



Talking Pensions

IRIS Update: 20 February 2009

How will the recent government announcements on pensions impact you?

On 18 February 2009, the Federal Government announced changes to the drawdown rules for Superannuation Pensions.* There has been a lot of speculation on how this will impact Australians with these accounts (now and in the future). Below we answer some of the most commonly asked questions we are receiving about this announcement:

What is changing?

"The Government recognises that the significant downturn in global financial markets has had a negative effect on retirees' superannuation capital in account-based pensions," Treasurer, Wayne Swan.

"In response to these legitimate concerns, the Government will suspend the minimum drawdown requirement for account-based pensions for the second half of 2008-09," Minister for Superannuation, Nick Sherry.

At the moment, all Australians with Superannuation Pensions such as IRIS Super Income Stream and IRIS Term Allocated Pension must nominate every year the amount they wish to draw down from their account for the following 12 months.

The amount nominated must be at least equal to the Government's prescribed minimum and if applicable, no more than the prescribed maximum. All account holders must normally draw down at least the minimum amount.

Effective immediately, until 30 June 2009, members who have already received at least 50% of the minimum income amount will have the option to reduce or suspend income payments for the remainder of this financial year.

What pension accounts does this impact?

This 'temporary relief' to minimum pension draw down limits can be accessed by all IRIS members (including Super Income Stream and Term Allocated Pensions).

Can I reduce or suspend my income payments if I am Transitioning to Retirement and still working?

Yes. This temporary relief is available to all IRIS members whether they are transitioning to retirement or fully retired as long as you have been paid at least 50% of the minimum income for this financial year.

Is this change permanent?

No. At the moment this ability to reduce or suspend income payments will only be valid until the end of this financial year – 30 June 2009. However, the Government has signalled that it will re-examine the situation at that time.

"The Government will continue to closely monitor market conditions and examine options for a longer term solution to this issue following the Australia's Future Tax System Review," Treasurer, Wayne Swan.

Why is the Government doing this?

This temporary relief aims to address some of the concerns that the minimum income payment requirements meant that retirement income members had to draw from their accounts while asset values/balances are lower.

It also acknowledges that the minimum income payment amounts for the 2008/09 financial year were calculated on balances of 1 July 2008 when account balances were higher.

Will this announcement benefit every IRIS member?

No, not necessarily. The option to reduce or suspend income payments may only be useful to those members who have other sources of income eg. investments outside super or salary or where the minimum payment you draw down is more income than required.

If I suspend my income payments, will I be entitled to Age Pension payments?

This will vary from person to person and will depend on your individual financial circumstances.

In some situations, some members may be able to reduce or stop payments from their IRIS account and qualify for additional Age Pension payments, however you should discuss this with Centrelink and/or your financial planner before taking any action.

Continues on next page...



You've worked
hard. Now
retire well.



I am not sure what to do – how do I find out more about whether I can access Government Age Pension payments?

If you are unsure about what is the best option for your situation we recommend that you seek independent financial advice.

For more information about how this may change your entitlement to the Age Pension call Centrelink or visit their website: www.centrelink.gov.au

I want to stop my income draw downs – what do I do?

In order to reduce or suspend your income payments for the remainder of this financial year you will need to notify us in writing.

An *IRIS Minimum Income Reduction* form has been prepared for this purpose. This form along with an explanatory letter is being mailed to all IRIS members. Upon receipt of this all you need to do is complete the form in full, sign it and return it to the IRIS administration team. You will receive confirmation in writing when your request has been received and action.

If you want to reduce or suspend payments sooner than this, the *IRIS Minimum Income Reduction* form can be sent to you or you can download it by [clicking here](#). If you would like a copy of the form mailed please contact the IRIS Customer Service Centre on 1300 367 485.

Please note that you are not able to make a change to your income draw down using IRIS Member Online at this time.

I wish to continue to receive my full income payments - what do I do?

Should you choose not to reduce or suspend your income amount you are not required to take any further action. You will continue to be paid your income payments in accordance with your current instructions.



* A full version of the government announcement can be viewed at: [http://minsc.treasurer.gov.au/DisplayDocs.aspx?doc=pressreleases/2009/013.htm&pageID=003&min=njs&Year=&DocType=Super Members Investments Limited ABN 61 095 924 100, AFSL 231230, RSE L0001151, RSE R1004359](http://minsc.treasurer.gov.au/DisplayDocs.aspx?doc=pressreleases/2009/013.htm&pageID=003&min=njs&Year=&DocType=Super%20Members%20Investments%20Limited%20ABN%2061%20095%20924%20100,%20AFSL%20231230,%20RSE%20L0001151,%20RSE%20R1004359) is the Responsible Entity for IRIS Superannuation Fund ABN 88 556 625 125 which incorporates the IRIS Super Income Stream and IRIS Term Allocated Pensions. You should obtain and read the Product Disclosure Statement (PDS) in full before deciding whether to invest in this product. This leaflet is intended to provide information of a general nature only and does not take into account your personal or financial situation, or needs. You should assess your own financial situation or obtain appropriate financial advice before making any investment decision based on this information. A copy of the IRIS PDS can be downloaded from retirewithiris.com.au or by calling 1300 367 485.