

Pension drawdown relief 2011/12



Maritime Super Allocated, Term Allocated and Working Income Support Pension members can take advantage of the extended pension drawdown relief to 30 June 2012.

Overview

The Federal Government has recently announced that it will continue the pension drawdown relief originally provided to super account-based, allocated and market-linked pension members over the past three financial years through to 2011/12. However, the relief is less than previous years at only 25% and you will need to take 75% of the standard minimum pension rather than only 50%.

This will allow Maritime Super Allocated, Term Allocated and Working Income Support Pension (WISP) members to elect to take only three-quarters of the normal minimum pension payments for 2011/12.

The reason for the temporary relief

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

Continuing the drawdown relief through to 2011/12 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).

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 2011/12

Allocated and Working Income Support Pension members

Your minimum annual pension income for 2011/12 can be calculated by multiplying your normal minimum income amount by 75%, rounded to the nearest \$10.

For most Allocated Pension and WISP members*, your minimum annual pension income for 2011/12 will be calculated by multiplying your account balance at 1 July 2011 (or on commencement if you start your pension this financial year) by a percentage factor based on your age:

Your age	Percentage factor	Percentage factor applying for 2011/12 with the relief
Under 65	4.0%	3.00%
65 - 74	5.0%	3.75%
75 - 79	6.0%	4.50%
80 - 84	7.0%	5.25%
85 - 89	9.0%	6.75%
90 - 94	11.0%	8.25%
95 or over	14.0%	10.50%

* 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 2011.

John's pension account balance on 1 July 2011 is \$400,000.

For 2011/12, the minimum pension income he is required to draw down is \$12,000 (i.e. $3\% \times \$400,000 = \$12,000$).

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 67.5% of the calculated annual pension income amount for 2011/12.

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 2012. In financial years after 2011/12, the usual minimum pension income amounts will apply.

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 on 1800 757 607 between 8.30am – 5.30pm (AEST) Monday to Friday.