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This fact sheet provides an overview of the key features and benefits of a transition to retirement strategy. Case study examples have been included to help you understand how transition to retirement could work for you.

What is a transition to retirement strategy?

Transition to retirement is a strategy that allows you to access your super as an income stream while still working.

You might choose to reduce your work hours because the income you receive from your super benefits could help to make up for any loss of salary.

To be eligible for transition to retirement from your West State Super account, you must have reached your Commonwealth preservation age.¹

Your super benefit must be used to start a regular pension which does not allow lump-sum cash withdrawals. This is known as a non-commutable income stream.

Our Retirement Income Pension can be set up as a non-commutable income stream for commencing a transition to retirement.

Features of a transition to retirement strategy

With transition to retirement you can:

- Access your super once you reach your preservation age¹
- Start a transition to retirement with part or all of your West State Super benefit and start a non-commutable income stream with our Retirement Income Pension
- Choose to receive between the minimum of 4% and a maximum of 10% of your pension account balance each financial year, as at the start of the financial year
- Change the amount of pension you receive each year, subject to minimum and maximum limits set by the Australian Government
- Continue to work and have your contributions paid into your West State Super account
- Change your super account structures if your personal circumstances change

The benefits of transition to retirement

There are a number of ways you can use transition to retirement to benefit you:

- Increase your super – you'll continue to work and can sacrifice some of your salary to super
- Reduce your hours – you can work less without reducing your overall income, as your pension can make up for your lower salary
- Increase your income – you'll be receiving an income stream from a pension as well as your normal salary

You can use a combination of these options to suit your needs and you have the flexibility to change your strategy as your circumstances change.

This is a complex area and we recommend that you see a financial adviser, accountant or tax adviser to help you decide if transition to retirement is right for you.

Meet John

John is 60. He has an annual salary of \$85,000, and has a West State Super benefit of \$346,600. John decides to transfer all but \$1,000 of his West State Super benefit to our Retirement Income Pension and open a Transition to Retirement Pension – a non-commutable income stream.

See the case studies overleaf to see the different ways John can implement a transition to retirement strategy.

Please note: all examples and scenarios used in this document are for illustrative purposes only. The figures in the calculations are for the 2026/27 financial year.

¹ Your Commonwealth preservation age is dependent on your date of birth. As of 1 July 2024, if you are aged 60 or older, you have reached your Commonwealth preservation age. For more information on your preservation age, read our *Accessing your super brochure*, available at gesb.wa.gov.au/brochures.

Scenario 1 John could increase his income

In this scenario, John doesn't change his employment arrangements and continues to work full-time. He decides to transfer all but \$1,000 of his West State Super benefit into a Transition to Retirement Pension (\$345,600) and receive the maximum annual income (10%).

	Full-time without Transition to Retirement Pension income	Full-time with Transition to Retirement Pension income
Employer salary	\$85,000	\$85,000
Salary sacrifice	-	-
Employer salary after salary sacrifice	\$85,000	\$85,000
Transition to Retirement Pension income	-	\$29,376 ¹
Taxable income	\$85,000	\$85,000
Tax ²	\$17,720	\$17,720
Net income	\$67,280	\$96,656 ³

As West State Super is an untaxed scheme, tax of 15%⁴ is payable on the untaxed benefit when transferred to his Transition to Retirement Pension. The tax applied is the same as it would be if John transferred to any other super income stream or taxed fund.

Assuming John's super benefit of \$346,600 is 100% untaxed, then 15% tax is deducted from the transfer of \$345,600 leaving an account balance of \$293,760. The maximum transition to retirement annual income payment is 10% and in the first year John will receive \$29,376.

As John is 60 years old, the income stream he receives from his Transition to Retirement Pension is tax free.

By not changing his employment arrangements, John has increased his net annual income by \$29,376 in the first year.

Although his pension account balance is reduced by 10%, contributions can continue to be paid into his West State Super account, which will start building his super again.

Scenario 2 John could increase his super

If John doesn't need the additional income, then he could take advantage of tax benefits to increase his super in preparation for retirement. He decides to transfer all but \$1,000 of his West State Super benefit into a Transition to Retirement Pension (\$345,600) and receive the maximum annual income (10%). John continues to work full-time and salary sacrifices \$35,000 into his West State Super account, reducing his taxable income to \$50,000.

	Full-time without Transition to Retirement Pension income	Full-time with Transition to Retirement Pension income
Employer salary	\$85,000	\$85,000
Salary sacrifice	-	\$35,000 ⁵
Employer salary after salary sacrifice	\$85,000	\$50,000
Transition to Retirement Pension income	-	\$29,376 ¹
Taxable income	\$85,000	\$50,000
Tax ²	\$17,720	\$6,270 ⁶
Net income	\$67,280	\$73,106 ⁷

1 As John is aged 60, his income from an allocated pension is tax free.

2 The figures are for the 2026/27 financial year (including the 2% Medicare Levy).

3 Calculated as taxable income less tax (i.e. \$85,000 - \$17,720 = \$67,280), plus Transition to Retirement Pension income (\$29,376).

