

# 55 and over... Pay less tax with a legalsuper pension.



# A new world of options opens up for your super.

At 55, you have new choices with your super.

One of your choices is to use some or all of your accumulated super to start a pension, regardless of your work status.

legalsuper offers members a choice of two pensions:

1) **Transition to Retirement Pension** – for those who are still working and want to use some or all of their super to supplement their income; and

2) **Retirement Pension** – for those who have retired from the workforce.

Whatever you choose, it's important to ensure that the superannuation savings you have accumulated during your working life are invested wisely and with someone you trust.

**Pension option 1:**  
**Over 55 and still working?**



**Pension option 2:**  
**Over 55 and ready to stop working?**



# Pension option 1: Over 55 and still working?

## legalsuper can help you make the transition to retirement

If you have reached your superannuation preservation age (currently 55 years of age) and are still working, a 'transition to retirement' strategy can help to reduce your income tax and increase your super while maintaining your take-home pay at the same level.

## Reduce your income tax and increase your super

### Claudia

Age: 60  
Occupation: Lawyer  
Income: \$85,000 pa

Claudia works as a Lawyer for a city law firm and plans to continue working until age 65. During the next five years, she wants to significantly increase her superannuation savings, and is interested in any strategies that can help her to minimise tax.

Claudia can use a transition to retirement strategy to give her savings an extra boost.

## Boost your super through salary sacrifice

To boost her super savings, Claudia has decided to salary sacrifice before-tax income into superannuation. This means that her take-home pay will be reduced.

BEING 60-SOMETHING HAS  
ITS (TAX) BENEFITS

PAY LESS INCOME TAX AND  
SAVE MORE SUPER

## Supplement your income via your pension...

As Claudia is over 55, she can start a legalsuper Transition to Retirement Pension.

This will enable Claudia to withdraw money from her superannuation account to replace the income she has lost through salary sacrifice, so that her take-home pay will remain exactly the same.

## ...and you can reduce the amount of tax you pay

As Claudia has reached age 60, her pension payments will be tax-free. Generally, no tax will be payable when she transfers her money into a legalsuper pension and no tax is payable on any investment returns that her pension account earns.

	Before Transition to Retirement strategy	After Transition to Retirement strategy
Salary	\$85,000	\$85,000
Superannuation (9%)	\$7,650	\$7,650
Salary sacrifice to super	\$0	(\$38,217)
Transition Pension (tax-free)	\$0	\$25,000
Tax (inc Medicare)*	(\$20,675)	(\$7,458)
Take-home pay	= \$64,325	= \$64,325
Additional super**	\$0	\$7,484

\* The above tax calculation was correct at the time this publication was printed.

\*\* The additional super is comprised of: \$38,217 (salary sacrifice) less \$5,733 (15% contributions tax) less \$25,000 (pension drawn).

In effect, Claudia is paying over \$7,000 more into her super than she is withdrawing. Claudia's withdrawals from her Transition to Retirement Pension are allowing her to maintain the same take-home income that she had before she commenced this strategy, yet she's also saving more super. Sounds almost too good to be true!

# Pension option 2: Over 55 and ready to stop working?

## You can retire permanently with legalsuper

If you are over 55 and are ready to permanently retire from the workforce, a **legalsuper** Retirement Pension can provide a flexible and tax-effective way for you to receive an income.

### **Sarah**

Age: 58  
Occupation: Executive Assistant  
Super savings: \$125,000

Sarah is working as an Executive Assistant, but has now decided that it's time to permanently retire from the workforce.

## Invest your super in a legalsuper pension

Sarah can open a **legalsuper** pension with as little as \$20,000. When she opens her account, she will need to decide how much\* she wants to receive as a regular pension payment and how often she wants to be paid – twice-monthly, monthly, quarterly, half-yearly or yearly.

## Maintain flexibility and control...

With a **legalsuper** pension, Sarah can decide to change either the amount or frequency of her pension payment if her circumstances change. She can also make a lump sum withdrawal at any time if she needs extra money, such as for an overseas holiday or other expenses.

## ...and you can reduce the amount of tax you pay

Generally, no tax will be payable when Sarah transfers her money into a **legalsuper** pension and no tax will be payable on any investment returns her pension account earns.

As Sarah is under 60 years of age, her pension payments will be subject to income tax. However, some of her payments may be tax-free, and she'll receive a 15% tax offset on the taxable proportion of her payments.

Once she reaches age 60, Sarah's pension payments will be tax-free.

## Simple!

\* Subject to a minimum limit, set by the Federal Government.

# Benefits of a legalsuper pension

To open a **legalsuper** pension is simple; you need a minimum investment of \$20,000 and must be at least 55 years of age.

With a **legalsuper** pension, you decide how much (within certain limits) you want to receive as regular pension payments and how often you want to be paid. You can change these arrangements at any time if your circumstances change.

Your pension will continue to be paid until the money in your account runs out. If you die and have money in your pension account, it will be paid to one or more of your dependants and/or your legal personal representative.

**legalsuper** pension members enjoy a number of benefits, including:

- no entry or exit fees
- low administration fees
- all profits to members
- no commissions to agents
- choice to mix and match ten investment options
- online access to your account
- dedicated telephone number for access to our Pension Team
- face-to-face service from our Client Service Managers
- free initial consultation with a financial planner via Industry Funds Financial Planning
- access to low-cost banking products via Members Equity
- free educational seminars
- health insurance discount with **nib**.

Full details are contained in the **legalsuper Pension and Transition to Retirement Pension Product Disclosure Statement**. Contact us on 1800 060 312 (Super) OR 1800 623 502 (Pensions) or visit [legalsuper.com.au](http://legalsuper.com.au) to download a copy.

**For account or other membership enquiries:**

website [legalsuper.com.au](http://legalsuper.com.au)  
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**To make enquiries about one of the following:**

- legalsuper becoming the default super fund for your workplace;
- conducting a superannuation information seminar at your workplace; or
- to arrange a personal visit from one of our client service managers;

contact Tina Calleja on (03) 9602 0113 or by email at [tcalleja@legalsuper.com.au](mailto:tcalleja@legalsuper.com.au)

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