

Fact Sheet Pension - ABP

Account Based Pension - income when you retire

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Account Based Pension - income when you retire

Once you have decided to retire, you have the option of commencing an Equipsuper Account Based Pension (ABP)*. An ABP can provide you with a flexible income for your retirement.

* This option is not available to you if you are a temporary resident unless you hold or held a sub-class visa 405 or 410.

Features

Some of the features of an ABP include:

- > Subject to meeting annual minimum income requirements, you can choose your desired income amount - there is no maximum;
- > Flexibility over frequency of your income payments i.e. fortnightly, monthly, quarterly, half yearly and annually;
- > Choice of investment options and also the choice of which investment options you want to draw your income from;
- > Access to your capital and the ability to request lump sum withdrawals at any time;
- > Income is tax-free for those aged 60 and over;
- > Options provided for estate planning, such as death benefits paid to your spouse as continued pension payments, or as a lump sum to dependant(s) or estate; and
- > No tax on investment earnings.

Calculating your income

You can choose any income amount with your Account Based Pension provided you draw the required minimum amount annually[^]. If you commence a pension on or after 1 June, no minimum payment amount is required to be paid in that financial year. If you commence during the financial year, then the income payments will be pro rata for the remainder of the year.

Your minimum payment is calculated by using an aged based percentage (below) and your account balance.

Age	Percentage for 2011/12	Percentage from 1 July 2012
Under 65	3.00%	4.00%
65 – 74	3.75%	5.00%
75 – 79	4.50%	6.00%
80 – 84	5.25%	7.00%
85 – 89	6.75%	9.00%
90 – 94	8.25%	11.00%
95 plus	10.50%	14.00%

Example

If you are retiring at age 60 and commence an ABP on 1 July with \$400,000, your minimum income level would be:

$$\$400,000 \times 3\% = \$12,000$$

You can then choose an income anywhere between \$12,000 and \$400,000.

[^] Please note that the Government has given Account Based Income Stream members the option to drawdown three quarters of their normal minimum annual income until 30 June 2012. This temporary measure may help retirees preserve their superannuation capital from erosion during the current volatile investment climate.

This brochure is for general information only. It has been prepared without taking into account your personal objectives, financial situation or needs. You should consider whether this information is appropriate to your personal circumstances before acting on it and, if necessary, seek professional financial advice. If you are considering investing in the Equipsuper Superannuation Fund ABN 33 813 823 017, you should read the appropriate Equipsuper Product Disclosure Statement (PDS) before making an investment decision. You can obtain a PDS via our website or by contacting the Helpline.

The taxation information included in this brochure is a general guide only. As taxation laws are complex and individual circumstances vary, you should seek individual taxation advice from a qualified advisor.

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For full information about the services and remuneration of EFP, please refer to the EFP Financial Services Guide, available by contacting **1800 065 753**, or on the website www.equifp.com.au.

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Preservation rules

Generally speaking, your superannuation benefits fall into three categories:

- > Preserved benefits;
- > Restricted non-preserved benefits; and
- > Unrestricted non-preserved benefits.

Preserved benefits

In most cases, the majority of your benefit will be made up of preserved benefits. This generally means that you cannot access your super benefits unless you have satisfied a condition of release[^]. Satisfying a condition of release means that you:

- > Have reached preservation age* and are permanently retired;
- > Have reached age 65 (whether working or not);
- > Have reached age 60 and ceased an employment arrangement;
- > Have died, become totally and permanently incapacitated or terminally ill (as defined in the legislation);
- > Have a preserved benefit of less than \$200;
- > Are an eligible temporary resident departing permanently from Australia;
- > Have satisfied the Trustee of your super fund that you are in severe financial hardship and cannot meet immediate reasonable living expenses; or
- > Have reached approval from the Australian Prudential Regulation Authority (APRA) to have a specific amount paid to you on specified compassionate grounds.

[^] If you are a temporary resident and do not hold or have not held a visa sub-class 405 or 410, the only conditions of release available are death, terminal illness, permanent or temporary incapacity or departing Australia.

Restricted non-preserved benefits can only be released once you terminate your current employment (at any age).

Unrestricted non preserved benefits can be paid at your request, at any time and do not require you to satisfy a condition of release.

* Preservation ages

Date of Birth	Preservation age
Pre 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
Post 1 July 1964	60

Source: www.ato.gov.au

Seeking advice – is an ABP for me?

Purchasing an Equipsuper ABP is something you should consider carefully in the context of your overall financial strategy for your retirement. We recommend you obtain financial advice before entering into an Account Based Pension to ensure it is the right product for you. If you would like to speak to an Equipsuper Financial Planner, please call **1800 065 753**, or you can visit the Equipsuper Financial Planning (EFP) website www.equipfp.com.au for further information. EFP operates on a fee for services basis. Subject to certain conditions, these fees can be debited from your Equipsuper account.

Where can I get more information...?

For further general information on Equipsuper's ABP, you can obtain a copy of the Equipsuper Pensions Product Disclosure Statement, available from our website at www.equipsuper.com.au, or by contacting our Helpline **1800 682 626**.