

Transition to Retirement changes notification

May 2017

Important changes for Transition to Retirement members from 1 July

The Federal Government will introduce a number of changes to super and retirement accounts from 1 July 2017.

Some of these measures will affect your Transition to Retirement account and investment plan. Please read the important information below to find out more.

The current situation

Transition to Retirement income streams allow people who are close to retirement to reduce their work hours and use their super to supplement their income.

Currently, the investment earnings from money in Transition to Retirement accounts are tax exempt.

There is also no limit on the amount of super that can be moved from a super 'accumulation account' to a tax-free 'retirement account'.

What's changing?

Under the Federal Government's new rules for Transition to Retirement from 1 July 2017:

- **Investment earnings from Transition to Retirement accounts will no longer be tax exempt.** These earnings will be taxed at a concessional rate of up to 15%, the same as if they were in a taxed accumulation account, like GESB Super. This change will apply regardless of when the Transition to Retirement started.

The tax treatment of regular income payments from Transition to Retirement accounts will not be affected.

- **Super income stream payments can no longer be treated as a lump sum for tax purposes.** However, this change doesn't apply to your Transition to Retirement account with us.

From 1 July 2017, the Federal Government will also introduce a \$1.6 million cap on the total amount of accumulated super that you can transfer to or hold in tax-free retirement accounts. Please note this \$1.6 million cap doesn't apply for transfers to Transition to Retirement accounts. However, it will affect members who wish to open a retirement account, such as our Retirement Income Allocated Pension, from 1 July 2017.

How these changes affect you

To meet the Federal Government's requirements, we need to make some changes to your Transition to Retirement account:

- **Your investment will be switched to a taxed investment plan on 15 June 2017.**

We have created new investment plans for Transition to Retirement. These investment plans will match the investment strategies of the existing investment plans available to you, but will allow us to apply tax to investment earnings.

Your investment will be automatically switched to the corresponding new investment plan on **15 June 2017**.

For example, if you're invested in our Readymade 'Balanced plan', your funds will be transferred to the Readymade 'Balanced plan TTR' (Transition to Retirement). Likewise, if you've chosen our 'Mix Your plan - Australian Shares' option, your funds will be transferred to the 'Mix Your plan - Australian Shares TTR' option.

- **Your new investment plan will reflect your previous investment plan at the time of transfer.**

This means it will have the same unit price (market value), fees and costs, asset allocation and expected level of investment risk and return. You will have the same investment options as before, including the ability to change your investment plan anytime, at no extra cost.

You won't be charged any fees for the transfer of your funds to the new investment plan.

- **From 1 July 2017, any investment earnings from your account will be taxed.**

This tax will generally be applied at a maximum rate of 15% and will be reflected in the unit price of each investment plan.

If you're a new member and your account is created after **15 June 2017**, you will be invested in the new Transition to Retirement investment plan corresponding to the investment plan of your choice.

What happens next?

Once your Transition to Retirement account has been moved to the new investment plan, you'll receive a letter confirming the change.

From 1 July 2017, details of the new Transition to Retirement investment plans will also be available in an updated '**Retirement Income Product Information Booklet**', which you can access from gesb.wa.gov.au/brochures

Have you already retired?

- If you've permanently retired, or you're age 60 or over and you've resigned from your employment, you may wish to start an allocated pension. This will allow you full access to your super, and your investment earnings will be tax free. To transfer your account to an allocated pension before 30 June 2017, please complete a '**Notification of retirement or resignation**' form, available at gesb.wa.gov.au/forms. We'll need to receive this form **before 5pm on 29 June 2017**.
- From 1 July 2017, please refer to the '**Retirement Income Product Information Booklet**' at gesb.wa.gov.au/brochures for information on how to open a Retirement Income Allocated Pension account.

Where to find more information and help

To learn more about these changes and what they mean for your retirement, you can:

- Read a summary of the Federal Government's super measures, and access fact sheets for more information at gesb.wa.gov.au/budget2016
- See our investment plans, and learn about investment basics such as unit pricing, asset allocation and risk and return, in our Investment Centre at gesb.wa.gov.au
- Review your retirement plans with one of our Retirement Options Service specialists. Visit gesb.wa.gov.au/ros to find out more.

If you need advice that's tailored to your situation, it's best to speak with a professional financial adviser. Read our tips at gesb.wa.gov.au/advice for help with finding an adviser.

Your Member Services Centre is also here to help. Call us on 13 43 72 between 7.30am and 5.30pm AWST, Monday to Friday.

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How to contact us

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