

SUPERANNUATION WITHDRAWAL

PRESERVATION

Preservation means a in accessing one's superannuation benefits until a condition of release is triggered. From 1 July 1999 all contributions and earnings in a superannuation fund must be preserved.

Preserved monies are required to be held within the superannuation environment until:

- The member retires after reaching preservation age. If less than 60 years of age, a condition of release is only met where the trustee is satisfied the member has no intention to ever again become gainfully employed either part-time or fulltime.
- The member has reached 60 years of age and an arrangement under which the member was gainfully employed has come to an end.
- The member reaches age 65.

The preservation age differs according to when a member was born and allows access to benefits from age 55 to age 60.

Year born	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 1 July 1964	60

Once preservation age is reached, members also have the option of accessing their preserved superannuation monies via a non-commutable income stream prior to meeting a condition of release.

There are other conditions of release that cater for total and permanent disablement and financial hardship, which are not aged based and may allow earlier release of superannuation benefits.

TAXATION OF SUPER WITHDRAWAL

When part of a superannuation interest is paid out as a lump sum (or as an income stream) it will include both a tax-free and taxable component, with the relevant portions of each reflecting the proportions such components make up of the total value of the superannuation interest.

For lump sum superannuation benefits, the tax-free and taxable components are worked out based on the value of the superannuation interest just before the lump sum is paid.

For pensions, the tax-free and taxable components are determined on the value of the superannuation interest at the time that the income stream is created.

Age	Taxation (includes Medicare levy)
Element taxed in the fund	
Below preservation age	Taxable component subject to 21.5%
Over preservation age but less than 60	Nil tax up to low rate cap of \$150,000; then 16.5% on balance above \$150,000
60 and over	Tax free
Element untaxed in the fund	
Below preservation age	31.5% up to untaxed plan cap amount of \$1,100,000; then 46.5% on amount above cap
Over preservation age but less than 60	16.5% up to low rate cap amount of \$1,100,000; then 31.5% between \$150,000 and untaxed plan cap of \$1,100,000, then 46.5% on amount above the untaxed plan cap
60 and over	16.5% up to the untaxed cap amount of \$1,100,000 per superannuation plan; then 46.5% on amounts above the cap

FINANCIAL HARDSHIP

Under the financial hardship provisions, different conditions of release apply depending on your age at the time.

For a member who has not reached their preservation age plus 39 weeks, the trustee must be satisfied on written evidence that the member meets the following conditions:

- Is unable to meet reasonable and immediate family living expenses.
- Has received a relevant Commonwealth income support payment for at least the previous 26 weeks.

The payment of benefit on grounds of severe financial hardship must be greater than \$1,000 but less than \$10,000. Only one payment is permitted in any 12 month period.

Where a member has reached their preservation age plus 39 weeks, benefits may be released on the grounds of severe financial hardship if the member:

- Has received a relevant income support payment provided by a Commonwealth Department or Agency for a cumulative period of at least 39 weeks or more after reaching their preservation age.
- Is not gainfully employed (for at least 10 hours per week) on the date of the application.

Benefits released for these members are not subject to cashing restrictions.