



**Students & Youth Allowance
– The Basics**

STUDENTS & YOUTH ALLOWANCE – THE BASICS

Youth Allowance for students can be a complex area, with parental income having a significant impact on entitlements. In some cases, students (typically gap year students) can be assessed by Centrelink as being “Independent” for Youth Allowance. This does not necessarily mean that they are independent of the Parental Income Test and much care is needed when forward planning for gap year students.

Rates & Income test – Student Youth Allowance

Maximum rate – At Home

- Under 18 - \$6,583pa or \$253.20pf
- Over 18 - \$7,920pa or \$304.60pf

Maximum rate – Away from Home

- Under 18 - \$12,025pa or \$462.50pf*
- Over 18 - \$12,025pa or \$462.50pf *

*plus rent assistance of up to \$3,630pa (Maximum Rent Assistance of \$139.60pf payable where rent is more than \$310.75pf). Lower rate for sharers \$2,420pa or \$93.07pf where rent >\$248.69pf

*plus energy supplement \$7.00pf away from home, \$4.60pf at home or \$3.90 under 18 at home

Common add ons

- Student Start up Loan if in receipt of Youth Allowance \$2,188 (2 x \$1,094) repayable under HELP scheme
- Relocation Scholarship if dependent and receiving Youth Allowance \$4,626 year 1, \$2,314 year 2&3,
 - \$1,156 subsequent years. *Also payable to some independent students that are disadvantaged and cannot live in the family home (can exclude those independent because of employment)*

Parental Income Test

- Doesn't apply if parents on pension
- Rate calculated above reduces by 20 cents in the dollar for all parental income over \$54,677. Cut outs with one child will therefore be:
 - **At home**
 - Under 18 = \$87,593*
 - Over 18 = \$94,275*
 - **Away from home**
 - Under/over 18 = \$114,802*

* Cut out may be higher if other children in family (rate reduction apportioned between dependents e.g. twins over 18 studying cut out = \$174,927). *Energy supplement still payable at these levels

- Parental income includes, amongst other things, taxable income, net investment losses, passive business losses and reportable employer super contributions and Reportable Fringe Benefits less maintenance paid. Fringe Benefit rules vary depending on the employers FBT exemption status.

Personal Income Test

Students can earn up to \$437 per fortnight before their payments are reduced. This can be “banked” up to \$10,900. Income cut out over 18 away from home is \$1,402.34pf

Scholarships

The first \$8,355 of merit and equity-based scholarships is exempt from assessment

Liquid Assets Waiting Period

Payment may be deferred by up to 13 weeks when liquid assets (cash at bank, shares etc.) equal or exceed \$5,500.

Liquid assets may be reduced for reasonable expenditure (directly related to course) that is likely to be incurred e.g. up-front course fees, books etc.

Once payment is granted liquid assets can exceed \$5,500. Waiting period is 1 week for each \$500 over the \$5,000 exempt component e.g. \$11,499 in liquid assets would create a 12-week waiting period from the date eligibility starts.

***Liquid assets waiting period is temporarily suspended due to Covid-19**

Partially Independent Test – Youth Allowance

This test is still subject to a Parental Income Test

- Inner & outer regional (includes areas such as Warrnambool and Mount Gambier) and remote areas *living away to study*.
- If student has earned 75% of the National Training Wage (currently \$26,550) in 14 months since leaving school OR have worked part time at least 15 hours per week for 2 years (Need to have to move away from home to study).
- Parental Income must be less than \$160,000* for the base year plus \$10,000 for each additional Family Unit Regional (FUR) sibling under 22 at census date (30 June of gap year or pre gap year).
- FUR sibling definition excludes siblings away from home and partnered or with dependent children or getting Youth Allowance as it is unreasonable for them to live at home.

If period/s of employment commenced from	The relevant NTWS rate is	75% of rate which equals minimum earnings
1 July 2020 to 30 June 2021	\$TBA	\$TBA
1 July 2019 to 30 June 2020	\$35,400	\$26,550
1 July 2018 to 30 June 2019	\$34,272	\$25,704
1 July 2017 to 30 June 2018	\$33,114	\$24,836

Fully Independent Test – Youth Allowance

Most common areas where students will seek “independent” status are:

- Have been living as a member of a couple for 12 months or where separation occurs after 6 months due to domestic violence. Must be over the age of consent to be treated as a member of a couple.
- Extreme family breakdown or unreasonable to live at home e.g. Domestic Violence issues in the home
- Full time paid employment for 18 months **within** any 2-year period *since the person last left school* (average of at least 30 hours per week during the 18 months). If inconsistent hours can be averaged over:
 - A 13 week period i.e. 390 hours for 6 periods of 13 weeks
 - A 4 week period i.e. 120 hours for 19 periods of 4 weeks
 - A 1 weeks period i.e. 30 hours for 78 periods of 1 week

This test can be difficult to satisfy i.e. a student that had his or her last exam on 15/11/2019 would find that the 5th and 6th 13 weeks blocks would finish on 12/2/2021 and 14/5/2021 respectively. Averaging 30 hours work in these two periods may be difficult.

Rate Estimator

<https://www.servicesaustralia.gov.au/individuals/topics/online-estimators/28456>

The information covered in this document is factual and is not tailored or specific to your personal circumstances or needs.

You should not act on any of the information in the document without first seeking advice relative to your personal circumstances from a suitably qualified professional.

It is reasonable to expect that the information contained in this document will be out of date within 3 months of the publication date.

Contact details and further information:

**Jon Pegler CFP® Dip FP
Senior Financial Planner
Representative**

AFSL 229238 ACL 229238 9 Wehl St South , Mount Gambier, South Australia, 5290
www.sinclairwilson.com.au

t +61 8 8724 0399 d +61 8 8724 0314 f +61 8 8725 8781

E: jpeg@sinclairwilson.com.au