



11 August 2025

## Centrelink waiting periods

**By identifying and calculating waiting periods, advisers can assist clients to understand and meet their cashflow requirements before income support payments commence.**

### Background

Most Centrelink income support payments are subject to waiting periods. Waiting periods apply to ensure individuals use their existing funds to support themselves prior to receiving Government support.

Waiting periods generally don't apply for the Age Pension, Carer Payment and Department of Veteran Affairs' pensions. There are limited exceptions based on residency or if the individual receives a compensation payment.

For more information on compensation preclusion periods, please refer to the [Centrelink Compensation Recovery](#) and [Compensation estimator](#) from Services Australia.

Centrelink waiting periods include:

- Ordinary waiting period (OWP)
- Liquid assets waiting period (LAWP)
- Income maintenance period (IMP)
- Newly arrived residents waiting period (NARWP)
- Unemployment non-payment period (UNP)
- Industrial action exclusion period (IAEP)
- Seasonal work preclusion period (SWPP).

Where an applicant is required to serve multiple waiting periods, it may be possible to served certain periods concurrently, with the end date being the last day of the longest period applicable. However, the ordinary waiting period commences once all other waiting and preclusion periods have been served.

### Contents

<b>Ordinary waiting period</b> .....	2
Exemptions from the OWP .....	2
<b>Liquid assets waiting period</b> .....	2
When does the LAWP commence? .....	2
Calculating LAWP .....	3
Liquid assets .....	3
Voluntary one-off payments of non-housing debts .....	4
Exemptions from the LAWP .....	4
<b>Income maintenance period</b> .....	4
Which termination payments apply? .....	4
When does the IMP commence? .....	4
Calculating IMP .....	5
Effect on partners .....	5
Non-pensioner couple .....	5
Pensioner couple .....	5
Income assessed during the IMP may vary .....	5
IMP impact on Low Income Health Care Card .....	6
<b>Case Studies – combining LAWP and IMP</b> .....	6
<b>Other waiting periods</b> .....	8
Newly arrived resident's waiting period .....	8
Unemployment non-payment period .....	8
Industrial action exclusion period .....	9
Seasonal work preclusion period .....	9
Working credits .....	9

## Ordinary waiting period

The OWP is a one week waiting period that must be served by new applicants for:

- JobSeeker Payment
- Youth Allowance (YA) (jobseekers only), and
- Parenting Payment.

The following table summarises when the OWP generally applies from.

If the client is:	The OWP starts on:
Subject to a LAWP	The day after LAWP ends
Subject to an IMP	When the client's rate of payment becomes payable at a rate higher than nil (unless another waiting period still applies)
Otherwise	The client's start day

## Exemptions from the OWP

The OWP does not apply where an individual is:

- re-claiming within 13 weeks of last receiving a Centrelink benefit or allowance
- undertaking approved formal training or rehabilitation
- in severe financial hardship and experienced a personal financial crisis in the 4 weeks immediately before the start date, or
- making a claim for JobSeeker payment or Youth Allowance within 14 weeks of their partner's death, or if the individual was pregnant when their partner died, within 14 weeks of their partner's death or before the pregnancy ends, whichever is longer.

## Liquid assets waiting period

New applicants for:

- JobSeeker Payment
- Youth Allowance, and
- Austudy

who have liquid assets greater than the maximum reserve amount (see below) are required to serve the LAWP, up to a maximum of 13 weeks, prior to receiving an initial payment.

The basis for applying the LAWP is for applicants to utilise their own assets before receiving Government assistance. Liquid assets are any asset that an applicant or their partner has ready access to (examples listed on page 3).

## When does the LAWP commence?

Where a person qualifies for Youth Allowance or Austudy, the LAWP commences on the day they qualified for the payment. If a Youth Allowance applicant is incapacitated, the LAWP commences from the date they became incapacitated. For JobSeeker Payment, refer to the following table for the LAWP commencement.

**Table 1: LAWP commencement for JobSeeker Payment**

The applicant is incapacitated	The applicant is not incapacitated
LAWP commences on the latest day the: <ul style="list-style-type: none"><li>▪ applicant's partner ceased work</li><li>▪ applicant or their partner became incapacitated for work, or</li><li>▪ applicant's partner is no longer enrolled in full-time education or vocational training.</li></ul>	LAWP commences the latest day after the: <ul style="list-style-type: none"><li>▪ applicant or their partner ceased work</li><li>▪ the applicant's partner became incapacitated for work, or</li><li>▪ applicant or their partner are no longer enrolled in full-time education or vocational training.</li></ul> <p>If single with no prior connection to employment or education, the LAWP commences the day they qualified for JSP.</p>

## Calculating LAWP

Liquid assets are counted as the higher amount held when either:

- employment ceases (and includes employer payments which are due), or
- the application for the relevant income support payment is submitted.

