Fact Sheet

Approaching retirement? You can use an income stream to boost your super or reduce your work hours without affecting your take home pay.

1 July 2019

Important information
This information is about Cbus. It doesn’t take into account your specific needs, so you should look at your own financial position, objectives and requirements before making any financial decisions. Read the Cbus Super Income Stream Product Disclosure Statement to decide whether Cbus is right for you. Call Cbus on 1300 361 784 or visit cbussuper.com.au for a copy.

Cbus’ Trustee: United Super Pty Ltd
ABN 46 006 261 623 AFSL 233792
Cbus ABN 75 493 363 262
Access your super while you’re still working

The Transition to Retirement (TTR) option lets you access part of your super through an income stream (also known as an account based pension) while you’re still working. Here’s how it works:

Transfer a lump sum from your super account

Use this money to set up an income stream

Keep contributing to your super account

Get paid an income from your income stream account

We’re here to help explain how it all works, so speak to a member of Cbus Advice Services on 1300 361 784 if you need assistance.

Work smarter, not harder

With a TTR option you can:

Work less and earn the same
Replace any reduction in your take home pay with payments from your income stream (see page 3).

Work full time and boost your super
Keep working full time and give your savings a boost by paying more into super and saving on tax (see page 3).

Keep any insurance cover through your super
Insurance you have through your super account can continue as long as you still meet eligibility requirements.

Choose your income amount and frequency
Withdraw between 4% and 10% of your income stream account balance each financial year – choose a date and frequency that suits you.

Reduce the income tax you pay
You don’t generally pay as much tax on payments from your income stream, compared to income from employment.*

Transfer to the Fully Retired option in future
When you turn 65 or tell us you meet a relevant condition of release, you’ll gain unrestricted access to your account and stop paying tax on investment returns.

* The rules and conditions around the TTR option can be complex – especially when it comes to tax – and the benefits will depend on your own personal circumstances.
How could you use the TTR option?

There are two key ways to use the TTR option – the benefits of each strategy (including any tax savings) will always depend on your personal circumstances.

### WORK LESS

- **Reduce your hours at work**
- **Top up your salary with income stream payments**
  - **Same take home pay**

Bill is age 60 and has $150,000 saved in his super. He currently earns $75,000 per year (gross), so his take home pay is $2,214 per fortnight. Bill wants to cut back his hours to four days a week, but he doesn’t want to reduce his fortnightly income.

At four days per week Bill’s take home pay will drop to $1,836 per fortnight, so he opens an income stream account and requests a fortnightly payment of $378.

Bill can now enjoy his extra day off, without sacrificing his spending habits.

### SAVE MORE

- **Reduce your taxable income by contributing more to super**
- **Top up your salary with income stream payments**
  - **Opportunity to pay less tax and have more super for retirement**

Mary is also age 60. She earns $75,000 a year and has $150,000 saved in her super. Mary plans to retire at age 67. With only a few years to go, she wants to do everything she can to boost her savings.

Speaking to Cbus Advice Services she learns she can:

- **contribute an extra $1,250 each month ($15,000 or 20% per year) using salary sacrifice, which reduces her taxable income, and**
- **open an income stream account and request a monthly income of $818.75 ($9,825 per year), which will be paid tax free because she’s over age 60.**

This means, over seven years, Mary can add $23,166 to her super without affecting her take home pay.

These examples are provided for illustration purposes only and don’t represent the benefits that you could receive or the fees and costs you may pay. This information is for education purposes only and is not intended to replace financial advice – the outcome will depend on your personal circumstances. You should look at your own financial position, objectives and requirements before making any financial decisions.


Assumptions: The figures shown are in today’s dollars using inflation of 3% per year. Calculations are based on 2018/19 tax rates and include the Medicare Levy but do not include rebates and tax offsets that may lower the tax you pay. Expected returns of 7% per year are used (after all taxes, fees and costs). Mary’s salary increases with inflation of 3% per year. Past performance is not a reliable indicator of future performance.
What age do you have to be?

To be eligible for the TTR option, you need to have reached your preservation age (see the table below) and be under age 65.

<table>
<thead>
<tr>
<th>If you were born:</th>
<th>Your preservation age is:</th>
</tr>
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<tbody>
<tr>
<td>Before 1 July 1960</td>
<td>55</td>
</tr>
<tr>
<td>1 July 1960 to 30 June 1961</td>
<td>56</td>
</tr>
<tr>
<td>1 July 1961 to 30 June 1962</td>
<td>57</td>
</tr>
<tr>
<td>1 July 1962 to 30 June 1963</td>
<td>58</td>
</tr>
<tr>
<td>1 July 1963 to 30 June 1964</td>
<td>59</td>
</tr>
<tr>
<td>1 July 1964 or after</td>
<td>60</td>
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</tbody>
</table>

Important conditions and requirements

- Lump sum withdrawals aren’t generally allowed (unless you meet another condition of release that lets you access your benefits from the TTR account in cash).
- Your account balance counts towards your total super balance (exceptions apply).
- Your payments can be stopped and you can transfer your balance to your super account, but you cannot add more funds to your income stream once it starts.
- Once you turn 65 (or tell us you meet another condition of release that gives you unrestricted access to your TTR account balance) your account will convert to the Fully Retired option. As part of this:
  - tax on investment earnings don’t usually apply
  - the amount you take into the Fully Retired option will count towards your lifetime transfer balance cap.


We can help you work out if the TTR option is right for you

You’ve worked hard for your super, so it’s a great idea to get some financial advice to help you make the most of it.

Speak to a qualified adviser over the phone

You don’t need to work things out alone. If you need advice about super or income streams, you can speak to one of our qualified financial advisers over the phone – this service is included as part of your Cbus membership.

Referrals to a Certified Financial Planner

For more comprehensive advice, the team can refer you to an accredited CERTIFIED FINANCIAL PLANNER (CFP®) who can offer you advice on a fee-for-service basis.

The financial planner meets strict professional qualification and service criteria set by Cbus and the Financial Planning Association (FPA) of Australia. Your first meeting is at no cost and any fees for advice will be agreed with you in advance.

Cbus is here to help

- 1300 361 784 8am to 8pm (AEST/AEDT) Monday to Friday, closed on national public holidays
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- Visit Cbus in person in Adelaide, Brisbane, Melbourne, Perth and Sydney.
  Details: cbussuper.com.au/contact