4 Amounts up to the untaxed plan cap of \$1.935 million per super fund (for the 2026/27 financial year, indexed annually) are taxed at 15% on entry to a taxed fund. Any amount exceeding the untaxed plan cap will be taxed at 47% before rolling over.

5 Salary packaged into West State Super. West State Super is an untaxed scheme, which means the salary sacrifice amount is not taxed until the benefit is accessed. There is also no annual limit on concessional contributions to West State Super. See the *Important considerations section* on page 4 for more information.

6 Includes the low-income tax offset of \$250.

7 Calculated as taxable income less tax (\$50,000 - \$6,270 = \$43,730), plus Transition to Retirement Pension income (\$29,376).

As West State Super is an untaxed scheme, tax of 15%¹ is payable on the untaxed benefit transferred to a Transition to Retirement Pension. The tax applied is the same as it would be if John transfers to any other super income stream or taxed fund.

Assuming his super benefit is 100% untaxed, then 15% tax is deducted from the transfer of \$345,600, leaving an account balance of \$293,760.

The maximum annual income payment is 10% and in the first year John will receive \$29,376. As he is 60 years old, the income stream he receives from his Transition to Retirement Pension is tax free.

By not changing his employment arrangements and salary sacrificing to his West State Super account, John has increased his net annual income by \$5,826 in the first year. He also contributes an additional \$35,000² into his West State Super account, while reducing his pension account by \$29,376.

John has increased his net contribution into super by \$5,624 in the first year without changing his work hours and increasing his net annual income after tax. Salary sacrificing will not affect the amount John's employer must contribute into his super.

This net contribution does not take into account that tax is payable on the salary sacrifice amount when the benefit is accessed. Please note there is a contributions tax for very high income earners (see the *Important considerations* section on page 4 for more information).

For more information on salary sacrifice, read the *Salary sacrifice, West State Super fact sheet*, available at gesb.wa.gov.au/factsheets.

Scenario 3 John could reduce his working hours

John decides to work part-time and take all but \$1,000 of his West State Super benefit and receive the maximum income (10%) from his pension. This option allows John to reduce his working hours by half but still slightly increase his net annual income.

	Full-time without Transition to Retirement Pension income	Part-time with Transition to Retirement Pension income
Employer salary	\$85,000	\$42,500
Salary sacrifice	-	-
Employer salary after salary sacrifice	\$85,000	\$42,500
Transition to Retirement Pension income	-	\$29,376 ³
Taxable income	\$85,000	\$42,500
Tax ⁴	\$17,720	\$4,045 ⁵
Net income	\$67,280	\$67,831 ⁶

As West State Super is an untaxed scheme, tax of 15%¹ is payable on the untaxed benefit transferred to his Transition to Retirement Pension. The tax applied is the same as it would be if John transferred to any other super income stream or taxed fund.

Assuming John's super benefit of \$346,600 is 100% untaxed, then 15% tax is deducted from the transfer of \$345,600, leaving an account balance of \$293,760. The maximum annual income payment is 10%. Therefore, for the first year John will receive \$29,376. As he is 60 years old, the income stream he receives from his Transition to Retirement Pension is tax free.

By reducing his working hours by half and receiving \$29,376 from his Transition to Retirement Pension (which is not assessable income for tax purposes as he is aged 60), John has increased his net income by \$551 for the first year.

His pension account balance will be decreasing by 10% due to the income payments. In this scenario he has not increased his contribution levels to his super account by salary sacrificing. However, his employer can still continue to contribute to his West State Super account, which will start building his super again. His Superannuation Guarantee (SG) contributions will be less due to the reduced salary.

1 Amounts up to the untaxed plan cap of \$1.935 million per super fund (for the 2026/27 financial year, indexed annually) are taxed at 15% on entry to a taxed fund. Any amount exceeding the untaxed plan cap will be taxed at 47% before rolling over.

2 Salary packaged into West State Super, West State Super is an untaxed scheme, which means the salary sacrifice amount is not taxed until the benefit is accessed. There is also no annual limit on concessional contributions to West State Super. See *Important considerations* on page 4 for more information.

3 As John is aged 60, his income from an allocated pension is tax free.

4 The figures are for the 2026/27 financial year (including the 2% Medicare Levy).

5 Includes the low-income tax offset of \$450.

6 Calculated as taxable net income less tax (\$42,500 - \$4,045 = \$38,455), plus Transition to Retirement Pension income (\$29,376).

Important considerations

There are a few things that you should consider before making a decision to use a transition to retirement strategy. Some parts of transition to retirement are complex to understand, so we recommend that you see a financial adviser, accountant or tax adviser to help you decide if transition to retirement, including any of the options above, is right for you.

