



HESTA, disability and income protection and the Welfare Rights Centre, Sydney

◆ What is the Welfare Rights Centre, Sydney?

The Welfare Rights Centre, Sydney, is a community legal centre which specialises in Social Security law and its administration by Centrelink. The Centre can advise people about their Social Security rights, entitlements and obligations and assist people through the Social Security review and appeals system. The Centre is entirely independent from Centrelink. Since its foundation in 1983, the Centre has built up expertise in helping people through the Social Security maze.

◆ What has the Welfare Rights Centre, Sydney got to do with HESTA and Income Protection (IP) Cover?

To help you maximise your family income during a time of illness or disability, HESTA has engaged us to provide you with information, advice and assistance about Sickness Allowance, Disability Support Pension, Family Tax Benefit and any other Social Security entitlements you or your family may have. The Centre can also assist you with any problems you may have with Centrelink. This service is free.

The Centre may:

- advise you about how to maximise your family income immediately and during the IP qualifying period, which may be between 30 and 90 days, plus an assessment period. IP benefits may continue until age 60, or if you pay the higher premium, age 65 (you can also choose a shorter (2 year) benefit period at a lower cost);
- advise you about Sickness Allowance, Newstart Allowance, Disability Support Pension and Family Tax Benefit;
- open a client file for you and help you sort out problems you may have accessing your Social Security entitlements;
- give you advice on how any income, including IP, would affect you or your partner's Social Security entitlements;
- act on your behalf with regard to any Centrelink problems and represent you in appeals to the Social Security Appeals Tribunal or Administrative Appeals Tribunal should this become necessary.

◆ Maximising family income

During the period when you are not able to work, **maximising your family income** is obviously very important. Your income might come from a number of different sources. For example:

- Wages/salary of your partner;
- Sick pay (from work);
- Sickness Allowance, Newstart Allowance or Disability Support Pension (from Centrelink);

- A Social Security payment for your partner (from Centrelink);
- Family Tax Benefit to help meet the costs of raising your children (from Centrelink);
- Workers Compensation payments (from your employer's insurance company);
- Rent Assistance to help pay the rent if you are renting in the private rental market (from Centrelink);
- Casual earnings and earnings from investments;
- IP paid through HESTA, if you qualify, after your 30, 60 or 90 day waiting period.
- Lump-sum Total and Permanent Disablement (TPD) Cover to provide a once-off benefit instead of, or in addition to, IP Cover.

We can advise you how all of these fit together.

◆ **How do I claim Social Security payments?**

Generally you must personally lodge your claim for a Social Security payment at your local Centrelink office. You can organise for a claim form to be sent to you and register your intention to claim by telephoning Centrelink on 131021. If you lodge your claim within 14 days of contacting Centrelink to register, your payment can be backdated to the date of contact (unless a waiting period applies).

When you lodge your claim form you need to provide:

- Proof of identity;
- Your Tax File Number;
- Your Employment Separation Certificate;
- Rent receipts (if you are paying private rent);
- Details of income you may be receiving;
- Details of assets;
- Your bank account balance.

If you don't have the above information you should still lodge the claim and provide this information at a later date.

◆ **How does IP interact with Social Security payments?**

There are different Social Security income tests for allowances, pensions and Family Tax Benefit. IP will affect the rate of payment made to you under these tests. The benefit schedule under the HESTA IP scheme is:

Level of cover	Monthly payout
1 unit	\$425
2 units	\$850
3 units	\$1,275
4 units	\$1,700
5 units	\$2,125

etc, up to a maximum of \$21,250 per month with 50 units.

The following examples explain how these monthly payments affect a person's Social Security entitlements. Regardless of your level of cover, however, your monthly payout is limited to 85% of

your pre-disability salary.

Income test and payment rates used in the examples are current to 31 December 2010.

Example 1: Allowance Income Test

Melanie is a member of HESTA. She is 25 years old and single. She is insured for 2 units of IP Cover through HESTA. She is eligible for Sickness Allowance. The maximum fortnightly rate for Sickness Allowance is \$469.70. As IP is generally not paid until 30 to 90 days after the date of incapacity (depending on a person’s choice of cover), any Sickness Allowance paid to Meena will initially be paid at the maximum rate of \$469.70 (provided she doesn’t have income from any other source).

