



financial **snapshot**

# Transition to retirement income streams **How do they work?**

They allow you to withdraw up to 10% of your superannuation savings in the form of a pension without needing to stop work.

Even if you're nearing retirement age you mightn't be looking to leave the workforce just yet. Maybe you want to save more money, or perhaps you enjoy the mental stimulation and interaction.

Whatever the reason, having access to a transition to retirement (TTR) income stream could provide greater financial flexibility, as you can periodically withdraw money from your super while continuing to work full-time, part-time or casually.

We answer some of the commonly asked questions, including how the tax treatment of TTR income streams changes from 1 July 2017.

## What's a TTR income stream?

It's a type of pension that enables you to access some of your super via periodic payments, even if you're still working and receiving an income from your employer or business.

To access your super this way, you must have reached your preservation age, which will be between 55 and 60, depending on when you were born.

See the table below to work out your preservation age.

Date of birth	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
1 July 1964 and onwards	60

## Are there withdrawal limits?

You can only withdraw between 4% and 10% of your super savings each financial year. And, you won't be able to make lump sum withdrawals unless you meet certain conditions of release, such as retirement.

It's also worth noting the income you receive is based on the amount you have in your super, so you won't be guaranteed an income for life.

## How are TTR income streams taxed?

### Before 1 July 2017

Up to age 60, the taxable amount of your income from a TTR pension is taxed at your personal income tax rate, less a 15% tax offset. Then, once you turn 60, the income you receive from your TTR pension is completely tax-free.

