Booklet 2

Superannuation: dealing with life's changes

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Contents

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Introduction

Whenever you experience a change in your circumstances, whether planned or unexpected, there can often be some important superannuation-related issues to consider.

This booklet is the second in a series of four booklets that Macquarie Technical Services has developed to help you understand how superannuation works and to give you some tips on how you can get the most out of your super. The focus of this booklet is on the rules for accessing superannuation benefits and some issues to think about when you experience changes in your circumstances, whether these are planned or unexpected.

The other booklets in this series are:

- **Booklet 1: Getting the best out of your superannuation savings** which focuses on saving through super and some things to keep in mind while your super is accumulating.
- **Booklet 3: Account-based pensions: making your super go further in retirement** which focuses on using account-based pensions to provide income in retirement.
- **Booklet 4: Super and estate planning** which covers information about the treatment of superannuation death benefits and how you can use your super as an estate planning tool.

This series of booklets provides information about *taxed superannuation funds*. A *taxed superannuation fund* is a fund that pays tax on assessable contributions and investment income while benefits are accumulating. Most Australians belong to a *taxed superannuation fund*. We have not included information about *untaxed superannuation funds*, such as certain government or public sector funds. Different arrangements apply to these funds which are beyond the scope of these booklets.

We aim to answer some common questions people have about superannuation and how it works. But you'll probably have some questions relating to your own circumstances. If so, we recommend that you talk to your financial adviser who will be able to give you advice that is tailored to your specific needs.

In this booklet, we outline some superannuation-related issues that you will need to consider whenever you go through a lifestyle transition. Often a lifestyle change raises questions about whether you can withdraw your super. So we start by looking at the superannuation preservation rules, which generally prevent you from accessing your benefits before reaching your *preservation age* except in limited circumstances, such as if you become permanently disabled and can't work. We also cover the general tax arrangements for superannuation benefits.

Later in the booklet, we take a closer look at some of the lifestyle changes you may go through and how your superannuation may be affected. If you suffer a disability that prevents you from working, there are special rules that may allow you to access your benefits and insurance proceeds for disability cover you hold through your fund. We outline these rules and the special tax arrangements that apply to *disability superannuation benefits*.

We outline some important things to consider if you change jobs, take up employment overseas or sell your business, and discuss the rules that apply to the treatment of your super benefits in the event of a marriage breakdown or bankruptcy. We take a closer look at how you can access your super benefits as a pension while making the transition towards full retirement. Finally, we cover some of the issues to think about as you begin using your super to provide income in retirement, and briefly touch on what happens to your benefits on death.

Technical terms that are used throughout this booklet are shown in *italics* and are explained in the glossary at the end of the booklet.

Accessing your superannuation benefits

Generally, superannuation benefits are required to remain in a fund until you meet a condition of release. Some *conditions of release* are based on your *preservation age*. Your *preservation age* depends on when you were born.

If you were born:	Your preservation age is:
before 1 July 1960	55 years
from 1 July 1960 to 30 June 1961 (inclusive)	56 years
from 1 July 1961 to 30 June 1962 (inclusive)	57 years
from 1 July 1962 to 30 June 1963 (inclusive)	58 years
from 1 July 1963 to 30 June 1964 (inclusive)	59 years
after 30 June 1964	60 years

Conditions of release for preserved benefits

You can generally access your preserved super benefits once you have met a condition of release. Some *conditions of release* have restrictions on the amount of or form in which you can take your benefits, while others (such as retirement) allow unrestricted access.

Retirement or reaching age 65

Once you have reached your *preservation age* and retired or reached age 65, you may access your superannuation benefits without restriction. Your preserved benefits will be converted to *unrestricted non-preserved benefits* and you have the option of taking a lump sum, pension or combination of both.

Generally, you are taken to be 'retired' in the following circumstances:

Your age	Meaning of 'retired'
Preservation age or older, but less than age 60	You have ceased an employment arrangement and have satisfied the trustee of your fund that you intend to never again be employed for more than 10 hours each week.
60 to 64 inclusive	Either: ▪ you have ceased an employment arrangement on or after reaching age 60; or ▪ you have ceased an employment arrangement and the trustee is reasonably satisfied that you intend to never again be employed for more than 10 hours each week.

Once you reach age 65, there is no need to have ceased work in order to access your benefits.

The tax treatment of retirement benefits depends on your age. If you have reached age 60, your super benefits will be tax free whether paid as a pension or lump sum. If you have not yet reached age 60, you may pay tax on your benefits. The tax treatment of superannuation benefits is explained in further detail on page 10.

Accessing a pension from preservation age even if not retired

If you have reached your *preservation age* but are less than 65 and you have not yet retired, you may be able to access your preserved benefits in the form of a *Transition To Retirement (TTR) pension*. A *TTR pension* is an account-based pension that is subject to restrictions that apply until you meet a full condition of release (such as retiring or reaching age 65). These restrictions limit the amount of income you can draw from the pension each year and also prevent you from accessing the capital supporting the pension as a lump sum.

It's not compulsory for funds to offer *TTR pensions* but many funds do. If you are interested in taking out a *TTR pension*, you should check with your adviser or super fund to find out whether your fund offers *TTR pensions*.

TTR pensions are explained in more detail on page 22.

Accessing your benefits early in special cases

There are a number of *conditions of release* which may allow you to access your preserved benefits in certain limited circumstances before reaching your *preservation age*, retiring, or reaching age 65. Whether or not you can access your benefits under these *conditions of release* depends on whether you meet the qualification conditions and also, in some cases, on the governing rules of your fund.

Permanent incapacity

If you suffer physical or mental ill-health that prevents you from working, you may be eligible to withdraw your superannuation benefits (including any insurance proceeds for disability cover you hold through your fund) under the *permanent incapacity* condition of release.

To access your benefits on *permanent incapacity* grounds, the trustee of your fund must be reasonably satisfied that, as a result of your ill-health, you are unlikely to engage in gainful employment for which you are reasonably qualified by education, training or experience. If you qualify, your benefits will become *unrestricted non-preserved benefits* and you may take your benefits as a lump sum, pension or combination of both.

Special tax arrangements may apply to benefits you receive under this condition of release. These arrangements are explained in more detail on page 14.

Temporary incapacity and income protection

If you suffer a disability that prevents you from working, and you hold income protection insurance, you may be eligible to receive an income stream to continue all or part of the income you were receiving before you suffered the incapacity.

