

# Pension drawdown relief 2010/11



Maritime Super Allocated, Term Allocated and Working Income Support Pension members can take advantage of the extended pension drawdown relief to 30 June 2011.

## Overview

The Federal Government has recently announced that it will make changes to super legislation that will continue the pension drawdown relief originally provided to super account-based, allocated and market-linked pension members over the past two financial years through to 2010/11.

This will allow Maritime Super Allocated, Term Allocated and Working Income Support Pension (WISP) members to elect to take half of the normal minimum pension payments for 2010/11.

### The reason for the temporary relief

While investment markets have recovered to some extent over the past year, they remain below the levels reached prior to the onset of the global financial crisis.

Extending the drawdown relief through to 2010/11 will continue to provide eligible pensioners with the option of preserving more of their pension account balance in super (rather than drawing on their pension income and potentially realising losses in the current investment climate), so they are in a stronger position when investment markets recover.

### Who will find this relief beneficial?

All Maritime Super Allocated, Term Allocated and Working Income Support Pension members can take advantage of this relief. It will particularly appeal to those pensioners who do not need to draw down the normal minimum payment from their pension to meet their living costs.

## How to calculate your minimum pension income for 2010/11

### Allocated and Working Income Support Pension members

Your minimum annual pension income for 2010/11 can be calculated by dividing your normal minimum income amount by 2, rounded to the nearest \$10.

For most Allocated Pension and WISP members\*, your minimum annual pension income for 2010/11 will be calculated by multiplying your account balance at 1 July 2010 (or on commencement if you start your pension this financial year) by a percentage factor (which has been halved for 2010/11) based on your age:

Your age	Percentage factor	Percentage factor applying for 2010/11 with the relief
Under 65	4.0%	2.0%
65 - 74	5.0%	2.5%
75 - 79	6.0%	3.0%
80 - 84	7.0%	3.5%
85 - 89	9.0%	4.5%
90 - 94	11.0%	5.5%
95 or over	14.0%	7.0%

\* If you held your pension as a Non-Commutable Allocated Pension in the Stevedoring Employees Retirement Fund before 1 March 2009 and have not elected to convert your pension to an account-based pension, your minimum pension payment is calculated using different factors. Refer to the Member Guide you received when you started your pension or contact Member Services on 1800 757 607 for more information.



To learn more, contact  
Member Services on  
1800 757 607.

### An example

John is receiving an account-based pension which originally commenced on 1 July 2006 and he is 64 on 1 July 2010.

John's pension account balance on 1 July 2010 is \$400,000.

For 2010/11, the minimum pension income he is required to draw down is \$8,000 (i.e.  $2\% \times \$400,000 = \$8,000$ ).

Without the drawdown relief, John would be required to draw down \$16,000 (i.e.  $4\% \times \$400,000 = \$16,000$ ).

### Term Allocated Pension (TAP) members

Your minimum annual pension income is calculated as your account balance (at 1 July each year) divided by a Pension Factor (which reflects the remaining term of your pension).

Each year, you can choose to receive an annual pension that is between 90% and 110% of the calculated annual pension. The relief will allow you to take a minimum annual pension income of only 45% of the calculated annual pension income amount for 2010/11 (i.e. 90% divided by 2).

Contact Member Services for more information regarding how your minimum pension payment is calculated.

### When does the relief cease?

The relief will cease on 30 June 2011. In financial years after 2010/11, the usual minimum pension income amounts will apply unless further relief is granted by the Federal Government.

### How do I reduce my minimum annual payment?

Allocated, Term Allocated and Working Income Support Pension members can vary the pension payment they wish to receive on the *Variation of Pension Details and Investment Options* form available from the Maritime Super website or by contacting Member Services on 1800 757 607.

If you decide that you wish to receive the reduced minimum pension income, we can adjust your future payments. However, we are unable to accept refunds of pension payments in excess of the reduced minimum (because super legislation does not permit contributions to be accepted once a pension has commenced).

### Other considerations

If you choose to reduce your payments, you should be aware that any Centrelink benefits you may be receiving could be affected by this choice.

Asset values due to current market conditions might also mean that you are now entitled to a Centrelink Age Pension, or more if you are already receiving a part-pension because of the assets test.

Contact Centrelink on 13 23 00 for more information.

### For further information

If you require further clarification, contact Member Services toll free on 1800 757 607 between 8.30am – 5.30pm (AEST) Monday to Friday.