

## **Over 65 Tax Bracket**

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One problem that has been identified is the diminishing ratio of workers to retirees.

Unlike prior generations that had 'a single career for life', many middle aged Australians that will hit retirement in the next 20 years have diverse work experiences and can apply their skills to a variety of activities.

Personally, I enjoy the variety and purpose of my work, and really don't see any reason to stop working at age 65. In saying this, by the time age 65 rolls around, I probably won't want the same workload and would enjoy flexibility and selectivity in the workplace.

One possible way to keep over 65's participating, and lessening the burden on the age pension, is to offer a compromise of lower income tax benefits in exchange for delaying or reducing the uptake the aged pension.

For Example:

- 1) At 65 they finish work completely and they claim the pension.
- 2) At 65 they continue part-time work but operate under a tax break in exchange for not receiving a pension or receiving a reduced pension.

| <b>Tax Rate</b> | <b>Normal Tax Bracket for income of ...</b> | <b>Over 65 Tax Bracket for income of ...</b> | <b>Effect on Pension</b>            |
|-----------------|---------------------------------------------|----------------------------------------------|-------------------------------------|
| Nil             |                                             | No income                                    | Full Pension in that financial year |
| Nil             | \$1 - \$18,000                              | \$1 - \$18,000                               | 75% Pension in that financial year  |
| Nil             |                                             | \$18,001 - \$37,000                          | 25% Pension in that financial year  |
| 19c             | \$18,001 - \$37,000                         | \$37,001 - \$74,000                          | No Pension in that financial year   |
| 32c             | \$37,001 - \$80,000                         | \$74,001 - \$80,000                          | No Pension in that financial year   |
| 37c             | \$80,001 - \$180,000                        | \$80,001 - \$180,000                         | No Pension in that financial year   |

This means, that an over 65 can continue to participate, but at a lower intensity that still makes it worthwhile. I would like to do that.

For the government it means a saving on the pension, increased participation and ongoing income tax revenue from over 65s, albeit at a lower rate.

I am not worried at all about the absolute numbers used in this example. It is the principal I would like to submit, that being, reduce the burden on the pension by providing an incentive for the most experienced workers in our community to keep their skills in the game.

Cheers

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