Transition to retirement

with TTR Income

October 2023

Contents

3.26 million Australians trust us to look after $299 billion[1] of their retirement savings.

With our history of strong long-term returns for the Balanced investment option[2], and member-first approach, we can help you achieve your best financial position in retirement.

[1] As at 30 June 2023.

[2] AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey – SR50 Balanced (60–76) Index to 30 June 2023. Investment returns aren't guaranteed. Past performance is not a reliable indicator of future returns.

Save more or work less

Make the most of your super in your working years before retirement.

A transition to retirement (TTR) strategy lets you access some of your super[1], paid to you as an income, while you're still working and preservation age has been met.

You start a TTR strategy by transferring some of your super to an account based pension, like AustralianSuper's TTR Income account.

As you near retirement, you could use a TTR strategy to either:

Save more

- ✓ grow your super faster
- ✓ pay less tax

OR

Work less

- ✓ work fewer hours
- ✓ access your super[1] to top up your reduced take-home pay

while taking home a regular income

[1] Government-prescribed minimums and maximums apply.
For details view the *TTR Income Product Disclosure Statement* at **australiansuper.com/pds**

TTR can be complex and isn't suited to everyone. It's a good idea to get financial advice before deciding if a TTR Income account is right for you. To find out if it's right for you, call **1300 300 273** or visit our online learning module **australiansuper.com/ttr**

How TTR works

When you reach preservation age and you're still working, you can start a TTR strategy to access some of your super. To do this you need a super account and a TTR Income account.

The two accounts work together and may reduce the overall tax you pay while helping boost your super savings. Since you're still working, receiving superannuation contributions means your super balance continues to grow. And at the same time, you receive money transferred directly to your bank account from your TTR Income account.

Here's how both accounts work together in a TTR strategy

1

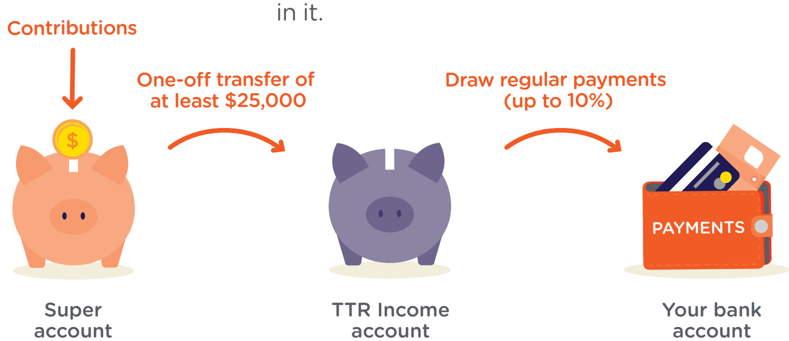
Your employer and you continue adding money to your super account.

2

Transfer some super to open a TTR Income account. To keep your super account open leave at least $6,000 in it.

3

Draw up to 10% of your TTR Income balance to top up your take home pay.



TTR Income fast facts

- Once you've opened a TTR Income account, you can't add more money by law. Contributions can be made to your super account.
- By law, you can get income payments of up to 10% of your TTR Income account balance each year. When you turn 65 (or when you retire, or stop working for an employer after turning 60 and the fund is notified), this limit no longer applies, and will change automatically to a Choice Income account.
- Your super and TTR Income accounts stay invested.

When you can start TTR

You may access your super using TTR as soon as you reach your preservation age, so you could start working less or saving more super.

Your preservation age depends on when you were born:

If you were born...	You may access your super at...
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
1 July 1964 or **after**	60

Opening a TTR Income account

To open a TTR Income account, you must:

- ✓ have reached your preservation age (see table in previous page), and
- ✓ be an Australian citizen/permanent resident, a New Zealand citizen or hold an eligible retirement visa.

You only need $25,000[1] to open a TTR Income account and you can use it to:

Save more

Pay some of your salary directly into super[2] and possibly save on tax. You can replace this salary with payments from your TTR Income account.

OR

Work less

Reduce your work hours, and use your account to top up your reduced income.

[1] To start a transition to retirement strategy, you need to move at least $25,000 to your new TTR Income account and you must leave a minimum balance of $6,000 in your AustralianSuper super account if you would like to keep it open. To find out more, visit **australiansuper.com/retirement/our-ttr-income-account**

[2] Contribution caps and other criteria may apply.

