Super. One of your biggest assets. Sitting quietly on the sidelines of your working life.

How much will I need?

How much money you'll need in retirement depends on the lifestyle you want to lead. The maximum Government Age Pension pays $27,664 a year for singles*. Sound like enough? Most of us feel we need more than that to live. That's where super comes in.

One study estimates that a single person needs around $50,207 a year to live comfortably in retirement. And for a couple it's around $70,806 a year^. You can see there's a gap between what you'll get from the Age Pension and living comfortably. This is where your super savings fit in as they can act as a supplement to the pension.

*Figure includes the pension and Clean Energy Supplement. Department of Human Services, March 2023.
^ASFA Retirement Standard, June quarter 2023.

Ready to start your retirement planning?

Some ways to ensure you have enough super for a comfortable retirement are:

- salary sacrificing before-tax income
- making after-tax contributions, or
- revisiting your investment strategy.

Did you know one of the most effective ways to boost your super could be to implement a transition to retirement (TTR) strategy once you've reached your preservation age (between 55 and 60 depending on when you were born)?

A TTR strategy gives you options. You can boost your savings before you retire, or maintain your income while winding back on work.

To start a TTR you need to have reached your preservation age. Check the table on page 3 to find out when you can get started.

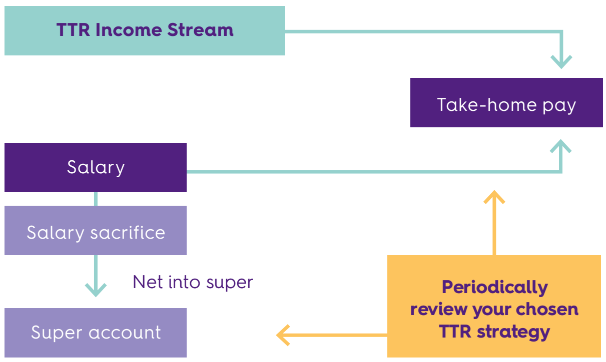
calculate

You can't predict the future, but you can prepare for it. Our online calculator will help show you what your super balance may be when you retire – and the results might surprise you. Visit **hesta.com.au/calculate**

How can a TTR benefit you?

Some of the benefits of TTR:

- It can pay you up to 10% of your super balance in a year.
- It can help fund salary sacrifice super contributions from your current income.



How does TTR work?

Objective
Tax effectively boost her super before retirement

Example strategy

- Start a HESTA Transition to Retirement Income Stream using $160,000 of her super balance (leaving $6,000 in super to retain insurance).
- Draw down from her income stream within allowable minimum/maximum range.
- Salary sacrifice (before-tax) contributions into her super account (subject to an annual contributions cap).

Benefits

- Sharon can use the tax savings to boost her super.
- Income stream payments are tax free, and investment earnings will continue to be taxed at up to 15%.

Visit **ato.gov.au** for more information on contributions caps.

	Without TTR	Using TTR
Salary	$60,000 full time	$60,000 full time
Superannuation Guarantee (SG) Contribution	$6,600	$6,600
Before-tax contributions	$0	$20,900
Add income stream payments	Nil	$14,904 (100% tax free over 60)
Tax paid on salary and income stream^	-$9,967	-$3,971
Net income	**$50,033**	**$50,033**
Contributions tax*	-$990	-$4,125
Total Net impact on retirement savings	**$0**	**$2,861**

^Tax rates are for the 2023-24 financial year and does not include the Medicare levy. Please visit ato.gov.au for current marginal tax rates.
*Contributions tax at 15%
The case study is over a single financial year and excludes fees and costs, insurance fee, investment earnings.

Ready to get started?

Here are some things you need to know before opening a TTR income stream account.

What's my preservation age?

Your preservation age is the age you are allowed to start accessing your super as income. To open an income stream account, you need to have first reached your preservation age, listed at right:

Date of birth	Preservation age
Before 01/07/60	55
01/07/60 – 30/06/61	56
01/07/61 – 30/06/62	57
01/07/62 – 30/06/63	58
01/07/63 – 30/06/64	59
After 30/06/64	60

Objective
Reduce his work hours

Example strategy

- Start a HESTA Transition to Retirement Income Stream using $160,000 of his super balance (leaving $6,000 in super to retain insurance).
- Draw down from his income stream within allowable minimum/maximum range.
- Reduce his work hours by supplementing his reduced salary with income stream payments.

