



RBF Allocated Pension

What is an RBF Allocated Pension?

Under the recent changes to superannuation, the Federal government restructured the Allocated Pension payment rules. The new legislation creates a flexible account based income stream which will become a standard product across the industry.

The minimum pension paid to a member each year is determined by dividing their account balance by their age-based factor.

There is no maximum amount payable each year and members can withdraw more of their savings if they wish.

How are Allocated Pensions calculated?

Your annual Allocated Pension amount is calculated using your account balance and a factor determined by your age.

The table below outlines the new pension factors.

Age	Minimum Annual Payment Required
Under age 65	4% of the account balance
Age 65 – 74	5% of the account balance
Age 75 – 79	6% of the account balance
Age 80 – 84	7% of the account balance
Age 85 – 89	9% of the account balance
Age 90 – 94	11% of the account balance
Age 95 and over	14% of the account balance

Example:

Steve is age 72 and has an account balance of \$250,000. Steve's pension factor is 5% because of his age. To find out the minimum pension Steve must receive this year, simply multiply his account balance by his aged-based percentage factor.

$$\$250,000 \times 5\% = \$12,500$$

If Steve wants to receive more pension this year, he simply needs to advise RBF of the annual amount he would like to receive. Alternatively, Steve could continue to receive the minimum amount and withdraw additional funds throughout the year if needed.

Next financial year a new minimum will be calculated using the factor for a 73 year old and the account balance at that time.

Will my current pension be affected by the recent changes?

Those members who have already established an Allocated Pension may continue to operate their account. However, the new minimum drawdown limits will apply. The maximum drawdown limit will be removed. In effect, the current Allocated Pension factors will be replaced with the new pension factors.

When the new factors are compared with the current Allocated Pension factors, it is clear that most members will be able to withdraw a much lower pension than they currently receive if they so choose.

Current pension recipients will remain on their annual pension amount unless their current amount is lower than the new minimum.

Taxation of Allocated Pensions

The taxation of an Allocated Pension will depend on your age and the amount in each of the tax components that make up your account balance. Tax will be payable according to the table below:

Tax on Allocated Pensions			
Income	Tax component	Accessed by members aged 55 to 59	Accessed by members aged 60 and over
Allocated Pension	Tax-free	Tax-free	Tax-free
	Taxable (taxed)	Taxable at marginal tax rate, less 15% pension offset (rebate) plus the Medicare levy	Tax-free

How will Centrelink assess my pension?

If you are applying for Centrelink benefits, your RBF Allocated Pension payments will be included in the Centrelink income test. The purchase price of your RBF Allocated Pension is treated as an asset for Centrelink purposes. Members should contact Centrelink directly with further queries about their entitlement for Centrelink benefits.

Important information

This fact sheet contains general information only. It is not intended to be, and should not be relied upon as legal, financial or other advice. It has been prepared without taking into account your personal objectives, financial situation or needs. You will need to consider whether this information is appropriate to your circumstances. We recommend that you talk to a financial adviser and read any relevant RBF documentation before making a decision.

Every care has been taken in providing accurate and up-to-date information in this fact sheet. However, things may have changed since this fact sheet was published and some of the information may no longer be correct. If there are mistakes or omissions in the information, we reserve the right to correct those errors or omissions. The governing rules of RBF will prevail over any misstatement in this fact sheet.

Need help?

Contact one of our RBF Superannuation Consultants to discuss your personal situation or to arrange an appointment. And if you need advice, they will refer you to a financial planner with RBF's financial planning company, RBF Financial Planning Pty Ltd.

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