Save more

Use tax savings to supercharge your super.

TTR could help you put more into super while paying less tax[1]. All you need to do is to pay some of your salary into super.

You can do this in two ways:

- by salary sacrificing[2] through your employer, or
- by making an after-tax contribution[3] and claiming a tax deduction.

You can then top up your take-home pay with regular payments from your TTR Income account. This means you could:

- pay less tax if you're aged 60 or older,
- speed up your rate of saving, and
- use your TTR Income account to top up your take-home pay.

[1] If your total income is over $250,000, this tax rate may be higher.

[2] Salary sacrifice may affect some government benefits and employee benefits. Consider getting financial advice before deciding if a salary sacrifice arrangement is right for you.

[3] Before adding to your super, consider your financial circumstances, contribution caps that may apply, and tax issues. We recommend you consider seeking financial advice.

If the tax you pay on your salary is more than the 15%[1] tax you pay on (before-tax) amounts added to super, it's these savings that are turned into extra super. For more information, see page 13.

TTR could help you save even more once you turn 60, when payments from your income account become tax-free.

Three steps to **save more**[1] with a TTR strategy

1

Salary sacrifice into your super account and save on tax.

2

Top up your take-home pay with payments (tax-free if you're over 60) from your TTR Income account.

3

Keep growing your super with contributions and tax savings while you're still working.

Example (salary sacrifice option): Fred just turned 60 and is keen to add to his $175,000 super balance. He earns $60,000 a year, and is looking forward to retiring at 65. Through TTR, Fred found he could add $14,700 to his retirement savings over five years without reducing his take-home pay[2].

TODAY
Super balance
+
TTR strategy starts

Same take-home pay

IN 5 YEARS =
Super balance
+
$13,600 extra tax savings

[1] Save more is only likely to be tax-effective once you turn 60.

[2] This example is provided for illustrative purposes only and isn't a representation of the actual benefits that may be received or the fees and costs that may be incurred. Projection period commences 1/7/2023. Investment returns in both super and TTR Income accounts are assumed to be 6.5% p.a. after investment tax and fees. Admin fees of $52 p.a. in both super and TTR Income account plus 0.10% p.a. of super account balance capped at $350 p.a. and 0.10% of TTR Income account balance capped at $600 p.a. Insurance premiums of $500 p.a. deducted from the super account; no insurance premiums deducted from TTR Income account. Salary sacrifice tax saving calculations based on a) 2023/24 ATO resident income tax rates b) expected changes from 2024/25 as follows: up to $18,200, 0%; $18,201–$45,000, 19%; $45,001–$200,000, 30%; $200,001 and over, 45%, and c) 2% Medicare levy. Super contributions are 11% on 1 July 2023, rising to 12% as legislated by 2025. Annual salary sacrifice amount not indexed to wage inflation. Results have been expressed in today's dollars using wage inflation of 2.5% p.a. Figures rounded to nearest $100.

Work less

Use your super to reduce your working hours. Working fewer hours as you get older can be a good way to ease into retirement, and may mean you can keep working – and saving – for longer.

Using your TTR Income account to top up your salary means you could:

- cut back the days or hours you work so that you can ease into retirement, take time out to look after yourself or others, or extend your career
- use your TTR Income account to top up your take-home pay, and
- continue to grow your super as you keep working.

Example: Tina is 60, her take-home pay is $53,500 and she has $140,000 in super. If Tina decided to work one day less a week, her take-home pay would drop to $44,700. Tina can set up a TTR Income account to replace her reduced pay, so the money in her pocket stays the same[1].

1

Tina cuts down on work hours to do more of the things she loves.

2

Tina tops up her take-home pay with payments from her TTR Income account.

3

She keeps contributing to her super while still working to grow her account balance.

It's important to understand how long your super will last, especially if you're using it earlier with TTR to work less.

If you start drawing on your super at a younger age, it may not last as long after you retire. To find out more, call **1300 300 273** and ask to speak with a financial adviser[2].

[1] This example is provided for illustration purposes only and is not a representation of the actual benefits that may be received or the fees and costs that may be incurred. Tina's salary before tax is $67,100 (5 days a week) and $53,700 (4 days a week). Calculations are based on 2023/24 tax rates and include the 2% Medicare levy. Figures have been rounded to nearest $100.