After her IP waiting period is over, Melanie ena starts to receive IP payments of \$850.00 per calendar month. Generally, the IP income will be annualised then divided by 26 to give a fortnightly income amount. Her rate of Sickness Allowance will then be reduced by the same amount each fortnight. For example, if Melanie receives a monthly IP payment of \$850.00 (the fortnightly amount of which is \$392.30) the fortnightly reduction of her Sickness Allowance will be:

	free area	\$0 – \$62	no impact
each \$1 earned in this area	50c reduction for	\$62 – \$250	\$94 reduction
income in excess of \$250	60c reduction for each \$1 of any	\$250 – \$392.30	\$85.38 reduction (as Meena receives \$142.30 from IP each fortnight in excess of \$250)
			Total reduction: \$178.38

The total reduction of \$178.38 per fortnight is taken from the maximum rate of Sickness Allowance of \$469.70. Therefore Melanie receives IP of \$392.30 per fortnight and \$291.32 Sickness Allowance per fortnight. (Please note this example does not include Rent Assistance).

Example 2: Pension Income Test

Melanie is single, and qualifies for Disability Support Pension (DSP). Because she is over 21 the maximum rate, excluding Rent Assistance and pension supplement, is \$658.40 per fortnight. Any income received will usually be annualised then divided by 26 to give a fortnightly rate. Assume Melanie receives \$850 per calendar month from IP, the pension income test would reduce her DSP by 50c in the \$1 for every \$1 earned above \$142.00.

The \$850 monthly payment from IP represents income of about \$392.30 per fortnight.

The impact of \$392.30 per fortnight is:

Free area	\$0 - \$146	no impact
50 cent reduction for each \$1 in excess of \$146	\$146 - \$392.30	\$123.15 reduction (as Meena receives \$246.30 from IP each fortnight in excess of the \$146 free area)
		Total reduction: \$123.15

The total reduction of \$123.15 is taken from the maximum rate of DSP of \$658.40 per fortnight. Therefore Melanie receives IP of \$392.30 per fortnight and \$532.25 DSP per fortnight. (Please note this example does not include Rent Assistance or the pension supplement).

◆ **Superannuation and its impact on Social Security payments**

If you are below Age Pension age, your superannuation assets are fully exempt from Social Security income and assets tests. Superannuation assets include money held in superannuation funds, deferred annuities, and approved deposit funds or retirement savings account. Different rules may apply if you access your superannuation funds early. If you are of Age Pension age, your superannuation assets are assessed under Social Security income and assets tests.

From 1 July 2009, any salary voluntarily sacrificed into superannuation is assessable as income for Social Security purposes, regardless of whether you are of or under Age Pension age.

◆ **Compensation payments and Social Security**

If you receive a lump sum compensation payment that includes a component for lost earnings or capacity to earn, this may have an impact on your entitlement to receive Social Security. The rules governing the impact of compensation on Social Security are very complex. If you are to receive compensation and wish to know the impact it may have on your Social Security entitlements please contact the Welfare Rights Centre, Sydney on (02) 9211 5300 or 1800 226 028 (for those calling from outside the Sydney metropolitan area) for further advice. See also the factsheet "Compensation and its effect on Social Security".

◆ **Appeal rights**

If you think a Centrelink decision is wrong you have the right to appeal against it. **Appealing is easy and free.** To appeal simply tell Centrelink that you are not happy with its decision and that you would like to appeal to an Authorised Review Officer (ARO). It is best to lodge an appeal in writing and you should keep a copy of your appeal letter. However, you can lodge an appeal over the telephone.

The ARO is a senior officer in Centrelink who has the power to change the original decision. Many people are successful at this level.

You can appeal to an ARO at any time. However, to receive back pay from the date you were affected by the original decision, you must appeal to an ARO within 13 weeks of receiving written notice of the original decision. If you appeal more than 13 weeks after receiving the notice and you are successful, you will only receive back pay from the date you appealed.

If you think the ARO decision is wrong you can appeal to the Social Security Appeals Tribunal (SSAT). The SSAT is independent of Centrelink.

You have further appeal rights to the Administrative Appeals Tribunal and the Federal Court. Time limits apply.

◆ Interpreters

If you think you need an interpreter, or if you feel more confident with an interpreter, you should use one of the three **free** available interpreter services.

- Most Centrelink offices have interpreters available at regular times each week. Your local Centrelink office can tell you about their available languages and times.
- You can telephone the Centrelink Multilingual Call Centre on 131 202 and speak to a bilingual Centrelink officer.
- You can also call the **free** Telephone Interpreter Service (TIS) on 131 450 and ask for an interpreter.

Please note: This factsheet contains general information only. It does not constitute legal advice. If you need legal advice please contact your local Welfare Rights Centre/Advocate.



If you are an Injured Worker and in need of assistance and support when injured, please contact us
The Injured Workers Support Network

Address:
Phone:
Email:
Website:

The Injured Workers Support Network is a Not for Profit Organisation.
Who can participate?

- **All injured workers**
- **Any immediate family or support persons of injured workers.**

If interested in further information concerning meetings, membership or other forms of support for the Injured Workers Support Network, please contact us.