The outlook for seniors' money is challenging

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A FEW government financial changes will benefit older Australians this year, but seniors specialists say there are bigger money challenges on the horizon.

Aged care funding is in the firing line, while the inevitability of share markets falling from record highs at some point risks damaging retirees' nest eggs.

And none of the January 1 changes offset the negative impact of record-low interest rates that have wiped out most of the retirement income paid by savings accounts in recent years.

But it's still worth knowing what's happening.

- **The popular Pharmaceutical Benefits Scheme** received a boost, with the threshold for free or cheaper medicines lowered for 1.6 million patients.
- **The Pension Loans Scheme** – a type of government reverse mortgage – lowered its interest rate from 5.25 to 4.5 per cent.
- **Government funding** for 10,000 extra home care packages was announced late last year but the aged care industry group says the waiting list and waiting times are still unacceptable.

"The current queue is appalling, with over 112,000 older Australians waiting to receive packages at their approved level," said Leading Age Services Australia acting chief advocate Tim Hicks.

National Seniors Australia, in its 2020 Federal Budget Submission, says home care should be funded to meet demand.

"The queue for accessing home care is a running sore and a profound policy failure," the submission says.

"Australians want to age in their home but can't do it safely without adequate support."

Almost 12,000 Australians died while waiting for home care packages last financial year.

National Seniors has also called for an increase in Commonwealth Rent Assistance, a softening of the pension rules that currently give retirees an incentive to spend rather than save money, and restricting private health insurance increases.

Later Life Advice founder Brendan Ryan said the idea of retirees living off income from their savings had become "more far-fetched in this low-return environment".

He said the Pension Loans Scheme, which was revamped in July last year, was part of the story and he welcomed its interest rate cut from January 1.

The scheme enables people to delve into the equity of their home to generate extra income.

"They can use the Pension Loans Scheme to organise a fortnightly payment up to 1.5 times the maximum age pension," Mr Ryan said.

"For a couple this should mean a drawdown of up to $55,000 per year – subject to the couple qualifying for the age pension and having enough equity on their home or other property asset to qualify."

Planning for Prosperity senior adviser Bob Budreika said the scheme had rekindled interest in reverse mortgages offered by commercial lenders.

Mr Budreika said the biggest concern for retirees was how they would handle the next financial downturn after a decade of good investment returns.

"We forget maybe there's another side of the story," he said. "They're not prepared for it and it will affect lifestyles. It's a sleeping giant."