

Eligibility

To commence a TTR Pension you must:

- be an Australian Citizen or permanent resident who is still working
- be a Health Super member with an Accumulation account
- have reached your preservation age that is determined by your date of birth (refer to preservation table below); and
- have a minimum of \$20,000 in your Accumulation account to commence a TTR Pension.

Date of birth	Preservation age
Before July 1960	55
July 1960 to June 1961	56
July 1961 to June 1962	57
July 1962 to June 1963	58
July 1963 to June 1964	59
After July 1964	60

Will a TTR Pension work for you?

A TTR Pension is not suited to everyone. There are various levels of complexity depending on your financial situation⁴.

Health Super Financial Planning (HSFP) has a team of qualified financial planners who can help you determine if starting a TTR Pension is right for you.

To arrange your obligation free appointment with a HSFP planner, call 1300 780 223, email info@hsfp.com.au or visit hsfp.com.au

4. You can only withdraw a maximum of 10% of your TTR Pension account balance per annum in any financial year. This is based on your account balance as at 1 July or the date you started your TTR Pension (if after 1 July)

We're here to help

It's important to get your super right. We understand that everyone has different needs. Contact us to see how we can help you make the most of your super.

1800 331 719

Monday to Friday 8:30am – 6.00pm AEST

enquire@healthsuper.com.au

Log on to our eSuper service
healthsuper.com.au

Locked Bag 2900
Collins Street West VIC 8007

We're an industry fund



We're recognised



We care



FSC

Transition to Retirement



The industry fund for the people who care

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HSP19001/11



Health Super's products and services are designed to offer members value through low fees and good service. As a member, you can relax knowing that we're here to help you make the most of your super, especially as you near retirement

Retirement no longer means totally leaving the workforce

Many Australian's are now choosing to take advantage of the Transition to Retirement Pension (TTR pension). There are many reasons why Health Super members choose a TTR Pension. If you're currently still in the workforce and aged 55-64, it's an effective way to:

- reduce your working hours without reducing your income;
- give your retirement savings a boost without reducing income; or
- increase your income by drawing on some of your super.

The added tax benefits of commencing a TTR Pension

- if you're aged 55-59, you may be taxed more favourably than salary or wages; and
- at age 60, you don't pay tax on the payments you receive.

How can a TTR Pension help you?

Let's compare two different TTR Pension strategies.

1. Reduce your working hours & top up your income from your super

June is 55. She earns \$73,000¹ per year, which leaves her with \$56,455 (after-tax) for her living expenses. She currently works five days per week, but would like to reduce her hours to four days per week. If June works four days per week utilising the TTR Pension, her net income would be:

	Working 5 days	Working 4 days	Working 4 days after age 60
June's net income (salary) for four days work	\$73,000	\$58,400	\$58,400
Income from TTR Pension	\$0	\$11,981	\$9,637
Less tax (incl. Medicare)	\$16,545	\$13,926	\$11,582
June's net income (salary) for four days work – including the income from her TTR Pension	\$56,455	\$56,455	\$56,455

The result

June can maintain her lifestyle working only four days per week². Plus, if June was 60 years or older, she wouldn't pay tax on the income from her TTR Pension, increasing the effectiveness of her TTR strategy.

1. Excludes superannuation
2. Assumes June has \$120,000 in her super account (all from a taxed source, a super Fund has deducted relevant tax from contributions), and chooses to receive payments of \$12,000 in the first year, which is within the maximum allowable limit

2. Continue working full time and salary sacrifice into super

June's husband Max is aged 57. He earns a salary of \$80,000 per annum plus nine per cent superannuation guarantee contributions. He would like to continue to receive his current net income while maximising his super.

Max currently has \$200,000 in super. This comprises \$100,000 tax-free component and \$100,000 taxable component. Max decides to salary sacrifice \$27,000³ per year from his salary into his super. To supplement the income that he is salary sacrificing into super, Max commences a TTR Pension and draws \$20,000 per year.

	Current position	With TTR strategy*	With TTR strategy after age 60*
Max's Gross Income (Salary)	\$80,000	\$80,000	\$80,000
Salary Sacrifice into super	\$0	\$27,000	\$30,000
Super Pension drawn	\$0	\$20,000	\$20,000
Less Tax (incl. Medicare Levy & rebates)	\$18,750	\$11,895	\$9,300
Max's Net income	\$61,250	\$61,105	\$60,700
Contributions Tax	-	\$4,050	\$4,500
Total Tax Paid	\$18,750	\$15,945	\$13,800
Net Increase in Max's Super Balance	\$0	\$2,805	\$4,950

The result

Even with a TTR Pension, Max has made minimal changes to his income and has saved almost \$3,000 in tax each year (money that stays in his super account).

If Max continues to work after age 60, the amount withdrawn from his super is tax-free. Max is now able to salary sacrifice \$30,000 each year with minimal change to his income. This results in an increase to his super of approximately \$5,000 in tax savings per year.

- * Salary Sacrifice and SG contributions (\$7,200) are taxed at 15 per cent. Withdrawals and Pension payments after age 60 are tax free.
3. The 2010/2011 before-tax contribution cap for members aged 50 and over is \$50,000 per annum which is subject to change.