



How you could boost your super in your 60s

For the people who
keep Australia moving



Once you're 60 you may be able to increase your super using a Transition to Retirement strategy.

Building your super and keeping your take-home pay the same.

How to increase your super balance



There are many ways to build your super balance in the lead up to retirement. Making additional contributions through salary sacrifice, after tax contributions or reviewing your investment options can help.

If it's unrealistic for you to make additional contributions into super from your own cash flow, you may benefit by implementing a Transition to Retirement (TTR) strategy.

What's a comfortable retirement?



For most people, the idea of a 'comfortable' retirement is basically the same: To be able to cover day-to-day living expenses while still being able to afford little luxuries.

The Centrelink Age Pension safety net isn't usually enough to provide these things. For the level of comfort you'd like, two things are needed – adequate retirement savings, and the knowledge of how to use them.

How a TTR strategy can help boost your super



A TransPension Pre-retirement Super Pension allows you to draw down part of your super from age 60, as regular pension payments, while you're still working.

This cash flow then allows you to 'salary sacrifice' (make pre-tax payments from your employment income into your super) without reducing your take-home pay.

Making salary sacrifice contributions can be a great way to reduce the tax you pay on your salary. There are limits on the amount of pre-tax contributions you can make each year.

The amount you draw down as pension payments from the Pre-Retirement Super Pension account is tax free.



CASE STUDY

David, Age 60

**Gross salary \$67k pa
+11.5% super guarantee**

David hopes to increase his super before he retires but can't afford to salary sacrifice from his pay due to his household expenses.

But with a TTR strategy, he can salary sacrifice into super while his take-home pay stays the same:

- David starts a Pre-Retirement Super Pension account with \$150,000 from his super account, leaving \$7,500 in his super account to keep it open and allow his employer contributions to be received.
- From his Pre-Retirement Super Pension account, he draws down \$14,635 of his balance annually through fortnightly pension payments.
- He salary sacrifices \$22,000 into his TWUSUPER account **without reducing his take-home pay.**



Less Tax



More Super



Same Pay

Summary of benefits of the TTR strategy for David:

- › David's take-home pay hasn't changed
- › David's overall tax saving is \$4,065 – and this saving is used to increase his combined TWUSUPER and Pre-Retirement Super Pension account balance by \$4,065.

Note: The benefits in this example reflect the first year only. Tax savings could continue to apply for each year David takes advantage of a TTR strategy.

1. Effect of TTR strategy on David's take-home pay and cash flow over a full financial year

	Without TTR strategy	With TTR strategy
Salary (pre-tax)	\$67,000	\$67,000
Less Salary sacrifice contributions	\$0	\$22,000
Less Tax paid on salary	\$12,228	\$4,863
Plus Pension payments	\$0	\$14,635 (tax free)
Equals Take-home pay	\$54,772	\$54,772

Assumptions: Tax rates for 2024/25 financial year; David's employer continues to pay 11.5% Super Guarantee contributions after he starts to salary sacrifice; the change in his combined super and Pre-Retirement Super Pension balance doesn't include investment returns.

2. Effect of TTR strategy on David's combined TransPension and TWUSUPER account balance over a full financial year

	Without TTR strategy	With TTR strategy
11.5% employer Super Guarantee contributions	\$7,705	\$7,705
Plus Salary sacrifice contributions	\$0	\$22,000
Less Super contributions tax	\$1,156	\$4,456
Less Pension payments	\$0	\$14,635 (tax free)
Equals Change in combined TWUSUPER and Pre-Retirement Super Pension balance	\$6,549	\$10,614

Interested? Here are the next steps:



STEP 1

Get financial advice tailored to your individual circumstances by calling us and asking to speak to a TWUSUPER financial adviser*. There is no additional cost or obligation for your first appointment.



STEP 2

If a Pre-Retirement Super Pension is right for you, complete a TransPension Application Form – available at twusuper.com.au/pds or by calling 1800 222 071.



STEP 3

Set up salary sacrifice contributions with your employer.

Note: Before opening a Pre-Retirement Super Pension Account, you should read the *TransPension Product Disclosure Statement (PDS)* – available at twusuper.com.au/pds or by calling 1800 222 071.

Why is it important to get financial advice?

TWUSUPER engages Industry Fund Services (IFS) to provide financial advice*. We can provide personal advice to help you:

- › establish your goals and the actions required to meet them,
- › if a TTR strategy is appropriate, work out (based on your personal circumstances) how much to salary sacrifice and how much to draw down as pension payments as part of a TTR strategy,
- › implement the recommendations in the financial plan,
- › project what your balance will be when you retire and how long this will last,
- › save tax in the lead up to retirement,
- › choose your investment options, and
- › put appropriate beneficiary nominations in place.

Contact us

Call our Australian-based call centre on **1800 222 071** from 8am – 8pm (AEST/AEDT) weekdays. We can answer your questions or point you in the right direction.





Need to know

- › There is a standard concessional contributions cap of \$30,000 each financial year which includes all pre-tax contributions such as employer Super Guarantee, salary sacrifice and tax-deductible contributions. For more information on tax and contributions please go to **twusuper.com.au/caps** or call us on **1800 222 071**.
- › A 15% contribution tax applies to salary sacrifice contributions. For a full-time worker this is generally a lower rate than your personal income tax rate.
- › If you're under 65, by law you must draw down between a minimum of 4% and a maximum of 10% of your Pre-Retirement Super Pension account balance each financial year as pension payments. From 65, there is no maximum and the minimum drawdown starts to gradually increase until reaching 14% a year from age 95.
- › Establishing a Pre-Retirement Super Pension account may affect any Centrelink entitlements you or your spouse/dependants are getting.



Over 65?

You can still use the strategy to boost your super and reduce income tax while you're working. Because your account is converted to a Retirement Super Pension account at 65, you will have the added advantage of:

- › no maximum 10% drawdown each financial year, and
- › tax-free investment earnings.

Self-employed?

The TTR strategy can still work for you. Give us a call on **1800 222 071** to find out more.





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**Run to
benefit
members**



—
**Around
100,000
Members**



—
**\$7b +
Funds under
management**

Here to help

Call 1800 222 071 and we will direct your call to the advice team to discuss your options.



*TWUSUPER ABN 77 343 563 307 has engaged Industry Fund Services Limited (IFS) ABN 54 007 016 195 AFSL No 232514 to facilitate the provision of financial advice to members of TWUSUPER. Advice is provided by one of our financial advisers who are employees of TWU Nominees Pty Ltd and Authorised Representatives of IFS. Fees for personal advice may apply. Further information about the advice services that can be provided is set out in IFS' Financial Services Guide, a copy of which is available by calling 1800 222 071. IFS is responsible for any advice given to you by its Authorised Representatives. This document has been prepared and issued by the Trustee.

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