Transition to retirement with TTR Income
March 2018
More than 2.2 million Australians trust us to look after $130 billion* of their retirement savings.

With our history of strong long-term returns, our low fees and member-first approach, we can help you achieve your best possible retirement.

* As at 31 December 2017
Make the most of your super as you transition to retirement

Start using your super before you finish working.

Transition to retirement (TTR) is a strategy recognised by the government. TTR allows you to access some of your super while you’re still working, by opening a TTR Income account.

In the years before retirement, you may be able to:

- Grow your super faster
- Start winding down by working less
- Without reducing your take-home pay

Benefits

✓ grow your super faster, if you’re 60 or over
✓ the opportunity to pay less tax, if you’re 60 or over
✓ use your super as you reduce your working hours
✓ a regular income from your super*
✓ access the rest of your money once you retire.

* Government prescribed minimums and maximums apply.
When you can start TTR

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

<table>
<thead>
<tr>
<th>If you were born...</th>
<th>You can start TTR at...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 1 July 1960</td>
<td>55</td>
</tr>
<tr>
<td>1 July 1960 – 30 June 1961</td>
<td>56</td>
</tr>
<tr>
<td>1 July 1961 – 30 June 1962</td>
<td>57</td>
</tr>
<tr>
<td>1 July 1962 – 30 June 1963</td>
<td>58</td>
</tr>
<tr>
<td>1 July 1963 – 30 June 1964</td>
<td>59</td>
</tr>
<tr>
<td>1 July 1964 or after</td>
<td>60</td>
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</table>
How TTR works

Once you reach your preservation age you can open a TTR Income account alongside your regular super account.

The two work together and may reduce the overall tax you pay while helping boost your super savings. Since you’re still working, employer payments mean your super balance continues to grow. And at the same time, you receive income account payments, transferred directly to your bank account.

Initially, you’ll use money from your super account to open your TTR Income account. Once your TTR Income account is set up, your two accounts will work together and help you transition to retirement.
You only need $30,000* to open a TTR Income account and you can use it to:

**Work less**
Reduce your work hours, and use your account to replace the reduced income so your take-home pay stays the same.

**Save more**
Pay some of your salary directly into super and, once you're 60 or over, possibly save on tax. You can replace this salary with payments from your TTR Income account so your take-home pay stays the same.

Before-tax contributions are limited to $25,000 per year.

* You need $30,000 to start a transition to retirement strategy. You need to move at least $25,000 to your TTR Income account and leave at least $5,000 in your super account ($10,000 if you have insurance cover).
Save more

Use tax savings to supercharge your super.

TTR could help you put more into super while paying less tax. All you need to do is to pay some of your salary into super. There are two ways to do this – either by salary sacrificing through your employer or by making an after-tax contribution and claiming a tax deduction. You can then top up your pay packet with regular payments from your TTR Income account.

✔ The chance to pay less tax.

✔ Speed up your rate of saving.

✔ Use your TTR Income account to top up your take-home pay.

If the tax you pay on your salary is more than the 15%* tax you pay on salary sacrifice (before-tax) amounts, 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.

* If your total income is over $250,000, this tax rate may be higher.
How it works
Pay some of your salary into super (either by salary sacrificing through your employer or by making an after-tax contribution and claiming a tax deduction).

You can then replace the money with payments from your TTR Income account.

The tax savings you receive mean you can keep the same take-home pay while saving extra super.

Example (salary sacrifice option): Peter just turned 60 and is keen to add to his $140,000* super balance. He earns $68,000 a year, and is looking forward to retiring at 67. Through TTR, Peter found he could add $22,000 to his retirement savings over ten years without reducing his take-home pay.

* This example is provided for illustration purposes only and is not a representation of the benefits that may be received or the fees and costs that may be incurred. The information should not be taken as financial advice. Source: AustralianSuper internal calculations. Net benefit has been rounded to the nearest $1,000, and expressed in today’s dollars using wage inflation of 3.5% pa. Calculations based on 2017/18 tax rates and include the proposed increase to the Medicare levy from 1 July 2019. Peter is assumed to earn 6.5% pa after tax and fees in both his super account and TTR Income account. Admin fees of $78 pa in both super and TTR Income accounts plus 0.11% in the TTR Income account. Peter’s salary increases in line with wage inflation of 3.5% pa. SG rates are assumed to increase as scheduled from 2021-22.
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 Choice Income account to make up the difference in reduced salary means you can:

✅ ease into retirement, take time out to look after yourself or others, or extend your career by working less

✅ use your TTR Income account to make up the difference in your take-home pay, and

✅ continue to grow your super as you keep working.

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 when you’re retired. To find out more, call 1300 300 273 and ask to speak with a financial adviser.
How it works
› Cut back the days or hours you work.
› Top up your reduced take-home pay.
› Your super keeps growing because you’re still working.

Example: Tina is 57, her take-home pay is $53,000* and she has $140,000 in super. If Tina decided to work one day less a week, her take-home pay would drop to $44,300. Tina can set up a TTR Income account to replace her reduced pay, so the money in her pocket stays the same.

*Tina’s salary before tax is $68,000 (5 days a week) and $54,400 (4 days a week). Calculations are based on 2017/18 tax rates and include the 2% Medicare levy, the low income tax offset, and the pension tax offset. Figures have been rounded to nearest $100.
Why TTR Income?