Temporary incapacity is defined as ill-health (physical or mental) that caused a member to cease to be *gainfully employed* but does not constitute *permanent incapacity*. To qualify, it is not necessary for your employment to fully cease.

An income stream paid under *temporary incapacity* is *non-commutable* (ie. one that cannot be converted to a lump sum). Payments from the income stream must be made at least monthly and cannot be indexed by more than the rate of increase in the Consumer Price Index (CPI) or 5% per year (whichever is greater). The income stream must be provided for the purpose of continuing the income you received before suffering the incapacity. It cannot be paid for a period that exceeds the period of incapacity. For more information about income protection insurance, refer to *Booklet 1: Getting the best out of your superannuation savings*.

Temporary resident permanently departing Australia

A temporary resident of Australia who leaves permanently can apply to the Australian Taxation Office (ATO) to have their benefits released as a lump sum. Such a payment is known as a Departing Australia Superannuation Payment. A temporary resident may apply online via the ATO website, or they can lodge a paper-based application (with supporting documentation where required).

There are special tax rates applying to Departing Australia Superannuation Payments. The *tax free component* is exempt from tax. The *taxable component* of a departing Australia superannuation payment is taxed at 30%.

Severe financial hardship

You may access part of your benefits as a lump sum if you suffer severe financial hardship. To be eligible for release of benefits on the grounds of severe financial hardship, you must have been on income support for a minimum period and, depending on your age, must also be able to satisfy the trustee of your fund that you are unable to meet reasonable and immediate family living expenses.

There may be a limit on the amount of benefits that you can withdraw:

If you are:	You can access benefits under severe financial hardship if:	Limit on amount you can withdraw:
Less than your *preservation age* plus 39 weeks	The trustee of the fund is satisfied that you: ■ are and have been continuously on Commonwealth income support benefits for 26 weeks; and ■ are unable to meet reasonable and immediate family living expenses.	Access to a single lump sum of between $1,000 and $10,000 per year.
Preservation age plus 39 weeks or more	The trustee of the fund is satisfied that you: ■ have been on Commonwealth income support for a cumulative period of 39 weeks since reaching your *preservation age*; and ■ are not *gainfully employed* for at least 10 hours per week.	No limit: you will have access to your entire benefit as a pension or lump sum.

Payments made under this condition of release are subject to normal superannuation benefit tax arrangements which are explained on page 10.

Compassionate grounds

There are a number of circumstances where you may apply to the Australian Prudential Regulation Authority (APRA) to have your benefits released as a lump sum to pay for certain expenses including:

- for medical treatment or medical transport for you or your dependant(s);
- to prevent foreclosure of a mortgage or power of sale over your principle place of residence;
- to modify your principle place of residence or vehicle to accommodate special needs arising from a severe disability;
- for palliative care expenses in the case of impending death; and
- for expenses associated with your dependant's palliative care expenses, death, burial or funeral.

Benefits released in these circumstances will be limited to amounts determined by APRA. They are subject to normal superannuation benefit tax arrangements explained on page 10.

A lost member who is found

A *lost member* (generally someone who cannot be contacted by their fund) who has subsequently been found by their super fund may access their superannuation benefits in the fund if the total value is less than $200. Payments made under this condition of release are tax free, provided the full benefit is released.

Termination of employment with preserved benefit of less than $200

If you terminate your employment with a *standard employer-sponsor* of the fund, and the value of your preserved benefits is less than $200, you may be able to withdraw your benefits from your fund.

A *standard employer-sponsor* of a fund is an employer who contributes on behalf of an employee under an arrangement between the employer and the trustee of the fund concerned. Not all superannuation funds have standard employer-sponsors.

Benefits paid under this condition of release, to the value of $200, will be tax free, provided that the value of your super entitlement is nil after the withdrawal.

Members with a terminal medical condition

The Government has recently introduced legislation providing that lump sum super benefits paid to people who are under the age of 60 and terminally ill will be tax free. A new condition of release has also been introduced to allow terminally ill fund members to withdraw their super benefits.

A person will be taken to be terminally ill if two medical practitioners (at least one of these a specialist) certify that the person is suffering from an illness or injury that is likely to result in death within a period of 12 months. The certification period for each certificate must not have ended.

Non-preserved benefits

Even before you have met a condition of release, you may have benefits that are not preserved if you made voluntary contributions before 1 July 1999 or rolled over an *eligible termination payment* from an employer into a super fund prior to 1 July 2004.

Non-preserved benefits can be either restricted or unrestricted.

Restricted non-preserved benefits are generally benefits that represent voluntary contributions (and earnings on those contributions) made before 1 July 1999. These benefits can be released under the same conditions that apply to preserved benefits. However, unlike preserved benefits, you may access your *restricted non-preserved benefits* (as a pension or lump sum) on termination of employment with an employer who contributed to your fund.

Unrestricted non-preserved benefits can include:

- benefits that you've left in the fund after having previously satisfied your fund's trustee that you met a condition of release; and
- benefits that represent employer *eligible termination payment*s that were rolled over before 1 July 2004.

Unrestricted non-preserved benefits can be withdrawn from your super fund at any time, whether or not you have reached your *preservation age*. However, if you access your benefits before your *preservation age*, you will generally pay tax at higher rates (unless you are permanently disabled). So there can be advantages in delaying the payment of your benefits if you can.

Tax arrangements for superannuation benefits

Please note that the following information applies only to benefits paid from a *taxed superannuation fund* (that is, one that pays tax on assessable contributions and investment income while benefits are accumulating). Different tax arrangements apply to superannuation benefits paid from *untaxed superannuation funds*, such as certain government or public sector funds. If you belong to an untaxed fund, your adviser, or your fund, will be able to give you information about how benefits paid from these funds are taxed.

Benefits are tax free if you are aged 60 or more

If you take your superannuation benefits on or after you reach age 60, the full amount of your benefits are tax free, whether you take a lump sum, pension or combination of both. Technically, it's called *non-assessable non-exempt income*. A key advantage of *non-assessable non-exempt income* is that it is treated as if it was never received for tax purposes. For example, *non-assessable non-exempt income* will not be taken into account in determining your eligibility for the Senior Australians Tax Offset or most other tax offsets.

Example 1: Non-assessable non-exempt income

Eric is 66 years of age and receives a total of $35,000 in income payments from his super pension each year. He also receives:

- Taxable income of $15,000 per year from an investment property; and
- Taxable income of $10,000 from shares and other investments held outside of super.

