

WHAT HAPPENS TO YOUR AGE PENSION IF YOU RETIRE OVERSEAS

If you retire overseas, you may still be able to receive the Age Pension, but some things change. The Pension Supplement and Energy Supplement stop the day you leave, and your Pensioner Concession Card is cancelled. After 26 weeks, your pension can be cut if you lived in Australia as a resident for less than 35 years between age 16 and Age Pension age.

This information has been prepared without taking into account your objectives, financial situation or needs. Because of this, you should, before acting on this information, consider its appropriateness, having regard to your objectives, financial situation or needs.

Claim before you go

You must normally apply for the Age Pension before you leave. On the day you claim, you must be an Australian resident and physically in Australia. You also need at least 10 years as an Australian resident in total, with at least 5 of those years in a row.

If you have already moved overseas, you generally can't claim unless you live in a country that has a social security agreement with Australia.

There is also a trap for people who live overseas and come back to Australia to claim. If you return to live in Australia, start the Age Pension and then move back overseas permanently within 2 years, your pension may be cancelled.

The rules are not as harsh if you are only travelling and intend to return. In that case, you keep the full Pension Supplement for up to 12 weeks and the Energy Supplement for 6 weeks while overseas. Your Pensioner Concession Card is cancelled after 6 weeks but will be reissued when you return, if you're still eligible.

Count your working life residence

After 26 weeks overseas, your base pension rate depends on your Australian Working Life Residence. That is the time you lived in Australia as a resident between age 16 and Age Pension age. It does not matter if you actually worked during those years.

With 35 years or more, your base pension rate generally stays the same, subject to the usual income and assets means test.

With less than 35 years, your pension is reduced in proportion. Someone with 20 years receives 20/35ths of their rate, or roughly 57%.

Say someone migrated to Australia at 40 and retires overseas at 67. Their working life residence is 27 years. Their base rate stays the same for the first 26 weeks overseas. After that they receive 27/35ths of it, or about 77%.

The rules can also vary depending on the country you move to.

Check for a social security agreement

Australia has agreements with a number of countries. If you are moving to one of them, the agreement may let you claim the Age Pension from overseas, count time spent in that country towards the 10-year residence rule, or claim a pension from the other country as well. The rate paid under an agreement is still usually proportional to your Australian Working Life Residence.

Tell Services Australia before you leave. You can do this through the Travelling outside of Australia service in your Centrelink online account.

Plan the whole move

The Age Pension is only one part of retiring overseas. Leaving Australia can change your tax residency, which affects how your income, investments and any property you keep here are taxed. Your super may be treated differently in your new country, and you may lose access to Medicare once you stop living here. You'll also want to think about health insurance, exchange rates, how a foreign pension could affect your Age Pension, and what happens to your estate plans under another country's laws.

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