The LAWP calculated depends on the applicant's liquid assets, relationship status and dependents.

$$\text{Liquid assets waiting period} = \frac{\text{Liquid assets} - \text{Maximum reserve amount}}{\$500 \text{ (single) or } \$1,000 \text{ (couple)}}$$

Where the maximum reserve amount is:

- \$5,000 for singles with no dependent children, or
- \$10,000 for couples, or singles with a dependent child (family).

The result from the calculation is the number of weeks to serve (rounded down). If the result is greater than 13, the maximum period of 13 weeks is served and if the result is less than 1, no period is served. Hence, liquid assets must be \$5,500 for a single, or \$11,000 for couples or singles with a dependent child, for a LAWP to apply.

### Example 1 – LAWP calculation

John applies for JobSeeker Payment. He is married to Colleen. They have liquid assets valued at \$20,600. John will serve a LAWP of 10 weeks.

$\text{LAWP} = (\$20,600 - \$10,000) / \$1,000 = 10.6$  (rounded down to 10 weeks).

## Liquid assets

Some examples of liquid assets for an applicant and their partner are listed in the following table.

**Table 2: Example of liquid assets**

Liquid assets	Not liquid assets
<ul style="list-style-type: none"> <li>▪ Cash on hand including borrowings</li> <li>▪ Amounts in trust funds, bank accounts including mortgage offset accounts</li> <li>▪ Amounts deposited or lent to banks or other financial institutions</li> <li>▪ Loans to other people</li> <li>▪ Shares, debentures, term deposits and 10-year insurance bonds</li> <li>▪ Unrestricted non-preserved superannuation accumulation balance</li> <li>▪ Account based pension, excluding transition to retirement (TTR) pension not in retirement phase</li> <li>▪ Payments made or due to be made by a person's last employer, including amounts from redundancies</li> <li>▪ Unencumbered proceeds from sale of business</li> <li>▪ Compensation payments</li> <li>▪ Gifts or transferred liquid assets to an applicant's child within four weeks of claim</li> </ul>	<ul style="list-style-type: none"> <li>▪ Balances in mortgage redraw accounts</li> <li>▪ Draw down loan facilities, such as margin loan facilities or credit card limits</li> <li>▪ Super benefits paid by employers directly to nominated super accounts</li> <li>▪ Preserved super accumulation balances (including those currently being rolled between super funds)</li> <li>▪ TTRs not in retirement phase</li> <li>▪ Proceeds from the sale of the person's principal home (intention to use proceeds to purchase a new home within 12 months, with an extension to 24 months in some circumstances)</li> <li>▪ Voluntary one-off payments of a person's non-housing debts in some circumstances after becoming unemployed or incapacitated</li> <li>▪ The surrender value of a life insurance policy</li> <li>▪ NDIS amounts and returns on NDIS amounts, held by, or on behalf of, an NDIS participant, to pay for future disability expenses in accordance with the participant's NDIS plan</li> <li>▪ Other amounts as specified by Services Australia</li> </ul>

## Voluntary one-off payments of non-housing debts

Liquid assets may be reduced by a one-off payment of a non-housing debt or debts provided that the payment is the first voluntary payment since the person became unemployed or incapacitated. The amount of liquid assets is reduced by the amount of the payment which is more than the required minimum payment.

This may still apply if the one-off payment is made whilst serving a LAWP (the length of LAWP may be reduced). The liquid assets determined at the date of claim is reduced by the voluntary one-off payment.

### Example 2 – One-off payment of non-housing debt

Peter has a credit card debt of \$1,000. The minimum payment is \$20. If Peter pays the full balance of \$1,000 and the amount exceeding the minimum (\$980) is the first voluntary payment after becoming unemployed or incapacitated, his liquid assets is reduced by \$980.

## Exemptions from the LAWP

Applicants can be exempted from the LAWP where they:

- are in severe financial hardship<sup>1</sup> because of unavoidable or reasonable expenditure<sup>2</sup>
- are transferring from one social security income support payment to another within a 14 day period
- have self-served the LAWP (applied for income support after having effectively served the LAWP)
- have served a LAWP during the 12 months immediately prior to claiming or becoming qualified for payment
- qualified for JobSeeker Payment after a continuous period in receipt of income support payments
- are claiming JobSeeker Payment or Youth Allowance within 14 weeks of their partner's death (if pregnant when their partner died, within 14 weeks of their partner's death or before the pregnancy ends, whichever is the longest period), or
- have participated in an approved activity or program as specified by Centrelink.