Eric's total income is therefore $60,000.

However, because his pension income is *non-assessable non-exempt income*, only his employment and investment income of $25,000 will be taken into account in working out his eligibility for offsets such as the Senior Australians Tax Offset and the Low Income Tax Offset.

Because $25,000 falls below the low threshold for both the Senior Australians Tax Offset and the Low Income Tax Offset, Eric will qualify for the maximum Senior Australians Tax Offset of $2,230 and the maximum Low Income Tax Offset of $750. As a result, he will not pay any tax on his total income. He will also pay no Medicare levy.

If you are under 60, you may pay some tax on your super benefits, but generally at concessional rates.

This tax treatment encourages people to wait until they have at least reached their *preservation age*, and in many cases age 60, before they begin taking their super benefits. Your adviser will be able to suggest some tips on the timing of your benefits and also the form in which you take them (lump sum, pension or combination) so you don't pay unnecessary tax.

Tax free and taxable components

Your superannuation benefits typically consist of a *taxable component* and a *tax free component*. The *tax free component* generally represents *non-concessional contributions*. For example, if you made personal contributions and did not claim a tax deduction, the contributions form part of your *tax free component*.

The *taxable component* is the remainder of your benefit.

Proportioning rule

Whenever you withdraw a lump sum or rollover any of your benefits, the fund will determine the value of each of the tax components that make up your superannuation entitlement at the time of the withdrawal. The percentage of the *tax free component* of your super entitlement is calculated and your lump sum benefit or rollover amount will include this same percentage of *tax free component*. This rule is known as the *proportioning rule*.

If you commence an income stream, the *proportioning rule* applies based on the tax components that make up your superannuation entitlement at the time the pension commences. The *tax free component* percentage is calculated, and from the commencement day onwards, each payment made from your pension account (whether a lump sum or regular pension payment) will include this same percentage of *tax free component*.

Example 2: The proportioning rule

Frankie has just retired and wishes to withdraw a lump sum of $50,000 from her superannuation account. Her current account balance is $150,000 including a $30,000 *tax free component*.

The proportion of *tax free component* in her account is:

$30,000 ÷ $150,000 = 20%

Therefore, her $50,000 withdrawal has a *tax free component* of $10,000 (20% of $50,000). The remaining $40,000 of the withdrawal is *taxable component*.

If Frankie had chosen instead to commence a pension, each pension payment or withdrawal made after the pension's commencement day would include a 20% *tax free component* and the remainder would be taxable.

Tax rates for super benefits

If you take a lump sum, the tax treatment of the *taxable component* depends on your age.

Tax treatment of lump sums:

Age	Tax free component	Taxable component
Under *preservation age*	Tax free	20% (plus Medicare levy)
Preservation age but less than 60	Tax free	0% up to the *low rate cap* ($140,000 in 2007-08) 15% (plus Medicare levy) on amounts above *low rate cap*
Age 60 or more	Tax free	Tax free

The *low rate cap* that applies to lump sum benefits paid between *preservation age* and age 60 is a lifetime limit. This means that the *taxable component* of any previous superannuation lump sum benefits (known as *eligible termination payments* before 1 July 2007) that you have received since reaching your *preservation age* will generally reduce your *low rate cap* for an income year. The *low rate cap* is indexed annually with Average Weekly Ordinary Time Earnings in $5,000 increments.

If you take your benefits as a pension, the tax treatment of the *taxable component* of your pension payments also depends on your age.

Tax treatment of pensions:

Age	Tax free component	Taxable component
Under *preservation age*	Tax free	Marginal tax rates (plus Medicare levy) A disability superannuation benefit pension will attract a 15% rebate.
Preservation age but less than 60	Tax free	Marginal tax rates (plus Medicare levy) less 15% rebate
Age 60 or more	Tax free	Tax free

The tax treatment of pensions is explained further in *Booklet 3: Account-based pensions: making your super go further in retirement*.

Suffering a disability

If you suffer a personal injury that prevents you from working, you may qualify for special tax concessions if you contribute the proceeds of a compensation payment for the injury to your super fund.

You may also qualify for early release of your benefits and/or insurance proceeds and for special tax concessions that apply to *disability superannuation benefits*. These arrangements are explained below.

Compensation or damages paid to you for personal injury

If you are awarded damages or paid compensation for a personal injury you have suffered, you may choose to contribute all or part of the payment to your super and have it excluded from the *non-concessional contributions cap*. There are certain conditions that you must meet before you can elect to have the contribution excluded from the cap:

- The contribution must arise from a structured settlement, a workers compensation payment or a court ordered personal injury payment;
- The contribution must be made within 90 days of either the day the payment is received by you (or your *legal personal representative*) or the day the order or agreement is made (whichever is later);
- Two legally qualified medical practitioners must have certified that, because of the personal injury, it is unlikely that you can ever be *gainfully employed* in a capacity for which you are reasonably qualified because of education, training or experience; and
- You must notify your fund, using an ATO form, that you wish to exclude the contribution from the *non-concessional contributions cap*. The notice must be given either before or at the time you make the contribution.

For more information about the *non-concessional contributions cap* and making contributions to your super generally, please see *Booklet 1: Getting the best out of your superannuation savings*. If you would like more information about contributing the proceeds of a personal injury compensation payment to your super, your adviser will be able to help.

Disability superannuation benefits

Release of benefits

As we noted earlier, if you suffer a disability that prevents you from working, you may qualify to have your benefits released under the *permanent incapacity* condition of release. If you hold insurance cover (either Total and Permanent Disablement (TPD) or income protection) and you qualify to make a claim on your policy, the insurance proceeds will be paid to the trustee of your superannuation fund and may be paid to you under *permanent incapacity*.

If you have TPD cover in your fund, it is important to note that there may be circumstances where you may qualify under the terms of your insurance policy but you do not automatically qualify for release of your benefits on *permanent incapacity* grounds. The trustee of your fund will be unable to pay the insurance proceeds to you until you have met a condition of release. One example may be where the cover under the insurance policy is payable because you are not able to work in your previous occupation. However, you may still be able to work in a form of employment for which you are 'reasonably qualified by education, training or experience' and, if so, your TPD benefits cannot be paid from the fund under *permanent incapacity*.

If you hold income protection cover and you qualify under the terms of your policy, your insurance proceeds could become payable under either *temporary incapacity* or *permanent incapacity*. As noted on page 6, if your income protection benefits are paid under *temporary incapacity*, they must be paid from the fund as a particular form of income stream. An income stream that you receive in the event of temporary inability to work is taxed as ordinary income at your marginal rate.