To assist you, we have provided some considerations below:

- West State Super is an untaxed scheme and concessional contributions and investment earnings are not taxed until your benefit is accessed. Tax will be payable on the untaxed benefit transferred to your Transition to Retirement Pension

For more information, read the *Retirement Income Pension product information booklet*, available at gesb.wa.gov.au/brochures or call your Member Services Centre on 13 43 72

- You can start a transition to retirement with part or all of your West State Super benefit. If you have more than one super account, please contact us to find out what your options are
- There is no annual limit on salary sacrifice contributions to a West State Super account. West State Super is a constitutionally-protected fund. This means that employer contributions made to West State Super, including salary sacrifice, are counted towards your concessional contributions cap, but are not capped within those schemes. That is, the annual cap does not limit the amount of concessional contributions that you can make to a constitutionally-protected fund. However, as such contributions to a constitutionally-protected fund count towards your annual cap, they do limit your ability to make further concessional contributions to other non-constitutionally-protected super funds. The concessional contributions cap for the 2026/27 financial year is \$32,500. If, for example, you made \$32,500 in concessional contributions to West State Super (including your employer contributions), you would not be able to make any further concessional contributions to a taxed scheme in that financial year, unless you are entitled to make additional concessional contributions for any unused concessional contributions amounts carried forward
- There is an untaxed plan cap of \$1.935 million per untaxed super fund for the 2026/27 financial year, indexed annually. This limits the amount of untaxed benefit that will be taxed at the concessional rate upon the cash payment of your super or roll over to a taxed fund. Any amount exceeding the untaxed plan cap will be taxed at 47% when rolled over, or withdrawn. This is a unique feature of West State Super and is not available to most other funds

Transferring your West State Super benefit to transition to retirement may not be the best option for your long-term financial situation.

You should consider:

- Fees apply for a Transition to Retirement Pension. For more information, read the *Retirement Income Pension product information booklet*, available at gesb.wa.gov.au/brochures
- When you transfer to a taxed fund, such as our Retirement Income Pension, you will have to pay 15%¹ tax on the untaxed element of the transfer value
- Tax of up to 15% applies to investment earnings in a Transition to Retirement Pension
- Generally, the transfer balance cap doesn't apply to transition to retirement income streams. For more information, visit the Australian Taxation Office's website at ato.gov.au
- The tax treatment of your transition to retirement income depends on your age
- When comparing options, you need to consider the impact on your retirement benefit. Using your benefit to pay a regular income stream may reduce the amount you have when you retire
- It's important to understand that transferring your full benefit from West State Super will result in the closure of your West State Super account. Once it has been closed, you cannot re-open your West State Super account. West State Super provides insurance benefits to members and careful consideration should be given to the loss of this benefit if you withdraw from the scheme
- You may want to consider any super surcharge liability you may have. For more information, read the *Superannuation Contributions Surcharge fact sheet*, available at gesb.wa.gov.au/factsheets
- If you have a service period that commenced before 1 July 1983, then any withdrawal from an untaxed scheme like West State Super to begin transition to retirement in a taxed fund will trigger the crystallisation of your pre-1 July 1983 service. For more information read the *Pre-1 July 1983 service for untaxed super funds fact sheet*, available at gesb.wa.gov.au/factsheets
- The concessional tax treatment of certain super contributions has been reduced for very high income earners, under Division 293 of the tax legislation. An individual's income is added to certain super contributions (referred to as low-tax contributions) and compared to the high-income threshold of \$250,000. Tax is payable on any excess low-tax contributions if the combined income and low-tax contributions exceed the \$250,000 threshold. This tax applies to West State Super as low-tax contributions include concessional contributions to tax-exempt constitutionally-protected funds. However, there are special rules for defined benefit interests, constitutionally-protected State higher level office holders, certain Commonwealth justices and temporary residents who depart Australia. For more information, read the *Tax and super brochure*, available at gesb.wa.gov.au/brochures

¹ Amounts up to the untaxed plan cap of \$1.935 million per super fund (for the 2026/27 financial year, indexed annually) are taxed at 15% on entry to a taxed fund. Any amount exceeding the untaxed plan cap will be taxed at 47% before rolling over.

Next steps

Here are some steps to get you started.

- Step 1** Attend a *Transition to retirement seminar* to learn more about how to use and set up a transition to retirement strategy. Visit gesb.wa.gov.au/seminars to register.
- Step 2** Consider a Retirement Options Services (ROS) appointment. ROS is a 60-minute, one-on-one meeting with one of our experienced consultants, who knows and understands our unique schemes. You can choose to have your meeting in-person or virtually. They will provide you with factual information on GESB products, and explain the options you have for your retirement. The 60 minutes will include time to document a summary of your appointment which we'll provide to you after your meeting. However, ROS is not a holistic financial planning advice service, in that it is limited to information on GESB products. A fee applies for this service. For more information, please visit gesb.wa.gov.au/ros or call your Member Services Centre on 13 43 72. Please note, ROS doesn't provide you with personal financial advice.
- Step 3** Discuss your transition to retirement options with your employer, especially if you are considering changing your working arrangements.
- Step 4** For more information or a benefit estimate, contact your Member Services Centre on 13 43 72.
- Step 5** Read the *Retirement Income Pension product information booklet*, available at gesb.wa.gov.au/brochures, and complete the application form. Return the form to us along with all other required information.

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