



# Superannuation Income Streams After June 30 2007

## General Facts

- Superannuation income streams include what were known as Allocated Pensions (we have used the term Pension to reduce confusion).
- For People age 60 and over – Payments from a Prime Super Pension will be tax free.
- People aged under 60 – Payments from a Prime Super Pension will be taxed with some concessions that depend on your circumstances.
- New pension minimum income rules apply but there is no maximum.
- Pensioners will have much more freedom over how much they draw from their pension each year.
- If a Tax File Number has not been provided, some degree of withholding tax will be applied.
- Treatment of death benefits depends on who it is paid to:
  - If paid to a non dependant it must be paid as a lump sum and is taxable (excluding the exempt component);
  - If to be paid to an estate it must be taken as a lump sum and taxed;
  - If to be paid to a dependant it can be paid as a pension or lump sum and is tax free;

- If the pension reverts to another person, tax depends on the age of the primary and reversionary beneficiary. If the original pensioner was 60 or over payments to the reversionary beneficiary are exempt. If the original pensioner was under 60 tax will apply until the reversionary beneficiary turns 60;
- Allocated pensions may revert to a dependant child, but must be fully commuted by the time the child turns 25 with some exceptions.

## What it means

Prime Super Pensions become even more attractive.

Members of Prime Super can obtain limited advice over the telephone by calling Community and Corporate Financial Services Pty Limited (ComCorp)(ABN 44 079 121 136, AFSL 225085) on 1800 022 365.

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