However, if you are permanently disabled and qualify to have your benefits paid under *permanent incapacity*, the restrictions on how you can receive your income protection benefits may not apply so that, for example, you could access a lump sum.

Tax treatment of disability benefits

If you qualify for release of benefits on the grounds of *permanent incapacity*, you may be eligible for the tax concessions that apply to *disability superannuation benefits*.

To qualify for these tax concessions:

- the benefit must be paid to you because you suffer from ill-health (whether physical or mental); and
- two legally qualified medical practitioners must have certified that because of the ill-health, it is unlikely that you can ever be *gainfully employed* in a capacity for which you are reasonably qualified because of education, experience or training.

Your disability benefit may qualify for an increased *tax free component*. The amount of the increase will depend on your *service period* (usually your *service period* is taken to have commenced when you first started accruing the benefits) and the number of days remaining to retirement (usually to age 65). If you draw your disability benefit as a pension, you will receive a 15% rebate on the *taxable component* of your pension payments (even if you have not reached your *preservation age*).

Example 3: Disability superannuation benefits

Gloria suffered an injury in 2008 that prevented her from returning to work. She has seen two doctors and both have certified that it is unlikely that she can ever work in a capacity for which she is reasonably qualified because of education, experience or training. The trustee of her superannuation fund is satisfied that she meets the requirements for *permanent incapacity* and pays her a superannuation lump sum.

Just before the payment is made, her superannuation account balance of $200,000 includes a $20,000 *tax free component* and the rest ($180,000) is *taxable component*. Gloria chooses to withdraw the full amount as a lump sum.

Gloria was born in 1965 and began accruing superannuation in 1980. Therefore, the number of years in her *service period* (from 1980 to 2008) is 28 years. The number of years remaining until Gloria reaches age 65 (2008 to 2030) is 22.

Broadly, the additional *tax free component* of her benefit is calculated as follows:

$$\textit{Increased tax free component} = \text{Amount of benefit} \times \frac{\text{years}^1 \text{ to retirement}}{(\text{service period} + \text{years}^1 \text{ to retirement})}$$

$$= \$200{,}000 \times \frac{22}{(28 + 22)}$$

$$= \$88{,}000$$

This amount will be added to the existing *tax free component* so her total *tax free component* is $108,000. The remainder of her lump sum benefit ($92,000) is *taxable component* (which will be taxed under the normal arrangements).

If Gloria had taken her disability benefit as a pension, she would receive a 15% rebate on the *taxable component* of her pension payments.

[1] Days instead of years are used in the actual calculation.

Superannuation and changing jobs

Beginning a new job

When you begin working for a new employer, it is important to consider which super fund you would like your employer to contribute to.

Most employees can choose which fund they would like their employer to use for their compulsory super contributions. If you're eligible, you will receive a 'choice of fund' form when you start a new job and you can also use the form to make a new choice up to once each year. The fund you choose must be a *complying superannuation fund* and your employer must be able to contribute to the fund. If you don't choose a fund, your employer will make contributions to a fund of their choice. There are several issues worth considering if you are thinking about choosing a fund, including the type of fund (for example, a retail super fund, *self managed super fund* or industry fund), product features such as pensions, insurance arrangements, ability to split your contributions with your spouse, fees and investment options.

Starting a new job is also a good time to think about consolidating your existing super into one account, particularly if you decide to choose a new fund for your future contributions.

If you think that you may have lost track of some of your super because you have changed your address or moved to a new employer, you can check with the Australian Taxation Office which keeps a register of *lost members*. If you track down a lost account, you can generally choose to roll it over to a fund of your choice, or if the balance of the account is less than $200, it may be paid to you tax free (see page 8).

Having one super account means that you will avoid receiving several different statements or paying several sets of fees. It also makes your super easier to keep track of. However, depending on your circumstances, you may wish to keep your accounts separate. For example, you may have an account with one fund which is for insurance only and your accumulated benefits could be in a separate account. If you're not sure, your adviser will be able to help you work out whether or not you should consolidate your accounts.

The Government has released a standard form that you can complete and send to your fund if you want to transfer your accumulated benefits to a different fund. Many funds also have their own form that you can complete. A fund generally has 30 days to act on your rollover request, but it may take longer if you have chosen to invest in illiquid investments (investments that cannot be easily converted into cash). You can submit a rollover request to either the receiving or the paying fund.

Leaving a job

Accessing your super benefits

Depending on your age and/or whether you have *restricted non-preserved benefits* in your fund, terminating employment may allow you to access your superannuation benefits under the superannuation *conditions of release*. See page 8-9 of this booklet for more information about accessing benefits when you cease employment.

Employment termination payments

If you leave an employer you may become entitled to an *Employment Termination Payment* (ETP). An ETP is a lump sum that you may receive from your employer as a consequence of the termination of your employment. An ETP may include:

- amounts for unused sick leave or rostered days off;
- amounts in lieu of notice;
- a gratuity or 'golden handshake'; and
- an invalidity payment (for permanent disability, other than compensation for personal injury).

However, an ETP does not include:

- a payment for unused annual leave or unused long service leave; or
- the tax-free part of a genuine redundancy payment or an early retirement scheme payment.

Due to a change to the law, you can generally no longer ask your employer to roll an ETP over into your super. However, if you qualify under transitional rules, you may be able to instruct your employer to pay the ETP directly into your fund and to have all or part of it excluded from the contribution caps (explained in *Booklet 1: Getting the best out of your superannuation savings*). A payment made to a super fund under the transitional rules is known as a Directed Termination Payment (DTP).

For your ETP to be paid into your fund as a DTP it must be made under a written contract that was in place before 10 May 2006 where either the amount of the payment or a method for working out the amount is specified in the contract. Payment must be made before 1 July 2012. You will also need to ensure you are eligible to make contributions.

When paid into a fund, the *taxable component* of the DTP will be taxed at 15%. Any amount of *taxable component* above a $1 million limit will be counted towards your *concessional contributions cap* in the year that the payment is made. You will incur some significant tax penalties if you exceed this cap. If your DTP includes a *tax free component* (an amount that represents service before 1 July 1983), it will not count towards the caps. See *Booklet 1: Getting the best out of your superannuation savings* for more information about the caps and other restrictions on making contributions.

