A guide to accessing your super

Super is intended to help you save for your retirement so there are rules in place to ensure the contributions you make are locked away until you're at least 55.

Money held in a super fund is subject to 'preservation' rules. This means you have to satisfy certain conditions before you can access your money. When you can access it will depend on your 'preservation age' and what benefit category your super is made up of.

Benefit categories

Superannuation benefits fall into three categories:

Unrestricted non-preserved – you can withdraw these benefits at any time.

Restricted non-preserved – you may be able to withdraw these benefits if you meet the conditions of release in the following table or leave an employer who has contributed to the fund.

Preserved – you can't withdraw these benefits unless you meet a condition of relaease (See table opposite).

Your superannuation statement will show the amounts of money in each category and your financial adviser can explain how these rules apply to you.

Conditions of release*

The table shows the benefits you can withdraw depending on the conditions you satisfy.

Full condition of release	Benefits you can withdraw
Retirement on or after preservation age	All
Death	All
Permanent incapacity	All
Attaining age 65	All

Partial condition of release	Benefits you can withdraw
Severe financial hardship	Single lump sum between $1,000 and $10,000
Temporary incapacity	All as a pension or annuity only while the temporary incapacity continues
Compassionate grounds	Single lump sum as determined by regulator
Attaining preservation age	All as a pension or annuity that cannot be cashed in until a full condition of release is satisfied

* Check with your super fund to find out their particular conditions of release.

Preservation age

Your preservation age is determined by your date of birth as shown in the table:

If you were born:	Your preservation age is:
Before 1 July 1960	55
Between 1 July 1960 and 30 June 1961	56
Between 1 July 1961 and 30 June 1962	57
Between 1 July 1962 and 30 June 1963	58
Between 1 July 1963 and 30 June 1964	59
After 30 June 1964	60

Withdrawing benefits

Depending on the fund and your circumstances, benefits can be paid as a lump sum or a pension/annuity.

Your super withdrawals will generally consist of two parts – a tax-free component and a taxable component. Your super fund will advise you of these components.

Tax on pension payments

If you take a benefit as a pension or annuity from a taxed super fund, your pension payments will be tax-free if you are age 60 or older. If you're under 60, you won't pay tax on the tax-free portion of your pension payments, but the taxable component will be taxed at marginal rates. However, if you're aged between 55 and 59, or you're receiving the pension as a result of permanent incapacity, you'll be entitled to a tax offset equal to 15% of the taxable amount of the payment.

Who gets your super if you die?

One of the most important decisions you make when you join a super fund is who will receive your benefits if you die? Your super can generally only be paid to your 'dependants':

- your spouse (including a de facto spouse)
- your children (regardless of age)
- an interdependent
- a person who is financially dependent on you at the time of your death.

The Government has strict definitions for each of these types of dependant.

If you have no dependants and you would like someone else (such as a sibling or a charity) to receive your super benefits, you can arrange this by making a Will and nominating your estate as beneficiary.

Tax on lump sum withdrawals

If you are aged 60 or over you won't pay tax on lump sum withdrawals you make from a taxed super fund. If you're under 60, you won't pay tax on the tax-free component, but the taxable component will be subject to the following maximum rates of tax (plus Medicare levy):

	Taxed element	Untaxed element
Under 55	20%	30% up to $1,100,000 Balance at 45%
Age 55 or older:		
First $150,000*	Nil	15%
$150,001 – $1,100,000	15%	30%
Balance	15%	45%

* This amount is for the 2009/10 year and is indexed 1 July each year

Nominating beneficiaries

It's important you nominate beneficiaries to let your super fund know who should receive your benefits. There are two types of nomination:

- Discretionary – the trustee of your super fund will consider this nomination but is not legally bound by your request.
- Binding – the trustee of your super fund must abide by this nomination. Binding nominations are only valid for three years so your super fund will write to you before your nomination expires to remind you to update it. Talk to your financial adviser if your super fund doesn't provide a binding nomination facility.

It's important to review your nominations regularly and tell your super fund trustee of any changes to your beneficiaries or their personal details.

Things you should consider

This publication provides an overview or summary only and it shouldn't be considered a comprehensive statement on any matter or relied upon as such. This publication doesn't take into account your personal objectives, financial situation or needs. It's important for you to consider these matters before making any financial decision and we recommend you seek help from a financial adviser.

IMPORTANT INFORMATION

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