make your dreams
more than dreams

sunsuper

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Accessing your super in retirement
Is an *Income account* right for you?

A superannuation income account - also known as an allocated or account-based pension - is drawn from your super and is designed to provide you with a tax-effective income stream in retirement. An income account is generally available to those who have reached their preservation age (see the box below) and retired or reached age 65. Alternatively, it can be used to supplement your income if you've reached your preservation age and are still working - tax savings can apply, and it could also allow you to work less without reducing your income.

When you were 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

It's important to note that an income stream is drawn from accumulated super savings and is different to an age pension which the Federal Government provides.

In the May 2016 Budget, the Government proposed a number of changes that could affect superannuation, including the tax treatment of transition to retirement *Income accounts*. For more information on these proposed changes, refer to our *Federal Budget 2016-17* factsheet on our website at sunsuper.com.au.

How does an *Income account* work?

Sunsuper's *Income accounts* can provide a tax-effective and flexible retirement income using your super savings.

Your superannuation is rolled into an *Income account*, from which you receive ongoing payments until the funds in that account, plus any investment earnings run out.

At Sunsuper we have two types of income accounts. An *Income account - Retirement*, which is generally available to those who have reached preservation age and have completely retired from the work force, or have turned 65.

And an *Income account - Transition to retirement*, which is generally available to those between preservation age and 64 years and still working.

What are the benefits of an *Income account*?

The really good news about an *Income account* is that once you turn 60, any payments and lump sum withdrawals will be tax free. This means less tax, and more money in your pocket. Please note that if you are between preservation age and 60, the tax treatment is not quite as generous. No tax is payable for the tax-free component of your withdrawal. However you will be taxed at your marginal tax rate, less a 15 per cent tax offset, for withdrawals from the taxable component. All payments are withdrawn proportionately from the taxable and tax-free components from your account.

In addition, you may be eligible for a Retirement Bonus when you activate an *Income account* with Sunsuper. For more information, including eligibility requirements, refer to our *Retirement Bonus* factsheet on our website at sunsuper.com.au.

Are there any limits to what I can withdraw from my *Income account*?

If you choose to roll your super into an *Income account* when you retire, you'll be able to choose how much income you wish to take and when you wish to take it, provided a minimum amount is withdrawn each year. That is, each year your total income from your account must meet a minimum limit set by the Federal Government, based on your age (see the box on page two). With an *Income account - Retirement* you can withdraw as much as you like above the minimum.

Minimum annual payments	
Your age	**Per cent of account balance**
55-64	4%
65 -74	5%
75-79	6%
80-84	7%
85-89	9%
90-94	11%
95 or older	14%

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The same minimum rules apply with an *Income account – Transition to retirement*; however, you can only withdraw up to 10 per cent of the balance of your account in any one year.

How long will my *Income account* last?

It's very important to know that the income from your account only lasts until the money in your account, plus any investment earnings the money in your account makes, runs out. This means that any regular income you draw from your account may not necessarily last for a lifetime. The longevity of your Income account will depend on a number of factors, including, most importantly, how long you live, the level of income you withdraw, how well the underlying investments perform, and how many lump sum withdrawals (commutations) are taken out of your account.

What about income streams and estate planning?

You can set up your Income account so an income will continue being paid to your spouse if you die. Otherwise, the money can be allocated to a nominated beneficiary or beneficiaries, or to your estate. There may be different tax outcomes for each of these options depending on your circumstances, so you should consider seeking financial advice.

Can I choose where my money is invested?

Yes, there are a wide range of investment options available to you through a Sunsuper *Income account*, giving you flexibility to choose investments that meet your needs.

You have the flexibility to divide your money between asset classes if you wish. For example, you may want to have the portion from which you draw a regular income invested differently from the funds you plan to leave invested over the the longer term. To help you make an investment choice, you should consider speaking to a financial planner who can recommend the most appropriate investment strategy for your circumstances.

Sunsuper can provide you with the help and advice you need, whether you have a simple question or would like to consider your total financial situation. Our qualified financial planners[1] can answer many of your questions about your Sunsuper account simply and quickly over the phone. If it's something more complex, you can arrange a meeting with a financial planner who can give you advice on many aspects of your finances not just your Sunsuper account.

How do I start an Income account?

If you have reached your preservation age and retired or reached age 65, you can roll your super into an *Income account* with Sunsuper through *Member Online*. To log into *Member Online* or register for access, go to our website at sunsuper.com.au.

[1]Sunsuper employees provide advice as representatives of Sunsuper Financial Services Pty Ltd (ABN 50 087 154 818 AFSL No. 227867) (SFS), wholly owned by the Sunsuper Superannuation Fund. Sunsuper has established a panel of accredited external financial planners for our members. Sunsuper does not receive or pay any referral fees to these planners. Each of these planners will explain to you how their advice fees are determined. The accredited external financial planners are not employed by Sunsuper, and Sunsuper is not responsible for the advice provided by these planners.