Taking up employment overseas

If you are leaving Australia to work overseas, there are some important superannuation-related issues to consider before you depart.

If you work overseas for an employer that does not reside in Australia, they are generally not required under Australian law to make *superannuation guarantee* contributions on your behalf. If you wish to make personal contributions to an Australian fund while working overseas, you will need to ensure that they fall within the contribution caps and that you are eligible to make contributions. See *Booklet 1: Getting the best out of your superannuation savings* for more information about the caps and other restrictions on making contributions.

While you are working overseas, your employer (or you personally) may make contributions to a foreign fund on your behalf. If so, upon your return to Australia, you may wish to transfer your entitlements to your Australian fund. There are a number of issues to consider and it is essential to get advice before transferring benefits from a foreign fund. Transfers from foreign funds are described briefly in *Booklet 1: Getting the best out of your superannuation savings*. If you want to find out more, your adviser will be able to help you.

If you have a *Self Managed Superannuation Fund* (SMSF), there can be some significant tax penalties for your fund if it ceases to be an Australian superannuation fund. To ensure your SMSF remains an Australian fund, the first requirement is that the central management and control of the fund is ordinarily in Australia. The second requirement is that if your fund has active members (generally members who are contributing to the fund), at least 50% of the assets in the fund that are held for these members must be held for Australian residents. If you have your own self managed fund and are moving overseas for work, your adviser will be able to help ensure that your fund complies with these requirements.

Selling your business

If you own a small business, you may qualify for certain Capital Gains Tax (CGT) concessions when you eventually sell your business. If you are eligible, you may also have the option of contributing the sale proceeds to super without having all or part of the proceeds counted towards the normal contribution caps (the *non-concessional contributions cap* and the *concessional contributions cap*). Instead, a special $1 million lifetime limit (known as the CGT cap) applies to these amounts.

One of the CGT concessions for small businesses is known as the retirement exemption. This provides an exemption for capital gains on certain small business assets up to a lifetime limit of $500,000. If you qualify for this concession, all or part of the capital gain arising from the sale may be contributed to super and you may choose to have the amount counted towards your CGT cap instead of the *non-concessional contributions cap*. If you are under 55, the amount must be paid into a super fund and you are unable to claim a tax deduction for the contribution. If you are over 55 you have the option of contributing the gain to your super fund (either under the CGT cap or as a normal personal contribution), but you are not required to.

Another of the concessions, called the 15-year exemption, allows you to disregard a capital gain arising from certain small business assets that have been owned for at least 15 years, provided certain conditions are met. If you qualify for this concession, all or part of the proceeds from the sale may be contributed to super and you may choose to have the amount counted towards your CGT cap instead of the normal caps.

The contribution caps are explained in *Booklet 1: Getting the best out of your superannuation savings*.

There are a number of other tax concessions that you may qualify for when you sell your small business. For example, you may be able to reduce the gain by 50% (if the retirement or 15-year exemption does not apply), or qualify for the small business roll-over which allows you to defer a capital gain in relation to your small business assets.

If you are thinking of selling your small business, it is essential to seek professional advice. The rules relating to the eligibility and application of the CGT concessions are complex and your adviser will be able to give you more information about how you may be able to make use of the concessions and the CGT cap.

Superannuation and divorce

Under family law, superannuation can be taken into account and divided as part of a property settlement on the breakdown of a marriage.

Divorcing couples have a choice to enter into an agreement, or to seek a court order if they are unable to reach agreement. An agreement to divide super between members of a couple can be made before, during or upon a marriage breakdown.

Superannuation may be split under either an 'account split' or a 'payment split'.

Account split

An 'account split' is when a new account is created for one spouse from funds that were held in the other spouse's name. The new account will be subject to the normal preservation rules and so the receiving spouse is generally not able to access benefits until they have met a *condition of release*. Account splits generally only apply to *accumulation fund*s and not *defined benefit fund*s.

An *accumulation fund* is a fund where your benefits in the fund at any point in time reflect total contributions plus investment earnings, less expenses and tax. A *defined benefit fund* is a fund where your final superannuation benefit is calculated using a formula that is often based on final salary, years of service and a benefit accrual rate. Members of a *defined benefit fund* generally don't have an account balance and their entitlements do not depend on investment performance. Some funds may also be hybrid funds which are a combination of a *defined benefit fund* and an *accumulation fund*.

Payment split

A 'payment split' may occur where a fund is unable to create a separate account for a spouse. For example, if the fund is a *defined benefit fund*, it may be unable to carve out an entitlement for one spouse. Instead, each payment made will be split between the spouses according to the agreement or order.

If a divorcing couple wish to defer splitting a superannuation entitlement or making a decision about how to split an entitlement, they can make a flagging agreement. A flagging agreement prevents the trustee of the fund from making payments out of the fund or otherwise dealing with the account until the flag is lifted. For example, if the spouse who holds the flagged account is nearing retirement, the couple may wish to wait until the benefits are accessible before dividing them.

Treatment of superannuation in bankruptcy

Your benefits held in a super fund are treated differently to most other assets in the event that you become bankrupt. Any entitlement that you hold in a regulated super fund is protected in bankruptcy. This means that, generally, it won't become part of the property that is divided among your creditors.

However, there are circumstances in which a trustee in bankruptcy may be able to recover certain contributions from your fund and include them in divisible property. For example, if you made contributions to your super fund before becoming bankrupt and a court determines that the contributions were made with the main purpose of defeating your creditors, they may be recoverable by the trustee in bankruptcy.

You will be taken to have made a contribution with the main purpose of defeating creditors if it can be reasonably inferred from all circumstances that at the time you made the contribution you were either insolvent, or about to become insolvent. In determining whether your main purpose is to defeat creditors, a court must consider whether at the time of the transfer you had an established pattern of contributions, and if so, whether the contribution in question was out of character.

For some people, these rules can mean that it is even more important to take a regular and long-term savings approach to retirement planning. Establishing a regular pattern of contributions early may help to ensure your super assets remain protected and preserved until you begin drawing on them in your retirement.

Using your super in the transition to retirement

As we noted earlier, if you have reached your *preservation age* but have not yet retired or reached age 65, you may draw on your super using a *Transition To Retirement (TTR) pension*. A *TTR pension* allows you to supplement your work income with income drawn from your super, providing flexibility for people who want to gradually reduce working hours without reducing income. It can also allow you to take advantage of tax-effective pension income while still contributing to super.