[2] Personal financial product advice is provided under the Australian Financial Services Licence held by a third party and not by AustralianSuper Pty Ltd. Fees may apply.

When you turn 65, stop working for an employer after 60, or retire

When you turn 65 your TTR Income account will change automatically to a Choice Income account. If you tell us when you stop working for an employer after 60 or retire, we'll also move your account to Choice Income. Investment returns in Choice Income are tax-free and you're able to make extra withdrawals as needed.

You can learn more about Choice Income at **australiansuper.com/pds**

Why choose TTR Income?

Opening a TTR Income account keeps your balance invested with tax savings, and you can set up the account to suit your needs.

History of strong long-term returns for the Balanced investment option[1]

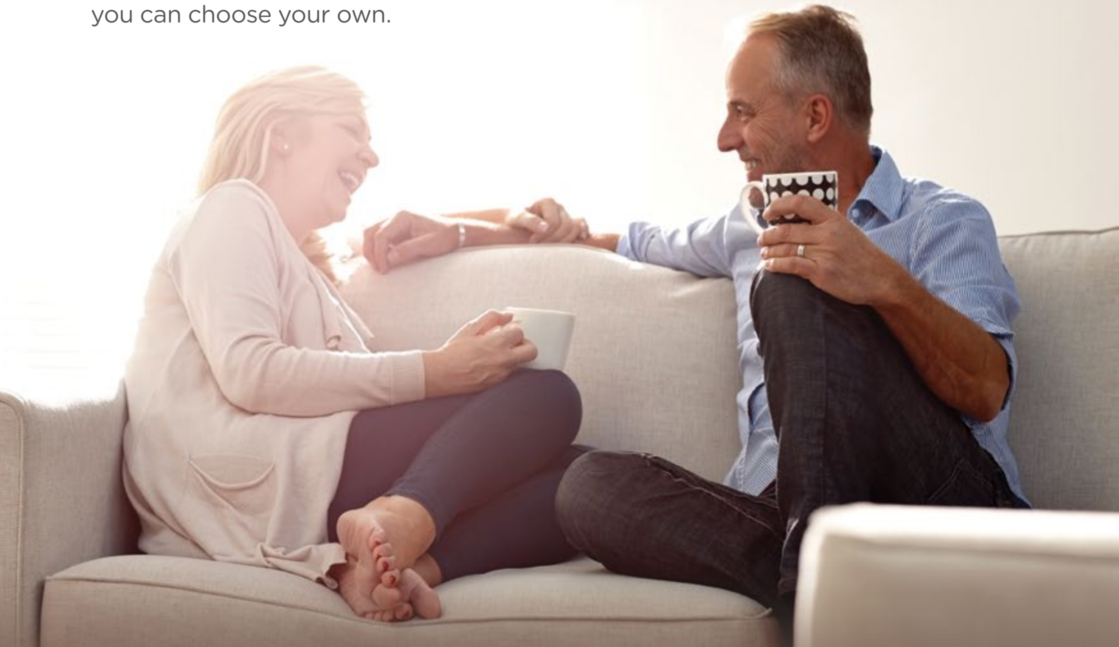
The money in your TTR Income account is invested and continues to earn ongoing returns – just like your super.

You can have peace of mind knowing that AustralianSuper has a history of strong long-term returns[2].

We have investment options to suit different retirement goals. You can leave your investment choice to us with our Smart Default option or, you can choose your own.

8.60% pa

Average annual return over 10 years for the Balanced option[2]



[1] AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey – SR50 Balanced (60–76) Index to 30 June 2023. Investment returns aren't guaranteed. Past performance is not a reliable indicator of future returns.

[2] Returns as at 30 June 2023. Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns. For TTR Income accounts, the investment return is based on the crediting rate for super (accumulation) options. From 1 April 2020 to 2 September 2022 the crediting rate includes an administration fee that is deducted from investment returns for super (accumulation) accounts. TTR Income accounts will be adjusted to refund the administration fee deducted from investment returns. All TTR Income administration fees are deducted from account balances.

Enjoy tax savings

You've paid plenty of tax throughout your working life, so you deserve to pay as little as possible from now on.

Your TTR Income account can help reduce the amount of tax you pay on your retirement income.

- **Before you turn 60** – you'll receive a 15% offset for the tax on your income payments.
- **Once you turn 60** – you generally won't pay tax at all on your income payments.

