

# Personal injury insurance and Centrelink

This factsheet provides information on how personal injury insurance payments can affect your Centrelink payment.

## **This factsheet covers:**

- What are personal injury insurance payments?
- How can personal injury insurance payments affect my Centrelink payments?
- What happens if I receive a lump sum of personal injury insurance payments?

## **WHAT ARE PERSONAL INJURY INSURANCE PAYMENTS?**

Personal injury insurance payments replace the income lost through your inability to work due to injury or sickness.

Personal injury insurance payments include:

- Payments you receive from your superannuation fund, such as disability benefits in the form of income protection payments.
- Payments you receive from your employer such as salary continuance payments.
- Payments you receive from your insurer, such as sickness and accident policy payments or trauma payments.
- Payments you receive from an approved friendly society.

The type of payment you receive and the conditions of receiving it will impact how Centrelink treats this payment.

**It is important to let Centrelink know about any personal injury insurance payment within 14 days of receiving it. You also need to tell Centrelink if the rate of your payment changes.**

## **HOW CAN PERSONAL INJURY INSURANCE PAYMENTS AFFECT MY CENTRELINK PAYMENTS?**

Personal injury insurance payments may be treated as either compensation or ordinary income for the purposes of calculating your Centrelink entitlement. You should contact Centrelink to confirm whether your specific payment is regarded as compensation or ordinary income.

If your payment is regarded as compensation, Centrelink will calculate a period of time during which you can't access Centrelink payments. It is important to plan ahead and seek financial advice about making your compensation payment last. Please refer to our factsheet Compensation Preclusion Periods for more information: <https://www.ejaustralia.org.au/fact-sheets/>

If your payment is regarded as ordinary income, Centrelink will use the amount you receive to assess whether you are eligible for any payments and how much payment you are entitled to.

If your level of ordinary income is higher than the fortnightly payments provided by Centrelink you will not be eligible for any payments.

## WHAT HAPPENS IF I RECEIVE A LUMP SUM OF PERSONAL INJURY INSURANCE PAYMENTS?

If you are paid a lump sum of insurance payments which Centrelink regards as ordinary income, Centrelink will recalculate your previous payments and apply the relevant income test.

You will be notified if you have been overpaid. The overpayment amount may come out of your lump sum before you receive it.

If you do not agree with Centrelink's decision, you have the right to appeal it. See our factsheet [Appealing a Centrelink Decision](https://www.ejaustralia.org.au/fact-sheets/) for more information: <https://www.ejaustralia.org.au/fact-sheets/>

### Where can I get help?

You can get free legal advice from your closest member centre, which can be found at <http://ejaustralia.org.au/legal-help-centrelink/>

This factsheet was informed by previously published factsheets from Welfare Rights Centre Sydney.

This factsheet does not constitute legal advice.

Please contact any of our member centres if you wish to obtain free legal advice.  
Find your closest member centre at [www.ejaustralia.org.au](http://www.ejaustralia.org.au)