Benefits

- Dom can reduce his working hours without reducing his income.
- From age 60 his income stream payments will be tax free, and investment earnings will continue to be taxed at up to 15%.

Drawbacks

- By using his super to offset his income, Dom will retire with less super.

	Without TTR	Using TTR after 60
Salary	$42,000 full time	$27,000 part time
Superannuation Guarantee (SG) Contribution	$4,620	$2,970
Before-tax contributions	$0	$0
Add income stream payments	Nil	$12,079 (100% tax free over 60)
Tax paid on salary and income stream*	$4,257	$1,336
Net income	**$37,743**	**$37,743**
Before-tax contributions	$0	$0
Add income stream payments	Nil	$12,079 (100% tax free over 60)
Impact on retirement savings	**$3,927**	**-9,554.50**

^Tax rates are for the 2023-24 financial year and exclude the Medicare Levy, the Low Income Tax Offset (LITO) and the Low and Middle Income Tax Offset (LMITO). The before-tax contribution cap of $27,500 includes Superannuation Guarantee (SG) contributions, Salary Sacrifice contributions and personal deductible (before-tax) contributions. Members who earn $37,000 or less for 'adjusted taxable income' are eligible for the Low Income Superannuation Tax Offset (LISTO) of up to $500 against the contribution tax paid on before-tax contributions. The above case studies have excluded potential LISTO benefits. Please visit ato.gov.au for current personal income tax rates and the definition of 'adjusted taxable income'.

*Dom may also be eligible for the Low Income Superannuation Tax Offset of $500

What else should you know?

How much do I need to open a HESTA Transition to Retirement (TTR) Income Stream?

To open a HESTA TTR Income Stream you will generally need a minimum balance of $50,000.

Important details

If you choose to take your super as a TTR income stream, you can't withdraw it as a lump-sum payment until you:

  - permanently retire from the workforce on or after your preservation age
  - end your current employment on/after age 60
  - turn 65, whether you're working or not

- The maximum annual amount you can draw down if you're under 65 as income under TTR is 10% of your account balance as at the beginning of each financial year, or the start date of your income stream in its first year.
- There is a government cap on before-tax contributions (employer contributions such as Superannuation Guarantee and salary sacrifice contributions). The annual before-tax contributions cap is $27,500. You may be able to make catch-up concessional contributions with the unused concessional contribution cap accumulated from financial year 2018/19. Visit **ato.gov.au** for current information on the contributions caps.
- Accessing your benefit early without making additional contributions may mean your retirement benefits are depleted at an earlier age.
- There's no insurance cover provided under a TTR income stream or a retirement income stream.
- If you're under age 60, the payments you receive from a TTR income stream may still be subject to income tax (plus Medicare levy).
- If you're age 60 or over your income stream payments are tax free.

Am I eligible for the Age Pension?

To qualify for the Age Pension you must be at least age 67 and meet Centrelink's age and residency requirements.

If you're eligible, Centrelink will work out the Age Pension payable to you usingtheir assets and income tests. The test that results in the lower pension amount (or zero) will apply.

Age Pension assets test

The assets test allows you to hold a certain level of assets to qualify for the maximum pension amount. Your family home and up to two hectares of surrounding land are not included in the assets test. If you don't own your home, you can have more assets before your pension is affected. Your HESTA Income Stream is counted as an asset for the assets test.

Age Pension income test

The income test allows you to earn a certain level of income before it affects Age Pension benefits. For example, you may generate an income from a rental property, employment and your regular income stream payments. All of these elements are included in the Age Pension income test. A work bonus may be used to reduce your employment income assessed. Earnings from financial investments are also included in the income test. Centrelink applies a 'deemed' earning rate to your financial investments, which is an assumed rather than actual rate of return.

To see if you're eligible for the Age Pension and find out the most current income and assets test thresholds, visit **humanservices.gov.au** or call 13 23 00.

Important note: Commencing an income stream may affect entitlement to Centrelink benefits that you or your partner (if applicable) are currently receiving or would be entitled to receive. It is important to understand any impact on you or your partner's entitlement before commencing an income stream. We recommend that you consult with your local Centrelink Office if this applies to you.

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