



Accessing your superannuation

20 March 2014

Superannuation is a way to help you put aside money for your retirement. To ensure that your super savings are only used for this purpose, there are regulations in place that restrict access to money until you are at least 55 years old.

Preservation rules apply to the money held in your superannuation account, which means you have to meet certain criteria before you can access that money. When you can access your super may be dependent on both your preservation age and the type of your superannuation fund.

The three types of benefits

Superannuation benefits are divided into three main types which include:

- **Preserved** – you cannot access these benefits until you meet a condition of release, for example, being retired and having reached your preservation age (refer to the table opposite).
- **Restricted non-preserved** – you are able to access these benefits if you cease gainful employment with an employer who has at any time contributed to your super fund. In all other instances, the rules for preserved benefits apply.
- **Unrestricted non-preserved** – you are able to access these benefits at any time.

What is your preservation age?

Date of birth	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

Your financial adviser will be able to further explain how these rules apply to you. Your superannuation statement will show the total funds you have in each category.

Condition of release¹

The table below shows the benefits you can withdraw depending on the conditions you satisfy.

Full condition of release	Benefits you can withdraw
Retirement – over age 55	All
Death	All
Permanent incapacity	All
Attaining age 65	All

Partial condition of release	Benefits you can withdraw
Severe financial hardship	Maximum \$10,000 payment to meet expenses
Temporary incapacity	All as a pension, but only while the temporary incapacity continues
Compassionate grounds	Lump sum determined by DHS (Department of Human Services)
Attaining preservation age	All as a pension, but funds cannot be cashed in until a full condition of release is satisfied

¹ Please check with your super fund to find out the condition of release terms.

Accessing your benefits

Your benefits can be paid as a lump sum or a pension/annuity (income stream), depending on your circumstances and the fund.

Your super withdrawals will usually consist of two components – a tax-free component and a taxable component. Your super fund can advise you of these components.

Paying tax on your pension payments

- If you are aged 60 or older and you take a benefit as a pension or lump sum, your benefits will usually be tax-free.
- If you are under the age of 60, you will not pay tax on the tax-free portion of your pension payments, but the taxable component will be taxed at marginal rates.
- If you're aged between 55 and 59 and receiving the pension, you'll be entitled to a tax offset equal to 15 per cent of the taxable amount of the payment.

Things to consider

Paying tax on your lump sum withdrawals

Generally, you will not have to pay tax on the lump sum withdrawals you make from super if you are aged 60 or over. If you're under 60, you will not have to pay tax on the tax-free component, but the taxable component will be subject to the lower of your marginal tax rate and either of the rates listed below, depending on your age (including Medicare levy of 1.5 per cent).

Age	Taxable component	
	Taxed element	Untaxed element
Under 55	21.5%	31.5% up to \$1,315,000 (indexed cap) and 46.5% on balance
55 to 59	0% up to \$175,000 and 16.5% on balance	16.5% on the first \$180,000 then 31.5% on the balance up to \$1,315,000 (indexed cap) then 46.5% on the remaining balance
60 and over	Nil	16.5% up to \$1,315,000 (indexed cap) then 46.5% on the balance

What happens to your super if you die?

Your super can generally only be paid to your dependants in the event of your death. Therefore, determining who your dependants are will be one of the most important choices you'll have to make when you join a super fund.

The definition of dependant can be:

- your spouse (including de facto)
- your children (no matter what age)
- an individual who is financially dependent on you at the time of your death, or
- someone who is an interdependent.

There are strict definitions that the Government has in place for all of these types of dependants.

If you're in a situation where you have no dependants and you would like someone else (such as a sibling or a charity) to receive your super benefits, you can make a Will and nominate your estate as your beneficiary.

Nominating your beneficiaries

It is important that you nominate beneficiaries so that your super fund knows who should receive your benefits. There are two main types of nominations that you can make:

- **Binding** – the trustee of your super fund has to abide by this nomination. Binding nominations are valid for three years and you may be given a reminder to update it by your superannuation fund. However, the onus is still on you to ensure your binding nomination is valid. Speak with your financial adviser if your super fund does not provide a binding nomination option.
- **Discretionary** – this is not legally binding but the trustee of your super fund can consider this nomination.

It's important to advise your super fund trustee of any changes to your beneficiaries or their personal details and to review your nominations regularly.

For more information, please visit our website, www.mapsuper.com.au or call our customer services team on 1800 009 921.

