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Fact Sheet

# MTAA Super Transition to Retirement Pension



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# MTAA Super Transition to Retirement Pension

mtaasuper.com.au  
1300 362 415

## Helping you ease into retirement

With a MTAA Super *Transition to Retirement (TTR) Pension* you can use your super to top up your income while you ease into retirement. If you've reached your preservation age (see 'Am I eligible?') and are still working, it's time to consider your options.

### How can I benefit from a MTAA Super TTR Pension?

With a MTAA Super TTR Pension you can:

#### **1. Top up your take home pay while you reduce your work hours**

You can reduce your working hours and draw on your super savings to help top up the difference in your take-home pay and maintain your lifestyle.

or

#### **2. Add extra to your super in the years before you retire**

While you're working, you'll continue to receive employer contributions to your super. You can also contribute extra to your super from your before-tax pay (called salary sacrifice) and then draw payments from your MTAA Super TTR Pension to top up the difference in your take-home pay.

For more information and examples of how a transition to retirement strategy can work, refer to the *Pension Handbook* at [mtaasuper.com.au/member-handbooks](http://mtaasuper.com.au/member-handbooks).

### What are the tax benefits?

A MTAA Super TTR Pension can be an effective way to invest. After age 60, you don't pay tax on your pension payments and if you're under age 60, you can get a tax rebate on some of your pension income. You'll continue to pay 15% tax on investment earnings in your MTAA Super TTR Pension account. While in the pre-retirement phase. However, once your MTAA Super TTR Pension enters the retirement phase, your investment earnings will be tax-free.

Contributing more of your before-tax salary to your super via salary sacrifice can also have tax benefits. You'll pay only 15% tax on before-tax contributions to your super (including employer contributions and salary sacrifice) which may be much less than the marginal tax rate payable on the rest of your income. This means you could save on the amount of income tax you pay.

### Am I eligible?

To be eligible for a MTAA Super TTR Pension, you must have reached your preservation age (see table below) and still be working or intend to return to work.

| 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               |

When your TTR Pension enters the retirement phase, (ie, you satisfy a condition of release with a 'nil' cashing restriction such as retirement after your preservation age or reaching age 65), your balance will count towards your Transfer Balance Cap.

## Transfer Balance Cap

The amount that you can transfer into your *MTAA Super TTR Pension* in the retirement phase is limited to \$1.6 million. This is known as the Transfer Balance Cap.

The cap applies to all income streams you hold.

If you exceed the cap, you may have to remove the additional amount and pay excess transfer balance tax.

## How does a MTAA Super TTR Pension work?

1. You open a *MTAA Super TTR Pension* account using money from your super. You have the option to keep your MTAA Super accumulation account open, as long as there's a balance of at least \$1,000.
2. Your employer can continue to make contributions to your super and you can also make extra contributions from your before-tax income (called salary sacrifice).
3. You receive regular income payments from your *MTAA Super TTR Pension* account. You can choose the amount and frequency of your pension payments (subject to minimum and maximum payment requirements).

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**We recommend you talk to a licensed financial planner about how to structure your pension arrangements, taking into account your personal circumstances.**  
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## Get advice

Transition to retirement strategies can be complex, so it's important to get advice before making any decisions. If you have questions, we can help.

We offer free access to general and limited personal advice to our members. Call us to speak to a member of our Financial Education and Advice Team (FEAT).

We also offer access to professional financial planning services through Industry Fund Services (IFS). The good thing is, your initial consultation is at no additional cost to you and there is no obligation to proceed. For any other consultation, IFS will provide you with a Statement of Advice that sets out the fees it will charge.

There are also no commissions and it can generally be paid directly from your MTAA Super account. Give us a call on **1300 362 415** and we'll put you in touch with a financial adviser.

This document is issued by Motor Trades Association of Australia Superannuation Fund Pty. Limited (ABN 14 008 650 628, AFSL 238 718) of Level 3, 39 Brisbane Avenue Barton ACT 2600, Trustee of the MTAA Superannuation Fund (ABN 74 559 365 913). Motor Trades Association of Australia Superannuation Fund Pty. Limited has ownership interests in Industry Super Holdings Pty Ltd and Members Equity Bank Limited.

The information provided is of a general nature and does not take into account your specific needs or personal situation. You should assess your financial position and personal objectives before making any decision based on this information. We also recommend that you seek advice from a licensed financial adviser. The MTAA Super Pension Product Disclosure Statement (PDS) in the Pension Handbook, an important document containing all the information you need to make a decision about MTAA Super, can be obtained by calling MTAA Super on **1300 362 415**. You should consider the PDS in making a decision.

FEAT advisors, including employees of Australian Administration Services Pty Limited ABN 62 003 429 114 (AAS), are representatives of Link Advice Pty Limited (AFSL 258 145) and can provide personal financial product advice to you about a limited range of topics. Link Advice is a related body corporate of AAS and is the licensee responsible for advice provided by employees of AAS.

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For more information, please visit our website at [mtaasuper.com.au](http://mtaasuper.com.au)  
You can also call us on **1300 362 415**. We're here to help.

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