TTR tax advantages

<table>
<tr><th rowspan="2">Your total income[1,2]</th><th rowspan="2">Working income tax rates[1]</th><th colspan="3">TTR Income account payment tax rates</th></tr>
<tr><th colspan="2">Preservation age up to 59</th><th>Age 60 and over</th></tr>
<tr><td>Up to $18,200</td><td>No tax</td><td rowspan="5">Taxed at the same rate as your other income with a 15% offset</td><td>No tax</td><td rowspan="5">No tax on any amount</td></tr>
<tr><td>$18,201–45,000</td><td>19%</td><td>4%</td></tr>
<tr><td>$45,001–120,000</td><td>32.5%</td><td>17.5%</td></tr>
<tr><td>$120,001–180,000</td><td>37%</td><td>22%</td></tr>
<tr><td>Over $180,000</td><td>45%</td><td>30%</td></tr>
</table>

2023/2024 tax rates. Does not include 2% Medicare levy. The investment earnings from the money in your TTR Income account are taxed at 15%. The tax rates above may vary for an untaxed element, or certain pension accounts.

[1] Source: ATO, June 2023.
[2] Total income includes salary and income payments.

Flexible account

Set up your TTR Income account to suit your needs.

You can change:

- your payment amounts[1]
- your payment frequency:
  - every two weeks
  - once a month
  - once every three months
  - twice a year, or
  - once a year, and
- your investment options[2] at any time.

Administration fees

Our admin fee for super accounts is $1 a week, plus 0.10% of your account balance each year (up to a maximum of $350 p.a.).

Our TTR Income account is $1 a week, plus 0.10% of your account balance each year (up to a maximum of $600 p.a.).

[1] Government-prescribed minimums and maximums apply.
[2] You can leave your investment choice to us with the Smart Default option or choose you own.

Find out more by downloading the *TTR Income Product Disclosure Statement* at **australiansuper.com/pds**

Nominate beneficiaries

It's important for you to let us know where you want your money to go should your savings outlive you.

If that happens, you'll want to ensure you've made a binding nomination, non-binding nomination or reversionary nomination request.

Binding nomination

We can pay your account as a one-off payment or as an income stream (conditions apply). You can nominate dependants[1] or Legal Personal Representatives[2]. You can change your binding nomination at any time (binding nominations expire after three years).

OR

Non-binding nomination

You nominate who you'd prefer your account to be paid to. Your preferred beneficiary, however, is not legally binding and although we'll consider who you choose, ultimately, the trustee is legally responsible and will need to consider relevant laws when making a decision. You can nominate dependants[1] or Legal Personal Representatives[2].

OR

Reversionary nomination

Your retirement income can continue to be paid as income payments to your dependant[1].

[1] Dependants are people who rely on you for financial support as defined by Superannuation Law.
[2] A Legal Personal Representative is someone who looks after your estate or will.

For more information, visit **australiansuper.com/beneficiaries**

Things to consider

There are some things you should think about before you open a TTR Income account.

Opening a TTR Income account

To start a transition to retirement strategy, you need to move at least $25,000 to your new TTR Income account, and you must leave a minimum balance of $6,000 in your AustralianSuper super account if you wish to keep it open.

Combine your super

It's a good idea to consider, if you have super[1] to combine, to have all your money in one place. This includes super from other funds and lost super you may have found.

Keeping your insurance

If you want to keep your insurance cover, you'll need to maintain your super account. There are two things to remember:

- you'll need to have enough money in your super account to pay for it, and
- if you don't receive money (any type of contribution) into your super account for 16 months, your cover will stop – unless you extend it. To be eligible to extend your cover you'll need to have at least $1,000 in your account.

Insurance cover can stop for many reasons. For a list of events that may make cover stop, read the *When cover stops* section in the *Insurance in your super* guide for your division at **australiansuper.com/InsuranceGuide**

Adding to your super[2]

If you're planning to use TTR to save more super before you retire, you'll need to start paying some of your income into super. You can do this in two ways – through your employer or by making a personal contribution (after paying tax) and claiming a tax deduction[3].

You should consider the contribution limits that apply. If you want to make a contribution through your employer, you should check with your employer that salary sacrificing directly into your super won't affect your employee entitlements.

[1] Before making a decision to combine your super, consider any fees or charges that may apply, and the effect a transfer may have on benefits in your other fund such as insurance cover. We recommend you consider seeking financial advice.

