

## Important Information About Your Transition to Retirement Income Stream Account

The significant superannuation reforms proposed by the Government in the 2016 Federal Budget have now been legislated and are taking effect from 1 July 2017.

### Earnings on Transition to Retirement (TTR) income stream accounts are to be taxed

Before 1 July 2017, investment earnings in a TTR account are tax free. However, from 1 July 2017, investment earnings in a TTR account will be taxed at 15%<sup>1</sup>. This is irrespective of when the TTR account commenced.

The 15% tax will not be a direct deduction from your TTR account, instead it will be an indirect deduction applied to the calculation of weekly crediting rates.

### How is Club Super implementing this change?

To implement this new requirement, the assets supporting TTR accounts need to be separated from the assets supporting Retirement Income accounts. As a result, TTR members will have their assets transferred from the nil tax asset pool to an asset pool where the tax on investment earnings is applied. The transfer will occur effective 11.59 pm 30 June 2017. We will not send through a confirmation of the transfer process but you will be able to see a record of this transfer in your Member Online account and in your 2016 – 17 Annual Statement.

To facilitate this transfer, please note that TTR members will not be able to update their income stream payment details over the period 26 June 2017 to 14 July 2017.

Due to legislative deadlines surrounding the payment of TTR income streams in a taxed environment (which as above requires the transfer of assets), the Fund will not have a declared crediting rate available for the period 24 June 2017 – 30 June 2017. As a result, for the period 24 June 2017 – 30 June 2017, crediting rates will be applied to TTR member account balances utilising an interim crediting rate for the final crediting rate cycle in the 2016/17 financial year.

Club Super publishes all crediting rates on the website and can be accessed at [clubsuper.com.au/members/investment-performance](http://clubsuper.com.au/members/investment-performance)

You will not be charged a fee for this transfer.

For details of all fees and costs applying to your membership of Club Super, please refer to the *Club Income Stream Product Disclosure Statement (PDS)*, available at [clubsuper.com.au/members/publications](http://clubsuper.com.au/members/publications)

An updated *Club Income Stream PDS* will be available on our website from 30 June 2017.

### How will my TTR income stream payments be affected?

You will continue to receive your scheduled TTR income stream payments at whatever frequency you have requested. There is no change to the taxation of regular income stream payments you receive. Therefore, income stream payments received by you will continue to be tax free if you are 60 or over. If you are under 60, your income stream payment will be subject to tax at your marginal tax rate, plus Medicare levy on the taxable component, with a 15% tax offset applying if you are between your preservation age<sup>2</sup> and 59.

### Are earnings in a Retirement Income Account going to be subject to tax as well?

No, earnings in a Retirement Income Account will continue to be tax free. This means that from 1 July 2017, weekly crediting rates in a Retirement Income Account will generally be higher than weekly crediting rates for corresponding investment options in a TTR account.

For other differences between a TTR Income Stream account and a Retirement Income account, please refer to the *Club Income Stream PDS*, available on our website, [clubsuper.com.au](http://clubsuper.com.au)

<sup>1</sup> The effective tax rate after the application of available deductions and franking credits may be lower than 15%.

<sup>2</sup> Please refer overleaf.

## Can I shift from a TTR account to a Retirement Income Account?

You can shift to a Retirement Income Account if you meet one of the following conditions:

- You have reached preservation age<sup>2</sup> and permanently retired from the workforce;
- You have reached age 60 and ceased employment with your employer;
- You have reached age 65; or
- You have been assessed as Totally and Permanently Disabled.

If you meet one of these conditions, you may decide to transfer your TTR account to a Retirement Income Account to take advantage of the more favourable tax free earning environment from 1 July 2017, but you are not obliged to transfer. Any such transfer can be made before or after 1 July 2017.

Please note that one of the significant changes being made by the Government is the introduction of a \$1.6 million 'transfer balance cap', which limits the total amount of superannuation that can be held in a Retirement Income Account from 1 July 2017. This cap applies to any amounts you may hold in a Retirement Income Account at 1 July 2017, or any amounts transferred into a Retirement Income Account after this date. The cap also applies across all superannuation funds you may be a member of (not per fund). Amounts in excess of the cap will need to be transferred out of a Retirement Income Account into an accumulation account, where earnings will be taxed at 15%, or withdrawn from the superannuation system.

The transfer balance cap does not apply to monies held in TTR accounts.

In considering any such transfer, you should ensure you understand the consequences of transferring and you should read the *Club Income Stream Product Disclosure Statement*, available on the Club Super website, to understand the other differences between a TTR account and Retirement Income account. You may want to consult a licensed financial planner. If you do decide to transfer to a Retirement Income Account, please complete the attached form and return it to Club Super.

<sup>2</sup> 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
After 1 July 1964	60

## Club Super is here to help

Some of our members may feel uncertain about the implications of these changes and the consequences they might have on their superannuation or income stream accounts. Club Super wish to assure you that you can call our Client Contact Centre on **1300 369 330** or email [info@clubsuper.com.au](mailto:info@clubsuper.com.au) with all queries. Club Super also has a dedicated team of **Client Services Managers** who can assist members from the comfort of their workplace.

If you need more detailed advice, Club Super also offers access to personal financial planning through **Club Super Financial Planning** (Club Super FP). Club Super FP can offer advice across both super and non-super related issues by phone or face-to-face. Your initial consultation with a financial adviser is free of charge and free of any obligation. Fees may be charged for the provision of personal advice, but where the advice relates to your superannuation, these costs may be deducted from your superannuation account. To book an appointment with Club Super FP, please call our Client Contact Centre on **1300 369 330** or send an email to [info@clubsuper.com.au](mailto:info@clubsuper.com.au)

The information provided is of a general nature only. It does not take into account your individual financial situation, objectives or needs. You should consider your own financial position and requirements before making a decision. You may like to consult a licensed financial adviser. You should also read the Club Income Stream Product Disclosure Statement (PDS) and our Financial Services Guide (FSG) available at [clubsuper.com.au](http://clubsuper.com.au) before making a decision. Club Plus Qld Pty Ltd (ABN 30 010 892 396), the Trustee of Club Super (ABN 12 737 334 298), is Corporate Authorised Representative No. 268814 under Australian Financial Services Licence No. 238507 and is authorised to provide general financial product advice in relation to superannuation.

YourSuperFuture and Club Super Financial Planning advice are provided by My Super Future Pty Ltd (MSF), (ABN 38 122 977 888) AFSL no. 411440 and are authorised to provide personal financial advice. Club Plus Qld Pty Ltd (ABN 30 010 892 396), is not responsible for, and does not accept liability for the products or services or actions of MSF. You should use your own judgement before taking up any product or service offered by MSF.