## Income maintenance period

The IMP arises when a client ceases employment and applies for:

- JobSeeker Payment
- Parenting Payment
- Youth Allowance
- Austudy, and
- Disability Support Pension.

During this period, lump sum termination or leave payments received after ceasing employment are treated as ordinary income and may delay eligibility to receive the first payment or reduce the payment amount.

Applying an IMP ensures that income support recipients use their termination payments before gaining access to Government support.

## Which termination payments apply?

For the purposes of the IMP, a termination payment can include:

- annual leave, long service leave and unpaid sick leave, rostered days off
- a redundancy payment, including a payment in lieu of notice, and
- a gratuity or any other payment made due to the termination.

## When does the IMP commence?

The IMP generally commences on the date the termination payment is made. However, if the LAWP is also being applied, both periods are served concurrently. In this situation, the IMP commences when the LAWP starts, even when the termination payment is received later.

<sup>1</sup> <https://guides.dss.gov.au/guide-social-security-law/1/1/s/125>

<sup>2</sup> <https://guides.dss.gov.au/guide-social-security-law/1/1/u/20>

## Calculating IMP

The IMP is the number of weeks that a person's termination payment is assessed as ordinary income for income testing purposes. The IMP length is the total number of weeks of:

- leave payments (weeks and days)
- termination payments based on an employee's wage (eg redundancy payment) (generally weeks eg four weeks payment in lieu of notice), and
- lump sum amounts not based on an employee's wage (eg gratuity/golden handshake) divided by the person's average weekly wage (rounded down to the nearest week).

If the person received regular overtime and allowances, these amounts are included in average weekly wage.

### Example 3 – IMP calculation

Albert ceased employment on 30 June. His average weekly wage over the previous 52 weeks was \$900, which includes his regular overtime and allowances. He receives:

- 6.5 weeks from annual and long service leave
- 12 weeks redundancy payment, including time in lieu of notice, and
- a \$6,000 golden handshake (not based on his wage).

Albert's IMP will be 24.5 weeks, which includes 18.5 weeks related to wage-based payments, plus 6 weeks ( $\$6,000 / \$900 = 6.6$  rounded down) from the golden handshake.

## Effect on partners

Unused leave payments paid when employment is terminated are treated as income under the income test. These impact the partner's IMP affected entitlements, even if the leave payments are received by the spouse not applying for social security benefits.

### Non-pensioner couple

A couple is deemed to be a non-pensioner couple if both partners apply for an allowance such as JobSeeker Payment, or one applies for an allowance and the other does not apply for social security support.

Termination payments count as income only for the person who receives the payment. If their total income exceeds the cut-off threshold, they do not receive their allowance and their partner's allowance reduces by 60 cents for each dollar over the threshold (see case study 1 on page 7).

### Pensioner couple

A couple is a pensioner couple if either receives a pension. In this case, assessable income (including termination payments) is combined, and half is assessed against each partner over the period of the IMP. This applies for Disability Support Pension, however, the IMP does not apply to the Age Pension, Carer Payment or Service Pension regardless of which partner received the termination payment.

### Example 4 – Couple in receipt of Age Pension and JobSeeker Payment

Don and Debbie are applying for Age Pension and Jobseeker Payment respectively. Don received a total of 20 weeks leave payments at \$1,000 pw on termination of employment. His Age Pension claim is not affected by the IMP. However, Debbie is subject to an IMP of 20 weeks at \$500 pw for her JobSeeker Payment.

## Income assessed during the IMP may vary

It's possible for the income assessed during the IMP to vary. If this is the case, income assessed for the IMP starts with the highest income and progresses down to the lowest level of assessable income.

This variation in assessable income during the IMP can occur because:

- total gross weekly income may vary between the underlying components of the termination payment (eg annual leave could have leave loading applied)
- for part time employees, leave payments and the portion of a redundancy payment based on the employee's gross wage uses the employee's actual part time gross weekly income to determine the IMP, however, the portion of the redundancy payment that is not based on the employee's gross wage uses a 5 day working week equivalent gross weekly income when determining the IMP.

