

Government announces changes to the minimum drawdown relief for pensions

MAY 2011

The Federal Government has announced it is extending the temporary relief on minimum pension payments to the 2011/12 financial year, but is changing the minimum amount that can be requested. Effective 1 July 2011 the Government will increase the minimum allowable pension payments for account-based, allocated and term allocated pensions from 50% of the legislated minimum to 75% for the 2011/12 financial year. After that time it is proposed to return to the standard minimum rate.

What does this mean for members that hold pensions with OnePath?

The announcement means that from 1 July 2011 the option for members to reduce their pension payment below the standard legislated minimum will be restricted to a payment that is no less than 75% of that minimum.

Members that currently receive a pension payment that is between 50% and 75% of the legislated minimum will have their new pension payment increased to 75% of the legislated minimum from 1 July 2011.

Members who already receive a pension payment at 75% of the legislated minimum, or higher, are not affected.

What do members need to do?

Members do not need to take any action. However, those members that are impacted by these changes should determine whether the new minimum amounts are appropriate for their circumstances.

Members can nominate a different pension payment amount for the 2011/12 financial year at anytime by writing to, or contacting Customer Services team on 13 38 63.

Can a member take advantage of the drawdown relief at this point in time?

Any member that is not currently taking advantage of the relief but wishes to apply is advised to write to us or contact Customer Services on 13 38 63.

How will members know what their new payment will be for 2011/12?

The annual pension payment amounts are calculated in July based on the account balance and the member's age at the start of each financial year. Their pension details will be provided with their Annual Statement.

How will affected members be advised of the change?

We will shortly be mailing pension members who currently receive a payment amount of less than 100% of the legislated minimum. This letter will advise them of the government's recent announcement and the changes to the pension arrangement for the new financial year.

Further information

If you have any questions or require further information, please:

- call Customer Services on 13 38 63, weekdays between 8.30am and 6.30pm (Sydney time)
- email us at customer@onepath.com.au
- speak with your financial adviser.

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