[2] Before adding to your super, consider your financial circumstances, contribution caps that may apply, and tax issues. We recommend you consider seeking financial advice.

[3] If you wish to claim a tax deduction for personal super contributions, you must lodge a notice of intent to claim a tax deduction with your super fund, before you combine your super or transfer to TTR Income, if a personal contribution was made prior.

Opening an account

When you're ready to take the next step, setting up a TTR Income account is easy.

You can find the *TTR Income Product Disclosure Statement* at **australiansuper.com/TTRGuide**

To get started, just follow these simple steps

1. Go to **australiansuper.com/join** or use the application form at the back of the *TTR Income Product Disclosure Statement*.
2. Complete your personal details and step through the online form at your own pace. You can save the application and come back to it later if you need to.
3. You'll start to receive a regular income as soon as we've processed your application.

Help and advice

Depending on your situation TTR can be complex, so it's important to talk to an adviser before making a decision.

You can access general information at no additional cost. For broader advice, meeting face-to-face, over the phone or online with an adviser can help when you want a detailed financial plan and have a number of financial matters to think about.

Online

australiansuper.com
For general information.

How it works

Contact us through **Live Chat** at **australiansuper.com** or via our app for general information about your super. To check out the online calculators to help you plan for a better future, visit **australiansuper.com/calculators**

If you're simply after some more information on your advice options, visit **australiansuper.com/advice**

How much it costs

No additional cost.

Simple[1]

For general information or simple, personal advice over the phone.

How it works

Call us on **1300 300 273** and ask to speak with a member of the advice team for simple, personal advice on TTR Income such as:

- how it works
- if you're eligible
- making an investment choice
- adding extra to your super
- sorting your insurance.

How much it costs

A small fee may be payable if Transitioning to Retirement (TTR) or Choice Income advice is given.

[1] There's no charge for general advice about your super account. The financial advice you receive will be provided by Link Advice Pty Ltd, ABN 36 105 811 836, AFSL 238145 and will be their responsibility. Personal product advice provided may attract a fee, which will be outlined before any work is completed and is subject to your agreement.

Comprehensive[1]

For broader personal financial advice.

How it works

A financial adviser can speak with you face-to-face about broader financial matters, such as your retirement needs and goals.

And where available, you may have the option to meet with an adviser using a secure video link from the comfort of your own home.

Arrange an appointment at **australiansuper.com/find-an-adviser** or call us on **1300 300 273**.

How much it costs

In most instances, there is no cost for your first consultation. If necessary, a detailed financial plan called a *Statement of Advice* (SOA), can be provided on a once off fee basis. A fee is discussed and agreed between you and your financial adviser upfront[2].

[1] Personal financial product advice is provided under the Australian Financial Services Licence held by a third party and not by AustralianSuper Pty Ltd. Some personal advice may attract a fee, which would be outlined before any work is completed and is subject to your agreement. With your approval, the fee for advice relating to your AustralianSuper account may be deducted from your AustralianSuper account subject to eligibility criteria.

[2] Some conditions apply.

Notes

Have questions?

Call **1300 300 273**
8am to 8pm AEST/AEDT weekdays
Visit **australiansuper.com/retirement**

Important information

This document has been prepared and issued in October 2023 and is subject to change.

This information may be general financial advice which doesn't take into account your personal objectives, financial situation or needs. Before making a decision about AustralianSuper, you should think about your financial requirements and refer to the relevant Product Disclosure Statement, available at **australiansuper.com/pds** or by calling **1300 300 273**. A Target Market Determination (TMD) is a document that outlines the target market a product has been designed for. Find the TMDs at **australiansuper.com/tmd** AustralianSuper Pty Ltd, ABN 94 006 457 987, AFSL 233788, Trustee of AustralianSuper ABN 65 714 394 898.

Online calculators allow you to explore your potential options in more detail. The financial outcomes provided by our online calculators should be read together with the relevant Product Disclosure Statement. These outcomes are reliant on the accuracy of the information you have entered and before taking action you will need to consider the appropriateness of the financial outcomes, taking into account your objectives, financial situation and needs.

Reader's Digest Most Trusted Brands – Superannuation category winner for 11 years running 2013–2023, according to research conducted by independent research agency Catalyst Research. Awards and ratings are only one factor to be taken into account when choosing a super fund.

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