A *TTR pension* is an account-based pension with restrictions. An account-based pension is a type of superannuation investment that can provide you with a convenient, reliable, flexible and tax-effective income when you retire. It's like a personal retirement income account operating in a superannuation fund. You will receive regular income payments, while at the same time your account will earn investment income. When you invest in an account-based pension, you are required to draw at least a minimum payment each year. Account-based pensions are explained further in *Booklet 3: Account-based pensions: making your super go further in retirement*.

For *TTR pensions*, there is also a maximum annual payment limit calculated by multiplying the account balance of the pension on 1 July each financial year (or the day you start the pension in first financial year) by 10%. These rules mean that each financial year, you can choose to receive total payments of between 4%[2] and 10% of your account balance.

TTR pensions are also generally *non-commutable* which means that you are unable to access the capital supporting the pension, unless you are cashing unrestricted non-preserved funds, or until you have met a full condition of release. You may, however, commute the pension at any time if funds are transferred back to the *accumulation phase*.

Once you retire, turn 65 or meet another full condition of release, a *TTR pension* will become an ordinary account-based pension. There will no longer be a maximum payment limit and you will have access to lump sum payments.

The tax treatment of *TTR pensions* is the same as for normal account-based pensions. The *tax free component* of any pension payment you receive is always tax free. If you are receiving a *TTR pension* between the ages of 55 and 59, the *taxable component* of your income stream will be taxed at marginal rates, with a 15% offset. Once you reach age 60, the full amount of your pension payments will be tax free.

Income from a *TTR pension* can supplement your work income and may allow you to reduce your work hours while maintaining a similar level of income.

Example 4: Making the transition to full retirement

Gavin is 57 years old and is working five days each week. He is currently receiving a salary of $80,000 (excluding super contributions). If Gavin continues working and receiving this salary, his net after-tax income in the 2008-09 financial year will be $60,800.

But Gavin no longer wants to work full-time. He had been planning to retire at the beginning of the 2008-09 financial year and invest his super savings into an account-based pension. However, Gavin's adviser has recently explained to him that there is no need to fully retire to start drawing on a super pension. He could gradually reduce his work hours while topping up his work income with a *TTR pension*. On 1 July 2008, instead of fully retiring, Gavin decides to move to part-time work (three days each week) which means his new salary will be $48,000.

Assuming that Gavin has enough in his super, he could invest in a *TTR pension* drawing an annual pension payment of $26,000, taking his combined gross income to $74,000.

Taking account of the 15% pension rebate and the Mature Age Worker Tax Offset, Gavin's combined net income will be $61,090 for the year – similar to the level he was receiving before he moved to part-time work.

Assumptions:

- calculations are based on proposed marginal tax rates for the 2008-09 financial year;
- Gavin's pension payment of $26,000 falls within the allowable payment limits for *TTR pensions*; and
- pension payments are 100% *taxable component*.

While receiving a *TTR pension*, you or your employer can continue to make super contributions, subject to the contribution caps. Depending on your circumstances, you may be able to make additional *salary sacrifice contributions* (if you are an employee), or personal contributions. More information about contributing to super is included in *Booklet 1: Getting the best out of your superannuation savings*.

[2] If the pension commenced on a day other than 1 July in the financial year, in the first financial year the 4% minimum payment limit is pro-rated according to the number of days remaining in that year from the commencement day. However, if you commence your pension on or after 1 June in a financial year, you are not required to take a minimum payment at all in the first financial year.

Drawing a *TTR pension* while contributing to super can be a powerful strategy to generate tax-effective income while maximising the accumulated superannuation benefits that you have available when you reach full retirement.

Example 5: TTR pensions and salary sacrifice contributions

Haden has $400,000 accumulated in his superannuation fund and is currently on a salary package of $90,000 per year (including super contributions).

The only contributions that are made on his behalf are compulsory *Superannuation Guarantee* (SG) contributions. Taking into account the SG contributions, Haden's net after tax income is currently $62,303 for the 2008-09 financial year.

Haden wants to boost his super by salary sacrificing but currently can't afford to. His adviser suggests that he may be able to use a pension to generate after tax income more efficiently, enabling him to sacrifice some of his income without a change in his cashflow position/after tax income.

On 1 July 2008, when he is aged 55, Haden begins a *TTR pension*. At the same time he arranges with his employer to make *salary sacrifice contributions.*

Haden's adviser helps him to work out the level of pension payment he should choose as well as the amount he can afford to salary sacrifice taking the additional pension income into account. The aim of the strategy is to generate the same after-tax income that he would have received if he wasn't drawing on a *TTR pension* and making salary sacrifice contributions.

Haden's initial account balance of $400,000 is made up completely of *taxable component*. Haden's adviser suggests that he should draw the maximum amount possible from his pension, which in the first year is:

Maximum payment = $400,000 × 10%

= $40,000

Because his pension is 100% taxable, the full amount will be included in his assessable income but he will get a 15% rebate equal to $6,000.

In order for Haden to maintain the same cashflow position his adviser calculates that he should salary sacrifice $57,295 for the year. These *salary sacrifice contributions* will be taxed at 15% by the fund instead of Haden's marginal tax rate.

He still receives a net income of $62,303 in the 2008-09 financial year but at the end of the year, his total superannuation balance (ie, accumulation account balance plus pension account balance) is $428,052 which is $6,571 higher than what it would have been if he had not undertaken the strategy.

If Haden continues with the strategy by the time he reaches age 60, he will have $550,879 in his superannuation which is $34,061 more than he otherwise would have. By the time he reached 65, his total super balance will have reached $768,604 which is $108,495 more than he would have had without undertaking the strategy.

Assumptions:

- account balance figures are in today's dollars (assuming CPI increases at the rate of 2.5% p.a.);
- calculations are based on proposed marginal tax rates for the 2008-09, 2009-10 and 2010-11 financial years and take account of applicable tax offsets such as the Low Income Tax Offset and Mature Age Worker Tax Offset;
- Haden's salary grows in line with Average Weekly Ordinary Time Earnings (AWOTE), assumed to increase by 4% each year;
- Haden qualifies for the transitional *concessional contributions cap* of $100,000 until the year ending 30 June 2012 (after which time he will be subject to the regular *concessional contributions cap*); and
- the assumed earning rates are 7.5% p.a. before tax and 6.38% p.a. after tax. Both are net of fees.