The money in your 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.

We have investment options to suit everyone’s retirement goals. You can leave your investment choice to us by choosing our Smart Default option, or, if you’re a savvy investor, choose your own.

12.36% pa

Average annual 5 year return for the Balanced option*.

* Returns as at 31 December 2017. Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns.
Enjoy the 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 savings.

› **Before you turn 60**
  You’ll receive a 15% offset for the tax on your income payments.

› **Once you turn 60**
  You won’t pay tax at all on your income payments.

### TTR tax advantages

<table>
<thead>
<tr>
<th>Your total income*</th>
<th>Working income tax rates</th>
<th>TTR Income account payment tax rates</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Ages 55–59</td>
</tr>
<tr>
<td>Up to $18,200</td>
<td>No tax</td>
<td>Taxed at the same rate as your other income with a 15% rebate</td>
</tr>
<tr>
<td>$18,201–37,000</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>$37,001–87,000</td>
<td>32.5%</td>
<td></td>
</tr>
<tr>
<td>$87,001–180,000</td>
<td>37%</td>
<td></td>
</tr>
<tr>
<td>Over $180,000</td>
<td>45%</td>
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</table>

2017/18 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 fund, or certain pension accounts.

* Total income includes salary and income payments.
Low fees, more money

Our fees are low because we don’t pay commissions to advisers or give profits to shareholders. Most other funds charge higher fees that can really add up.

Our admin fee for super accounts is only $1.50 a week. Our TTR Income account is $1.50 a week, plus 0.11% of your account balance each year (up to a maximum of $750). There’s no cost to set up your account, and our investment fees are competitive.
Our fees are lower than the average income account

<table>
<thead>
<tr>
<th>Account balance</th>
<th>AustralianSuper</th>
<th>Average account</th>
</tr>
</thead>
<tbody>
<tr>
<td>$50,000</td>
<td>$508</td>
<td>$770</td>
</tr>
<tr>
<td>$100,000</td>
<td>$938</td>
<td>$1,406</td>
</tr>
</tbody>
</table>

Our TTR Income admin fee is $1.50 per week, plus an annual asset-based fee of 0.11% (capped at $750). Other funds charge higher fees, which can really add up.

Source: SuperRatings Pty Ltd's Choice Income fee benchmarking, as at 31 December 2017.
Assumptions: $50,000 and $100,000 accounts invested in the Balanced or most comparable option. It takes into account administration, investment, performance and any member fees levied, account size rebates and fee tiering that may apply. The fee savings shown compare TTR Income with the industry average. Fees may change in the future. This source is not guaranteed to be accurate or complete. The full analysis provided by SuperRatings compared the fees of approximately 164 retirement income accounts (from not for profit funds, retail master trusts, and the industry as a whole). It has been prepared for the purpose of providing general advice only and has not considered your objectives, financial situation or needs. Go to superratings.com.au for information about SuperRatings. © SuperRatings Pty Ltd.
Things to consider

When you open your TTR Income account, you’ll need to leave a minimum amount in your super account:

- **If you want to keep your insurance**
  - $10,000 in your Super Account
  - $25,000 minimum you need to transfer to TTR Income
  - **$35,000 total**

- **If you don’t have insurance**
  - $5,000 in your Super Account
  - $25,000 minimum you need to transfer to TTR Income
  - **$30,000 total**

**For you**

It’s a good idea to make sure you combine your super and have all your money in one place before opening a TTR Income account. This includes super from other funds and any lost super you may have found.

**Adding to your super**

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.

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.
Getting started

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.
Take advantage of the options available to you

In most cases, you can pay for financial advice about your super using money from your super.

Depending on your situation TTR can be complex, so it’s important to talk to an adviser before making a decision. You can access basic information for free. As the complexity of advice increases, so does the cost. You can also ask for a Statement of Advice based on your personal situation, which explains how you can put your plan into action.
Online Calculators
australiansuper.com/calculators

How it works
Our calculators let you use your own details to explore different financial scenarios, and give you information to help you plan your future.

How much it costs
Free.

Over-the-phone advice*
Call 1300 300 273 and ask to speak with a financial adviser.

How it works
Our financial advisers can speak with you over the phone to help you with general questions about TTR such as:
› how it works
› if you’re eligible
› adding to super
› investment options and more.

How much it costs
There may be a cost to this service, if a Statement of Advice is given, which will be discussed with you prior to advice being given, and this fee can be deducted from your super account.

Meet with a financial adviser*
Call 1300 300 273 to make an appointment.

How it works
A financial adviser can speak with you face-to-face about more complex financial issues, such as setting up your TTR.

Your first meeting will last up to 90 minutes, and an information pack will be sent to you prior to your appointment.

How much it costs
The first meeting is free for AustralianSuper members.

If necessary, a financial plan can be provided on a no-commission, fee-for-service basis. A fee is negotiated between you and your financial adviser. You may be able to have this fee deducted from your super account; conditions apply.

* The financial advice given to you will be provided under the Australian Financial Services Licence held by a third party and not by AustralianSuper Pty Ltd (AustralianSuper) and therefore is not the responsibility of AustralianSuper. With your approval a fee may be charged if a Statement of Advice is provided.
Have questions?

Call
1300 300 273
8am-8pm AEST/AEDT weekdays

Visit
australiansuper.com/retirement

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