

Account Based Pension

SUPER RETIREMENT SOLUTIONS

Specialists in Self Managed Superannuation
A division of McConachie Stedman

An Account Based Pension is a flexible and tax-effective means of converting a lump sum retirement benefit into a regular income stream. Account Based pensions are characterised by a number of features:

- Flexible payment options allowing you to choose the frequency and the amount you wish to receive;
- Provided you receive no less than the minimum pension payment each year according to your age and account balance, you may access your capital at any time;
- Investment earnings are tax-free;
- A wide choice and freedom to select your own investment options;
- Upon your death, your pension can either continue to be paid to a dependant as a reversionary pension, or it can be paid as a lump sum to your dependants or your estate.

From 1 July 2007 people aged 60 or more receive all pension income and lump sum withdrawals tax free. If the pensioner is aged 55-59, they will continue to receive concessional tax treatment when they receive income from an Account Based Pension.

Who is eligible for an Account Based Pension?

To be eligible you must have met one of the following conditions of release:

- You have permanently retired from the workforce and have reached your preservation age;
- You have reached age 65;
- You have ceased employment with your most recent employer on or after age 60;
- You have become permanently disabled;
- You have reached your preservation age and wish to access a *Transition to Retirement Account Based Pension*

What is my Retirement Preservation Age?

The table below indicates the earliest opportunity when you may immediately access your superannuation benefit once you have retired from gainful employment.

Your date of birth	Preservation Age
Before 1 July 1960	55
Between 1 July 1960 and 30 June 1961	56
Between 1 July 1961 and 30 June 1962	57
Between 1 July 1962 and 30 June 1963	58
Between 1 July 1963 and 30 June 1964	59
After 30 June 1964	60

How does an Account Based Pension Operate?

When you retire from employment you may elect to transfer all or part of your superannuation lump sum benefit to an Account Based Pension account. Unless you are exercising the option to receive a Transition to Retirement Account Based Pension you must have access to an unrestricted non-preserved component of your superannuation benefit.

Once your Account Based Pension account is established you must receive a payment at least once during the financial year. A minimum pension payment according to your present age and account balance must be received to comply with taxation legislation.

If you are aged between 55 and 59 years, the income you receive from your pension is subject to income tax at normal tax rates (i.e. your marginal tax rate plus the Medicare Levy). The amount of taxation that may apply to your pension income can be reduced by the tax-free proportion along with the 15% superannuation tax rebate on the balance. Pension payments for members aged 60 or more are tax free.

The minimum amount that must be paid from your Account Based Pension account at least annually is prescribed in the table below:

Age *	Percentage of account balance #
Under 65	4%
65—74	5%
75—79	6%
80—84	7%
85—89	9%
90—94	11%
95 or more	14%

* As at 1 July in the relevant financial year or at commencement if after 1 July.

Where commencement is after 1 July the minimum is proportional to the number of days remaining in that financial year.

Members drawing down a pension from their superannuation benefits will only have to drawdown half of their minimum annual amount for the year ended 30 June 2010.

To find out more information, please contact our Super Retirement Solutions staff.



Disclaimer*: Super Retirement Solutions operate as an authorised representative of Henderson Matusch Pty Ltd ABN 32 107 343 091 Australian Financial Services License No. 274484. The information contained in this brochure is of a general nature only. No account has been taken of the investment objectives, financial situation or particular needs of any particular person. Before making any investment decision, individuals will need to consider their own particular needs, objectives and circumstances to avoid the risk of making an inappropriate investment decision.

Liability limited by a scheme approved under Professional Standards Legislation.

Last updated June 2010

SUPER RETIREMENT SOLUTIONS

Specialists in Self Managed Superannuation
A division of McConachie Stedman