

Basic Pension Rules Fact Sheet

June 2012

Applicable for members with *Transition to Retirement Pensions (TRIS)* or *Account Based Pensions (ABP)*.

- + **TRIS** - allows a person who has reached their *preservation age* but is still working either full-time or part-time to access superannuation benefits as an income stream.
- + **ABP** - once a person reaches their *preservation age*, and has satisfied a *condition of release*, they are able to access their superannuation, as an income stream or lump sum (or both).

Preservation Age

For a Person Born	Preservation Age
Before 1 July 1960	55
1 July 1960 - 30 June 1961	56
1 July 1961 - 30 June 1962	57
1 July 1962 - 30 June 1963	58
1 July 1963 - 30 June 1964	59
After 30 June 1964	60

Conditions of Release - superannuation benefits must be retained in the Fund until the member satisfies one of the following conditions:

- + *Retirement*
- + Death
- + Terminal medical condition
- + Permanent incapacity
- + Attaining age 65
- + Attaining preservation age (TRIS option only)

Retirement - taken to have occurred when:

- + If between preservation age and 60 years old - an arrangement under which the member was gainfully employed has ended, and member intends never to be gainfully employed either full-time (30 hours per week) or part time (10 hours per week).
NOTE: To evidence this, the member may be required to sign a statutory declaration, showing they have satisfied these conditions.
- + If over 60 years old - an arrangement under which the member was gainful employed has ended.

Minimum Pension - minimum withdrawal from the Fund is required each year. Calculated based on the member's account balance at previous year's 30 June. To calculate the minimum pension required for 2012, multiply member balance as at 30 June 2011 (per member statements) by the relevant percentage in table below:

Age at 1 July	By 30 June 2012	2013 Financial Year	2014 Financial Year
Under 65	3%	3%	4%
65-74	3.75%	3.75%	5%
75-79	4.5%	4.5%	6%
80-84	5.25%	5.25%	7%
85-89	6.75%	6.75%	9%
90-94	8.25%	8.25%	11%
Over 95	10.5%	10.5%	14%

NOTE: If the member does not withdraw their minimum pension by 30 June 2012, the Fund will lose its tax-free status. Members should ensure they withdraw slightly more than their minimum amount to avoid this .

TRIS Maximum Withdrawal - the income payments from a TRIS pension are limited to 10% of the member's account balance at 30 June of previous financial year (i.e. withdrawals during 2012 financial year cannot exceed 10% of member balance at 30 June 2011). Again, refer to member statements sent out with 2011 work .

Kindly check all withdrawals for the financial year to date also, and ensure this limit is not reached .

ABP Maximum Withdrawal - a member can access their full account balance, there is no limit.

PAYG Withholding - if the member is below the age of 60, PAYG withholding will be required on the taxable component of the pension payment made by the Fund. If this applies:

- + The Fund must be registered with the ATO for PAYG withholding from the date the pension starts.
- + The Fund will then be required to lodge Instalment Activity Statements (IAS) on a quarterly basis.
- + For detailed withholding calculation, refer to the Australian Taxation Office website: <http://www.ato.gov.au/content/downloads/n70982-05-2007.pdf>.

Effect on Member's Income Tax Return - if the member is below age 60, the taxable component of the pension paid will be included in their assessable income for that financial year.

- + Member below preservation age - no tax offset
- + Member between preservation age and 60 years - eligible for 15% tax offset
- + PAYG withholding paid by the Fund will be a tax credit also.