### Example 5 – Variation of income during IMP

Anne cease work and receives the following payments:

- \$2,100 for 30 days of unused annual leave
- \$15,000 for 150 days of unused long service leave.

The IMP is calculated as:

- $\$2,100 / 30 \text{ days} = \$70 \text{ per day}$
- $\$15,000 / 150 \text{ days} = \$100 \text{ per day}$

The total number of days the payments relate is 180 days and this is also the length of Anne's IMP. The 'income' for IMP purposes will be \$100 for the first 150 days and then \$70 per day for the remaining 30 days.

### IMP impact on Low Income Health Care Card

Where an applicant is required to serve an IMP for an income support payment, the lump sum received is apportioned over 52 weeks for the income assessment of the Low Income Health Care Card (LIHCC).

### Example 6 – IMP impact on LIHCC

Belinda receives a termination payment of \$15,000 on ceasing employment with 20 weeks of unpaid leave entitlements. She applies for JobSeeker Payment and the LIHCC the following day. Belinda will have an IMP of 20 weeks with \$1,500 pf assessed as ordinary income for JobSeeker Payment and will have \$288 ( $15,000/52$ ) assessed as income for the following 52 weeks for the LIHCC.

## Case Studies – combining LAWP and IMP

### Case study 1

Sam leaves employment on 1 June 2025. His average gross weekly salary was \$1,000. He is married to Karen and has no children. Upon ceasing employment, Sam receives the following amounts:

Lump sum payment	Gross amount*
Employment termination payment	\$110,000
Long service leave (8 weeks)	\$8,000
Annual leave (6 weeks)	\$6,000
<b>Total</b>	<b>\$124,000</b>

\*No allowance has been made for tax on the termination payments.

### LAWP

Sam and Karen's liquid assets consist of:

Liquid Assets	Value
Termination payments	\$124,000
Bank account	\$25,000
Shares	\$15,000
<b>Total</b>	<b>\$164,000</b>



Sam lodges a claim for JobSeeker Payment, while Karen does not. They have no other income.

$$\text{LAWP} = \frac{\$164,000 - \$10,000}{\$1,000} = 154 \text{ weeks}$$

However, the maximum LAWP is 13 weeks from the date of unemployment.

### IMP

The amount of income which precludes a person from receiving the couple rate of Jobseeker Payment is \$1,372.67 per fortnight (each) as at 1 July 2025.

Sam receives an ETP for \$110,000. His weekly salary is \$1,000, so his ETP equates to 110 weeks. Combined with his leave payments of 14 weeks, Sam's total IMP is 124 weeks at \$1,000 per week. As the IMP (124 weeks) and LAWP (13 weeks) are served concurrently, Sam must wait 125 weeks before being eligible to receive any JobSeeker Payment (124 weeks plus the 1-week ordinary waiting period). Should Karen decide to claim Jobseeker Payment, the income assessed to Sam during the IMP that exceeds \$1,372.67 per fortnight will also affect Karen.

### Case study 2

Joe, aged 59, leaves employment on 1 August 2025 because his work is no longer suitable. He is single with no dependents. Upon ceasing employment, he receives a gross payment of \$2,200 representing 2 weeks long service leave and 3 weeks annual leave. Joe's financial situation is as follows:

Assets	Value
Super (preserved)	\$30,000
Car	\$20,000
Contents	\$10,000
Bank account	\$8,575

Joe decides to apply for JobSeeker Payment. He has no other income. The net leave payments are deposited into his bank account to bring the balance to \$8,575.

### LAWP

$$\text{LAWP} = (\$8,575 - \$5,000) / \$500 = 7.1 \text{ weeks}$$

Joe is subject to a LAWP of 7 weeks (rounded down).

### IMP

Joe receives a \$2,200 payment for 5 weeks leave. This represents \$440 income per week over the 5 week period. The leave payments are added to Joe's other income for the income test.

Income assessed	Per week
IMP income (leave payments)	\$440.00
Deemed income	\$0.41*
<b>Total</b>	<b>\$440.41</b>

\* Deemed income =  $\$8,575 \times 0.25\% = \$21.44 / 52 = \$0.41 \text{ pw}$ .

Under the income test assessment during his IMP, Joe is assessed as earning \$440.41 per week (\$880.82 pf) in the first two fortnights and \$440.82 [ $\$440 + (2 \times \$0.41)$ ] in the 3rd fortnight (ie a total IMP period of 5 weeks spanning across 3 fortnightly Centrelink payment periods). This results in reduced payments for the first 5 weeks under the IMP. As the IMP (5 weeks) and LAWP (7 weeks) are served concurrently, Joe will receive no payment for a total of 8 weeks (7 weeks LAWP plus the 1-week ordinary waiting period).

