*, 21 April, available at <http://www.smh.com.au/federal-politics/political-news/its-super-tax-concessions-not-pensions-that-are-killing-the-budget-(2014)0421-zqx7p.html>

National Commission of Audit, (2014), 9.1 The Age Pension, available at <http://www.ncoa.gov.au/report/appendix-vol-1/9-1-age-pension.html>

Palmer United Party, (2014), ‘Australians must fight for the basic wage’, available at <http://palmerunited.com/(2014)/05/australians-must-fight-basic-wage/>

Pension Loans Scheme – Rate of Simple Interest Determination 1997, available at <http://www.comlaw.gov.au/Details/F2009B00022/Html/Text#param3>

Reserve Bank of Australia, (2014), Bond rate chart, available at <http://www.rba.gov.au/chart-pack/interest-rates.html>

Stekekee, M, 2013, ‘Tax concessions make for super hypocrisy’ in *The Drum*, 22 Feb, available at <http://www.abc.net.au/news/2013-02-22/steketee-hands-off-my-super/4534272>

Stiglitz, J E, (2014) ‘Remarks on Income Contingent Loans: How Effective can they be at Mitigating Risk?’, in *Income Contingent Loans; Theory Practice and Prospects*, Bruce Chapman, Tim Higgins and Joseph E Stiglitz (eds.) International Economics Association, Palgrave McMillian

Veterans Entitlements Act 1986, No. 27 of 1986, available at <http://www.comlaw.gov.au/Details/C2004A03268>

Whiteford, P, Redmond G, and Adamson, A, 2011, ‘Middle Class Welfare in Australia: How has the Distribution of Cash Benefits Changed Since the 1980s?’ in *Australian Journal of Labour Economics* Vol.14 No.2 pp 81-102, on p81