

## Getting ready for retirement

Did you know that if you are working and have reached your Preservation Age, you can open an APSS Pension Account and get regular income payments from your super? This is known as a transition to retirement strategy.

### What is a transition to retirement strategy?

With a transition to retirement strategy, you use part of your super to open an APSS Pension Account while you are still working. You then get regular income payments from your new APSS Pension directly into your bank account.

### What are the benefits?

A transition to retirement strategy can provide lifestyle and tax benefits for some members nearing retirement.

The benefits of regular payments from a Pension Account may include:

- Being able to work less and replace the income you lose
- Contributing more of your salary to your super account using salary sacrifice. Depending on your circumstances, you may reduce the overall tax you pay and increase your super before you retire.

### Tax considerations

Your income payments will be taxed as follows:

- if you are 60 plus, income payments are currently tax free
- if you are under 60, income payments are generally taxed at your marginal rate (plus the Medicare Levy), but a 15% tax offset may reduce the amount of tax
- Investment earnings on your account balance will generally be taxed at up to 15% if you have not turned 65 or met a relevant condition of release and notified APSS.

### How do I set up a Pension Account while I'm still working?

Firstly you need to have reached your Preservation Age. You must transfer at least \$20,000 from your APSS super to open a Pension Account.

- You can transfer 100% of your Member Savings
- You can transfer some of your accrued Defined Benefit (less any Offset account/s)
- You must use any Member Savings you have (including any money in an APSS Rollover Account), before using any of your accrued Defined Benefit
- The total amount that a person can transfer into pension accounts is currently limited to \$1.7 million. However, individuals who commenced a pension prior to 1 July 2021 will have their own personal limit of between \$1.6 million and \$1.7 million depending on their circumstances.
- Once you open a Pension Account you're not able to make additional transfers or contributions to it (you would need to start another APSS Pension account if you wanted to put in another lump sum).

Minimum and maximum pension payment limits apply each year – read the *Your APSS Pension* Product Disclosure Statement (PDS) for details.

If you use part of your accrued defined benefit to open a Pension Account, a special 'other' offset account will be set up for you. The opening balance of the offset account will be equal to the amount of your accrued Defined Benefit that is used to start your APSS Pension. Interest will be charged on this offset account at the same rate as the Crediting Rate calculated from the investment return of the Defined Benefit assets. As at

### More information

Read the *Your APSS Pension* PDS available on the APSS website at [apss.com.au](https://apss.com.au) or give us a call on **1300 360 373** and we'll post you one.

## Getting ready for retirement (continued)

the date this fact sheet was prepared, the Trustee aimed to achieve a long-term average investment return of 4.0% each year (after taxes and costs); measured over rolling five-year periods. The actual future investment return could be materially different from this rate. As this interest compounds over time, your offset account balance will increase by the time you retire, potentially very significantly.

The balance of your offset account will be deducted from your Defined Benefit when it is paid to you. You need to be aware of how this works before you make a decision about starting a Pension Account. For details refer to the *Your APSS Pension PDS*, the *Using your APSS Defined Benefit to transition to retirement (Offset Accounts)* Fact Sheet or call **1300 360 373**.

The minimum age you can start a Pension Account, is your Preservation Age. This is age 55 for those born before 1 July 1960 and a higher Preservation Age applies for anyone born after 1 July 1960. For details refer to the *Your APSS Pension PDS*.

### Product Disclosure Statement (PDS)

The *Your APSS Pension PDS* provides key information including:

- How the APSS Pension works
- Eligibility to open an account
- Pension income payment limits
- How your account is invested
- Fees and costs.

You should read the PDS before making a decision about starting a Pension Account.

Just give us a call on **1300 360 373** and we'll post you a copy or go to the APSS website at **apss.com.au**.

### Opening an APSS Pension account

Simply complete the *APSS Pension Application* form attached to the PDS and provide the accompanying documents required, including proof of identity. A 14-day cooling off period applies during which time you can cancel your Pension Account. Further details are in the PDS.

### Get financial advice

Before you open a Pension Account, it may be a good idea to get some advice and make sure that it will be the right decision for you.

All APSS members can access free general advice by contacting the APSS SuperPhone service on **1300 360 373**. Our service representatives are not licensed to provide personalised advice.

If you would like personalised financial advice, you are free to choose any financial planner of your choice. You may wish to go to **moneysmart.gov.au**, the consumer website of the Australian Securities & Investments Commission (ASIC), which has a section on 'choosing a financial adviser' with guidance on finding an adviser that suits you and your goals.

## Need more information?

You can send an email to **sr@apss.com.au**, or call SuperPhone on **1300 360 373** and speak to customer service between 9am and 5.30pm (Sydney time) Monday to Friday.

## Important

This document contains general information about Australia Post Superannuation Scheme (APSS). It is not intended to be financial product advice and does not take your personal circumstances into account. Before acting on any information contained in this document you should first consider its appropriateness to your own circumstances. You may wish to seek the advice of a licensed financial adviser. Tax rules can and often do change. For up-to-date information on superannuation taxes, visit the Australian Taxation Office (ATO) website at **ato.gov.au** or speak to your taxation or financial advisor. PostSuper Pty Limited is not licensed to provide you with financial product advice regarding your investment in the APSS. Neither Australia Post nor any Associated Employers holds an Australian Financial Services Licence and, therefore, neither is licensed to provide you with financial product advice.