## Case Study 3

Donna leaves her part-time job on 1 April 2025 due to unsafe work conditions. She is single with no children. Donna wants to claim JobSeeker Payment. She receives a gross annual leave payment of \$600 (equal to 2 weeks). After receiving the leave payments in her bank account, her financial situation is as follows:

Assets	Value
Super (preserved)	\$40,000
Car	\$2,000
Contents	\$7,000
Bank account	\$7,600

Donna also has a credit card debt of \$2,000. The minimum required payment is \$20.

### LAWP

$$\text{LAWP} = (\$7,600 - \$5,000) / \$500 = 5.2 \text{ weeks}$$

Donna's LAWP is 5 weeks (rounded down).

As Donna has a credit card debt of \$2,000, she could make a one-off payment to pay this off. This will reduce her liquid assets by \$1,980 (\$2,000 (outstanding amount) less \$20 (minimum repayment)). It will consequently reduce her LAWP to 1 week - ie  $(\$5,620 - \$5,000) / \$500 = 1.24$  weeks - rounded down to 1 week.

### IMP

Donna receives a \$600 payment for 2 weeks of annual leave. The leave payments are added to Donna's other income for the income test.

Income assessed	Per week
IMP income (leave payments)	\$300.00
Deemed income	\$0.37*
<b>Total</b>	<b>\$300.37</b>

\* Deemed income =  $\$7,600 \times 0.25\% = \$19 / 52 = \$0.37$  pw.

Donna is not entitled to any payment in the first 2 weeks due to the LAWP (1 week) and ordinary waiting period (1 week). She is entitled to a reduced payment in week 3 due to the IMP (assuming a one-off payment of credit card debt). If the one-off payment was not made, she would not be entitled to any payment for 6 weeks (5 weeks LAWP plus 1 week ordinary waiting period).

## Other waiting periods

### Newly arrived resident's waiting period

The Newly arrived resident's waiting period (NARWP) applies to most migrants entering Australia. It generally prevents migrants from having immediate access to income support payments. The NARWP applies to most allowances while pensions are generally subject to residence requirements. The length of NARWP may be up to 208 weeks and varies across payments. For additional information, refer to the [Social Security Guide](#).

### Unemployment non-payment period

The Unemployment non-payment period (UNPP) of up to eight weeks is applied when a client becomes unemployed voluntarily or because of misconduct. The UNPP may apply to JobSeeker Payment, Youth Allowance and Parenting Payment. For new applicants the UNPP usually commences from the date employment ceased.



The UNPP ensures individuals can't voluntarily leave employment and receive immediate Government assistance. If a client is deemed to be in severe financial hardship (if single have less than \$2,500 in liquid assets or couple or single with dependents have less than \$5,000 in liquid assets) the UNPP may not be enforced. This can be served concurrently with certain other waiting periods such as the LAWP and IMP.

## Industrial action exclusion period

A person claiming JobSeeker Payment or Youth Allowance may serve an Industrial action exclusion period (IAEP) if they became unemployed as a result of:

- taking industrial action or a union taking industrial action and the person was a member of that union, and
- the industrial action breached an order, direction or an injunction issued by a State industrial authority, the Australian Industrial Relations Commission or the Federal Court.

The IAEP commences on the day the industrial action ceases and lasts for 6 weeks. There are no provisions to waive the IAEP or to exempt a person from serving it. The IAEP does not apply to full-time students or recipients of Parenting payment (partnered).

## Seasonal work preclusion period

Certain social security payments may be subject to a SWPP if the person or their partner engaged in seasonal or certain intermittent work in the 6 months before lodging a claim.

The SWPP applies to:

- Jobseeker Payment
- YA (full-time student, Australian Apprentice and other)
- Austudy payment
- Disability Support Pension (except if blind)
- Carer Payment (except for a woman who transfers from Wife Pension (under certain circumstances)
- SpB (nominated visa holders), and
- Parenting Payment.

Seasonal work is defined as work for part or parts of the year at approximately the same time each year eg crab fishing, tourism or fruit picking.

There is no limit on the duration of SWPP. For additional information refer to the [Social Security Guide](#).

## Working credits

Working credits allow a person to keep more of their Centrelink payment when they start a job. People serving waiting periods and not receiving a payment, become eligible for working credit only after the waiting period has been served. For additional information, refer to the [Services Australia website](#).

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