A TTR/contribution strategy may not be suitable for everyone. If you are thinking of using this strategy you, together with your adviser, will need to consider:

- the likely effect on your income tax position;
- how you are faring against the contribution caps (explained in *Booklet 1: Getting the best out of your superannuation savings*);
- whether or not you are able to take advantage of deductible (concessional) contributions, for example via a salary sacrifice arrangement with your employer, or tax deductible personal contributions; and
- the impact on your preservation components if you have any non-preserved benefits.

Your financial adviser will be able help you to understand whether a TTR/contribution strategy is suitable for you.

Retiring: providing for your retirement income

As we noted earlier, once you have reached your *preservation age* and retired, you will have unrestricted access to your super benefits. There are a number of options available to you and how you use your benefits is your choice. You may wish to withdraw some of your benefits as a lump sum to pay for large expenses. For example, you may have a mortgage or other debt that you wish to pay off as soon as you retire.

However, when choosing how to use your super savings in retirement, it is very important to think about how much income you will need from your savings in order to fund your lifestyle and for how long you might need it. Your retirement savings may need to last 20 or 30 years so it's important to think ahead and not to spend your super benefits too quickly.

You may choose to invest all or part of your savings in a retirement income stream. There are significant tax advantages in investing your super in an income stream compared to investing your nest egg outside super. Retirement income streams can provide a regular flow of income throughout your retirement. While there are a number of different types of income streams available, the most popular choice is an account-based pension. Account-based pensions are convenient, flexible and tax effective. They will provide regular income payments, while at the same time your account will earn investment income. You will also have the option of withdrawing lump sum payments whenever you need to. Account-based pensions and their alternatives (including payment rules and tax arrangements) are explained further in *Booklet 3: Account-based pensions: making your super go further in retirement*.

Before investing in an income stream, it will be important to carefully consider not only the type of income stream you want, but also your income stream provider. In selecting a provider, you may wish to consider things like product features, the range of investment options available to you, fees and whether your provider offers death benefit nominations (including child pension nominations).

There can be advantages in choosing a fund in the lead up to your retirement while you are still accumulating your super benefits. If you hold investments in an accumulation account within a more sophisticated master trust or a *self managed superannuation fund*, the investments in your account do not need to be sold down and converted to cash before being transferred into an account-based pension. They can be transferred from your accumulation account into your pension account without triggering a Capital Gains Tax (CGT) liability. The advantage of this is that capital gains on your assets can be realised in the pension account where they will be tax free. Your adviser will be able to give you more information about whether your fund offers this feature.

For many retirees, a superannuation income stream is supplemented by a Government-funded age pension which provides a basic level of income support. The age pension is means tested according to an income and assets test. Retirees who receive income from their super will often qualify for either a full or part-rate age pension, depending on their level of income and assets. More information about the age pension and the means test can be found in *Booklet 3: Account-based pensions: making your super go further in retirement*.

In structuring your retirement income arrangements, professional financial advice can be invaluable. Your adviser will be able to assess your income needs over the course of your retirement and develop a plan that will help you to get the most out of your savings.

What happens to superannuation benefits if you die?

On death, any benefits that you hold in a superannuation fund must be cashed by the fund as soon as possible. Superannuation death benefits can generally only be paid to one or more of your dependants, or to your *legal personal representative* (typically referred to as your estate). Death benefits are subject to different tax arrangements compared to member benefits. These arrangements are explained in *Booklet 4: Super and estate planning*.

Glossary

Accumulation fund is a fund where your benefits in the fund at any point in time reflect total contributions plus investment earnings, less expenses and tax.

Accumulation phase is a term used to describe the period when your superannuation benefits are accumulating in the fund. This is the period of time when you are likely to be working and contributing to your super.

Complying superannuation fund is a fund that meets the requirements of the *Superannuation Industry (Supervision) Act 1993*. Only funds that meet these requirements receive concessional tax treatment.

Concessional contributions are generally those your employer makes, or that you make and claim as a personal tax deduction. These contributions are taxed at 15% instead of your marginal rate. There is an annual limit on the total amount of concessional contributions that you can make, known as the *concessional contributions cap*.

Concessional contributions cap is an annual limit on the amount of *concessional contributions* that you can make to your superannuation. In 2007-08 the cap is $50,000 per year (indexed annually to wages in $5,000 increments), but if you are aged 50 or more in a year, your annual concessional contributions cap is $100,000 until the financial year ending 30 June 2012.

Condition of release is a condition you must meet before you can access your preserved and *restricted non-preserved superannuation benefits*. The conditions of release are set down in superannuation legislation. Examples are retirement, reaching your *preservation age*, reaching age 65 and *permanent incapacity*. Some conditions of release have restrictions on the amount of, or form in which you can take your benefits, while others (such as retirement) allow unrestricted access.

Defined benefit fund is a type of fund where your final superannuation benefit is calculated using a formula that is often based on final salary, years of service and a benefit accrual rate. Unlike members of an *accumulation fund*, members of a defined benefit fund generally do not have an account balance and their entitlements do not depend on investment performance.

Disability superannuation benefit is a superannuation benefit that is paid to a person because he or she suffers from ill-health (whether physical or mental); and two legally qualified medical practitioners have certified that, because of the ill-health, it is unlikely that the person can ever be *gainfully employed* in a capacity for which he or she is reasonably qualified because of education, experience or training. These benefits can qualify for additional tax concessions.

Eligible termination payment included lump sum payments from a superannuation fund, or certain payments from an employer made on termination of employment before 1 July 2007. Superannuation eligible termination payments are now referred to as superannuation lump sum benefits. Employer eligible termination payments are now known as *employment termination payment*s.

Employment Termination Payment (ETP) is a payment from an employer to an employee in consequence of the termination of employment. An ETP may include amounts for unused sick leave or rostered days off, amounts in lieu of notice, 'golden handshakes' or invalidity payments but it does not include payments for unused annual or long service leave, or the tax-free part of a genuine redundancy payment or early retirement scheme payment.

Gainfully employed means employed or self-employed for gain or reward in any business, trade, profession, vocation, calling, occupation or employment.

Legal personal representative means:

- an executor or administrator of an estate of a person who has died;
- a trustee of an estate of a person who is under a legal disability; or
- a person who holds a general power of attorney that was granted by another person.

