# WINZ – ASSET TESTING

Some years ago the Government of the day raised the asset threshold for eligibility for a subsidy for rest home care. Prior to that change anyone applying for a government rest home subsidy had to finance themselves until their assets were reduced to $15,000.00 plus a pre-paid funeral. Small monetary gifts over the previous 3 years were allowed.

The threshold was raised considerably and it was intended by the government at the time that it would increase by $10,000.00 per annum. Inevitably when a change to government occurs there will be some changes to the rules for financial assistance by government. Instead of increasing by $10,000.00 annually the increase is now set in accordance with increases in the CPI so that a single person, or married couple (combined and both in care) can have assets up to the value of $213,297.00 plus a pre-paid funeral of up to $10,000.00. Monetary gifts of up to $6,000.00 each year which are made in the 5 years prior to application for a subsidy can be excluded from the financial means assessment.

WINZ is now adopting a much more robust attitude to the means assessments and it has discarded the former policy of not worrying too much about arrangements entered into more than 5 years before application for a subsidy although it always had the power to make whatever enquiries it saw fit. WINZ now scrutinises all of the applicant's property dealings at any time. If it believes that an applicant has divested himself/herself of property to ensure that it is not counted as the applicant's assets, WINZ may deem the assets, which have been divested, to still be the applicant's property for means assessment purposes. This could apply to the transfer of assets to a family trust or the forgiveness of a debt which were effected well outside the 5 year look back period.

The Social Security Appeal Authority has recommended that WINZ assessments look at other property related activities to ascertain whether an applicant has deprived himself/herself of assets. Recently a man applied for a rest home subsidy and it was discovered that he had gifted assets to his family trust and had built up the value of those assets by his own efforts. The decision made it clear that the Appeal Authority was of the view that appreciation of assets in a family trust could, in some circumstances, be taken into account in a means test.

There are numerous similar decisions which should be a timely warning to everyone to take extreme care when entering into estate planning schemes. I have been told by a WINZ staff member that if the only asset of the trust is the family home WINZ would be unlikely to embark on a major enquiry although WINZ would require evidence of the transactions and gifting programme. WINZ will also have a good look at all property transactions where other valuable assets have been transferred to the trust.

It is always difficult to predict the future and estate planning arrangements need to be carefully considered as it is apparent that it will be more difficult to get a rest home subsidy in the future.

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