

Super facts on Transition to Retirement

TelstraSuper

Turn your super into a flexible, low-cost income stream and reap the rewards – even if you are still working.

What is Transition to Retirement?

The Transition to Retirement legislation was introduced to help people ease into retirement, potentially cutting back in working hours and adjusting to their lifestyle change. To encourage this, it allows those who have reached preservation age (currently age 55), but are still working, to heavily salary sacrifice into super while at the same time receive tax-effective income payments from a retirement income stream, such as *Telstra Super RetireAccess*[®].

Commencing a regular income stream both in the lead up to retirement and during retirement can offer you significant tax advantages and help you to maximise your super savings, while potentially minimising your income tax and maintaining your level of income.

Your super can be boosted by your employer's Superannuation Guarantee (SG) contributions and your additional pre-tax contributions (all taxed at 15%).

You can then top-up your income from your retirement income stream. While you remain under age 60, the taxable component of retirement income stream payments is taxed at your marginal tax rate of up to 45% (plus Medicare levy). A 15% tax-offset is also applied which often reduces total tax to less than that of ordinary income.

Once you reach age 60 your income stream payments are tax-free.

Who is eligible?

To be eligible to adopt a Transition to Retirement strategy you must:

- have reached preservation age (currently age 55) and be under age 65
- be currently employed
- have rolled over some or all of your funds to a retirement income stream such as *Telstra Super RetireAccess*.

Who can benefit?

The Transition to Retirement rules greatly benefit those individuals who:

- have super from a taxed source
- want to cut down their working hours (although there are no restrictions on the hours you work) or move into a lower paid role
- want to make pre-tax contributions from their salary while continuing to work full-time to take advantage of the potential tax benefits
- are in a financial position to salary sacrifice a large percentage of their wage.

By using a Transition to Retirement strategy you potentially pay less tax, save more super and have more in retirement.

Reap the rewards

Benefits of a Transition to Retirement strategy

The benefits of Transition to Retirement rules vary depending on your specific circumstances. Generally you:

- reduce your income tax by salary sacrificing the income from your employer directly into your super where you pay tax at 15% instead of your marginal tax rate
- maintain your disposable income by receiving payments from a concessionally taxed income stream such as *Telstra Super RetireAccess*
- earn tax-free investment returns on your *Telstra Super RetireAccess* account
- build a bigger final retirement balance by boosting your super through larger pre-tax contributions.

Benefits of Telstra Super RetireAccess

Not all super funds allow members to adopt a Transition to Retirement strategy, and very few can rival the advantages of *Telstra Super RetireAccess*.

Telstra Super RetireAccess offers you exceptional value for money and considerable flexibility.

There are no entry or exit fees and our investment management fees and member and administration fees are very competitive.

Seek expert advice

When implemented correctly to suit your circumstances a Transition to Retirement strategy can be very beneficial. However, income streams used as part of a Transition to Retirement strategy are subject to some restrictions such as minimum and maximum income limits, as well as some restrictions around lump sum payments. To help you understand all the details, we recommend you seek expert advice.

Telstra Super Financial Planning

If you are ready to take the next step and discuss how a Transition to Retirement strategy could specifically benefit you, make an appointment to see a financial planner from Telstra Super Financial Planning Pty Ltd.

Telstra Super Financial Planning provides professional advice from qualified and experienced financial planners.

The planners earn salaries, not commissions, so you can rest assured that their advice will be in your own best interest – and not theirs.

The financial planning service is available to Telstra Super members at no additional cost to you.

With the latest in modelling software, a financial planner can clearly show you how a Transition to Retirement strategy can work best to suit your own circumstances.

Call **1300 033 166** today to arrange a financial planning appointment.

For more information on income stream calculations and tax treatment visit www.telstrasuper.com.au and use the Income stream payments calculator or the Income stream tax calculator located in the Tools & Forms section.

This information is general advice only and does not take into account your individual objectives, financial situation or needs. Before acting on any advice you should assess whether it is appropriate for you and consider talking to a financial adviser. Before making any decision about acquiring any product, you should obtain and review its product disclosure statement, available at www.telstrasuper.com.au or by calling 1300 033 166.

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