Lost member is someone who is uncontactable by their fund, or someone who is an inactive member. A member is generally taken to be uncontactable by their fund if the fund has never had an address for him or her, or written communications from the fund have been sent to the member's last known address and returned unclaimed. An inactive member is a member:

- who has been a member of the fund for longer than two years; and
- for whom there was a contribution arrangement in place with a *standard employer-sponsor* of the fund; and
- for whom the superannuation fund has not received an employer contribution or rollover for a period of five years and has not been advised that the member wishes to remain a member of the fund;

unless the trustee has verified that the member's address is correct.

Low rate cap is a limit on the amount of the *taxable component* of a superannuation lump sum that attracts a lower rate of tax (usually 0%). The low rate cap applies to lump sum benefits paid between *preservation age* and age 60 and is a lifetime limit. This means that the *taxable component* of any previous superannuation lump sum benefits (known as *eligible termination payments* before 1 July 2007) that you have received since reaching your *preservation age* will generally reduce your low rate cap for an income year. The low rate cap is $140,000 in 2007-08 and indexed annually to wages in $5,000 increments.

Non-assessable non-exempt income is income that is excluded from your assessable income. It is a class of income that is ignored for the purposes of working out your taxable income or loss. A key advantage of non-assessable non-exempt income is that it is treated as if it was never received for tax purposes. For example, non-assessable non-exempt income will not be taken into account for determining your eligibility for the Senior Australians Tax Offset or most other tax offsets.

Non-commutable in relation to an income stream, means that the income stream cannot be converted to a lump sum (except in limited circumstances).

Non-concessional contributions are generally contributions that are not tax deductible. They are typically personal contributions for which you do not claim a tax deduction or contributions that are made for a spouse. These contributions are not taxed when they are made. Non-concessional contributions are also subject to an annual contribution limit which is known as the *non-concessional contributions cap*.

Non-concessional contributions cap is a limit on the amount of *non-concessional contributions* that you can make to your superannuation. In 2007-08 the cap is $150,000 per year, but if you are under age 65 at any time in a financial year, you can bring forward up to two future year's entitlement to contribute up to $450,000 (2007-08) for the three-year period. The non-concessional contributions cap will be indexed so that it is always equal to three times the *concessional contributions cap*.

Permanent incapacity is a *condition of release* for preserved and *restricted non-preserved superannuation benefits*. To access your benefits on permanent incapacity grounds, the trustee of your fund must be reasonably satisfied that, as a result of your ill-health, you are unlikely to engage in gainful employment for which you are reasonably qualified by education, training or experience.

Preservation age is generally the age when you can access your superannuation benefits after you retire. However, there are some limited circumstances when you may access your benefits before reaching preservation age, or retiring (such as under *permanent incapacity*).

Your preservation age depends on when you were born.

If you were born:	Your preservation age is:
before 1 July 1960	55 years
1 July 1960 to 30 June 1961	56 years
1 July 1961 to 30 June 1962	57 years
1 July 1962 to 30 June 1963	58 years
1 July 1963 to 30 June 1964	59 years
after 30 June 1964	60 years

Proportioning rule is the rule that requires tax components to be withdrawn in proportion from your superannuation entitlement. For example, if you withdraw a lump sum from an entitlement that is made up of 20% *tax free component* and 80% *taxable component*, then any withdrawal or rollover from your entitlement will also be 20% tax free and 80% taxable. If you commence a pension, then all payments from the pension after the commencement day (either pension payments or lump sums) will be 20% *tax free component* and 80% taxable.

Restricted non-preserved benefits are benefits that, although not preserved, cannot be accessed until you have met a *condition of release*. However, unlike preserved benefits, you may access your restricted non-preserved benefits (in pension or lump sum form) on termination of employment with an employer who contributed to your fund.

Salary sacrifice contributions are contributions made by your employer on your behalf under an arrangement where you forgo some of your pre-tax salary in return for additional superannuation contributions. These contributions are taxed at 15% when they are made. To be effective, a salary sacrifice arrangement must be entered into before you are entitled to receive payment (normally this would be prior to you performing any work).

Self managed superannuation fund is a fund that, in general terms, meets the following requirements:

- it has less than five members;
- each member of the fund is a trustee and each trustee is a fund member;
- if the trustee of the fund is a body corporate each director of the body corporate is a member of the fund;
- no member of the fund is an employee of another member of the fund, unless they are related; and
- no trustee of the fund receives any remuneration for their services as trustee.

Service period in relation to a superannuation lump sum, is usually the period of time since you first began accruing superannuation benefits. The service period is relevant in calculating the increased *tax free component* applicable to a *disability superannuation benefit* and in calculating an untaxed element on a death benefit that includes life insurance proceeds (where premiums for the life insurance were claimed as a tax deduction).

Standard employer-sponsor of a super fund is an employer who contributes on behalf of an employee under an arrangement between the employer and the trustee of the fund concerned. Not all superannuation funds have standard employer-sponsors.

Superannuation guarantee refers to the legislative requirement for employers to make superannuation contributions on behalf of their employees. If you are aged between 18 and 70 and earning more than $450 per month, generally your employer is required to make superannuation contributions on your behalf of at least 9% of your salary (up to a maximum salary of $36,470 per quarter or $145,880 per year in 2007-08).

Tax free component is the component of a superannuation entitlement (or benefit) that represents contributions that were not taxed when received by the fund (generally *non-concessional contributions*).

Taxable component is the value of your superannuation entitlement (or benefit) less the *tax free component* of your entitlement (or benefit).

Taxed superannuation fund is a fund that pays tax on assessable contributions and investment income while your benefits are accumulating.

Temporary incapacity is a *condition of release* for preserved and restricted non-preserved superannuation benefits. Temporary incapacity is defined as ill-health (physical or mental) that caused a member to cease to be *gainfully employed* but does not constitute *permanent incapacity*.

Transition To Retirement (TTR) pension is an account-based pension that is generally *non-commutable* until you meet a full condition of release or unless you transfer benefits back to the *accumulation phase*. TTR pensions are also subject to an annual payment limit of 10% of the account balance on 1 July each year (or on the commencement day in the first year). You can access your benefits as a TTR pension once you have reached your *preservation age* before you have retired (depending on the rules of your fund).

Unrestricted non-preserved benefits are benefits that are not subject to the preservation requirements and *conditions of release*. If you have unrestricted non-preserved benefits, you may withdraw them from the fund at any time (depending on the rules of your fund).

Untaxed superannuation fund is one that does not pay tax on contributions or investment income. This can occur because the fund is ‘unfunded’, where no employer contributions have been made for a member until the member is ready to retire.

If you have any questions or require more information, we recommend you speak to your financial adviser or contact Macquarie:

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