



RBF Life Pension

What is an RBF Life Pension?

An RBF Life Pension is a fortnightly pension paid directly into your bank account for the rest of your life. The RBF Life Pension is indexed twice yearly and increased to reflect inflation. RBF pays Life Pensions throughout Australia and overseas.

RBF's other products such as an RBF Allocated Pension and the RBF Investment Account are available to members who receive an RBF Life Pension.

Am I entitled to an RBF Life Pension?

To be entitled to an RBF Life Pension you must have reached your preservation age and have held a financial interest with RBF continually since 15 May 1999. This may include current or former members of the RBF Contributory Scheme.

Life Pensions are also available to RBF Investment Account and Tasmanian Accumulation Scheme (TAS) members who commenced membership prior to 15 May 1999.

Life Pensions are not available to TAS members or Investment Account holders who joined on or after 15 May 1999.

If you are still working and have reached preservation age, you may also be eligible to start an RBF Life Pension as part of a Transition to Retirement (TTR) strategy. More information about TTR is available in the RBF fact sheet *Transition to Retirement* available on the RBF website www.rbf.com.au or by phoning RBF on 1800 622 631.

What are the advantages of an RBF Life Pension?

- ▶ A Life Pension is guaranteed for life.
- ▶ Provides a regular income which is adjusted twice yearly in line with inflation.
- ▶ Provides a hassle-free retirement income.
- ▶ Your retirement income does not depend on investment performance.
- ▶ You may be able to qualify for a Centrelink benefit.
- ▶ Your Life Pension may be payable to your spouse on your death.
- ▶ RBF can deduct private health insurance premiums directly from your pension.

What type of Life Pension can I be paid?

There are four types of Life Pensions paid to RBF members. These are:

1. Life Pension with a favourable conversion factor of 12 with reversion to their surviving spouse on the member's death. This type of pension is restricted to Contributory Scheme members who joined prior to 1 July 1994.
2. Life Pension calculated using actuarial pension factors based on life expectancy, with reversion to their surviving spouse on the member's death.
3. Life Pension calculated using actuarial pension factors based on life expectancy, with no reversionary benefit to their surviving spouse on the member's death.
4. Reversionary Schedule 3 Pension which is calculated differently to other Life Pensions. Available only to Contributory Scheme members who joined the Fund prior to 1 July 1994. Provides a reversionary benefit to the member's surviving spouse on the death of the member.

Can I make additional contributions or withdrawals from my RBF Life Pension?

Once you are receiving a Life Pension you cannot:

- ▶ make additional contributions to your Life Pension;
- ▶ vary the gross amount of your pension; or
- ▶ make Lump Sum withdrawals.

However, after you retire you may be able to make contributions to the RBF Investment Account (conditions apply), purchase an RBF Allocated Pension or commence an RBF Life Pension. For further information please contact RBF.

Centrelink friendly

If you are applying for Centrelink benefits, your RBF Life Pension payments will be included in the Centrelink income test.

Your RBF Life Pension is treated differently by Centrelink depending on how the pension was funded. If you purchase your RBF Life Pension using funds in the RBF Contributory Scheme, Centrelink will treat your pension differently than if you purchased the pension using RBF Investment Account funds.

Funding source: RBF Contributory Scheme

100% exempt from assessment under the Assets Test

Funding source: RBF Investment Account

Your purchase price of your RBF Life Pension is treated as an asset for Centrelink purposes.

What tax will I pay?

How your pension will be taxed depends primarily on the source of funds used to commence the pension. Some schemes are fully taxed and less tax is payable when the benefit is taken. Other schemes, like the RBF Contributory Scheme are only partly taxed.

Life Pensions commenced using funds from the Contributory Scheme contain taxed and untaxed money.

The component of your benefit funded by your employer is not paid into your scheme until you retire therefore no tax has been paid in this part of your benefit. As such, you will be required to continue to pay income tax on a part of your benefit.

After you reach age 60 you will receive an additional 10% tax offset (or rebate) on the untaxed component. The taxed component of this pension will be tax exempt after you reach age 60.

Life Pensions coming from fully taxed superannuation schemes (eg RBF Investment Account) will become tax exempt when the member reaches the age of 60. Members who retire and access their super before they are 60 may continue to pay some tax until their 60th birthday.

The tables below show the impact of taxation under the new rules.

Taxed Scheme Benefits			
Income	Tax component	Accessed by members aged 55 to 59	Accessed by members aged 60 and over
Pension	Tax-exempt	Tax-free	Tax-free
	Taxable (taxed)	Taxable at marginal tax rate, less 15% pension offset (rebate) plus the Medicare levy (if applicable)	Tax-free

Untaxed Scheme Benefits			
Income	Tax component	Accessed by members aged 55 to 59	Accessed by members aged 60 and over
Pension	Tax-exempt	Tax-free	Tax-free
	Taxable (taxed)	Taxable at marginal tax rate, less 15% pension offset (rebate) plus the Medicare levy (if applicable)	Tax-free
	Taxable (un-taxed)	Taxable at marginal tax rate plus the Medicare levy (if applicable)	Taxable at marginal tax rate, with 10% tax offset (rebate) plus the Medicare levy (if applicable)

Are there any special tax concessions for retirees?

RBF will deduct PAYG income tax from your RBF Life Pension, but you may be able to reduce the amount of tax you have to pay. The Australian Taxation Office (ATO) provide a number of concessions for Australians who are funding their own retirement. Some of these are listed below.

- ▶ **Superannuation pension tax offset**
 - 15% tax offset applied where the Life Pension was purchased using Tasmanian Accumulation Scheme or RBF Investment Account funds.
- ▶ **Senior Australians tax offset**
 - the Australian Taxation Office will determine if you qualify.
- ▶ **Mature Age Workers Tax offset**
 - if you are working, you may be eligible for this offset.

More information about these concessions is available from the Australian Taxation Office website www.ato.gov.au or by phoning the ATO direct on 13 10 20.

What happens to my Life Pension when I die?

If you have elected to take a reversionary Life Pension, two thirds of your pension will be paid to your surviving spouse upon your death unless he or she elects to receive a Lump Sum. If you have elected to receive a non-reversionary Life Pension or you do not have a spouse your Life Pension will end when you die.

What information will I receive from RBF about my Life Pension?

If you elect to receive all or part of your retirement benefit as a Life Pension you will receive a pension update from RBF each January and July. The pension update notifies you of the value of your pension after any CPI increases.

Each year you will also receive a Payment Summary (group certificate) and an RBF Member Report.

Further information

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Disclaimer

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