

Pension drawdown relief for retirees

16 March 2009

On 18 February 2009, the Treasurer Wayne Swan made a joint announcement with the Minister for Superannuation and Corporations Law, Nick Sherry, regarding a temporary reduction in the minimum annual pension payment amount.

The amendments to the regulations took effect on 13 March 2009.

What is the current Law?

There is a requirement that minimum payments be made from a superannuation account-based pension at least annually. Minimum payments are calculated by multiplying the account balance by an age based percentage factor as at 1 July each year.

What does this relief involve?

The temporary relief involves the following:

- the minimum draw down requirement for account-based pensions for the second half of 2008-09 is suspended;
- the minimum payment amount for 2008-09 is reduced by 50%;
- for those people who have already taken half of the current minimum payment for 2008-09, the annual nature of the minimum payment rules means that a further payment is not required until the end of the 2009-10 year; and
- it applies to account-based annuities and pensions (payable since 1 July 2007); allocated annuities and pensions (pre-dating the Better Super changes); account-based and allocated pensions payable from Retirement Savings Accounts, and market-linked (term allocated) annuities and pensions.

Source:

- Minister for Superannuation and Corporate Law, Treasurer and Minister for superannuation announce pension drawdown relief for retirees, 18 February 2009. <http://treasurer.gov.au/DisplayDocs.aspx?doc=pressreleases/2009/013.htm&pageID=003&min=njs&Year=&DocType=>
- Association of Superannuation Funds of Australia, ASFA Action Issue 357, 18 February 2009.

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