

Your retirement options with Prime Super



May 2014

Retirement presents a significant life change. The regular routine you've followed for many years can change overnight. And financially a whole new set of decisions need to be made.

This fact sheet has been designed to help you make an informed decision about the right option for your super in retirement.

3 basic options

When you are nearing retirement, there are essentially three options to choose from when it comes to your super. You can:

1. Stop working altogether and keep your savings in the super environment in an **income stream product**. You then pay yourself an income from this product. You can also make lump sum withdrawals as and when required (minimum restrictions apply).
2. Reduce your working hours – therefore 'semi-retire' or '**transition to retirement**' – and use money from an income stream product to supplement your reduced income (minimum and maximum limits apply). You can also make lump sum withdrawals (and remove your savings from the super environment) where eligible.
3. Stop working altogether or semi-retire, and **withdraw** eligible savings from the super environment altogether.

The option that best suits you is entirely dependent on your own personal circumstances and financial situation.

Prime Super's retirement income options

Prime Super members have access to two retirement income options.

Option 1 Allocated income stream	Applicable if you are fully retired	Allows you to convert your super into a regular income <i>on retirement</i> . It provides easy access to your savings and may offer tax advantages
Option 2 Transition to retirement (TTR) income stream	Applicable if you are working or semi-retired	If you have reached your preservation age, this product allows you to draw an income from your super <i>while you're still working</i>

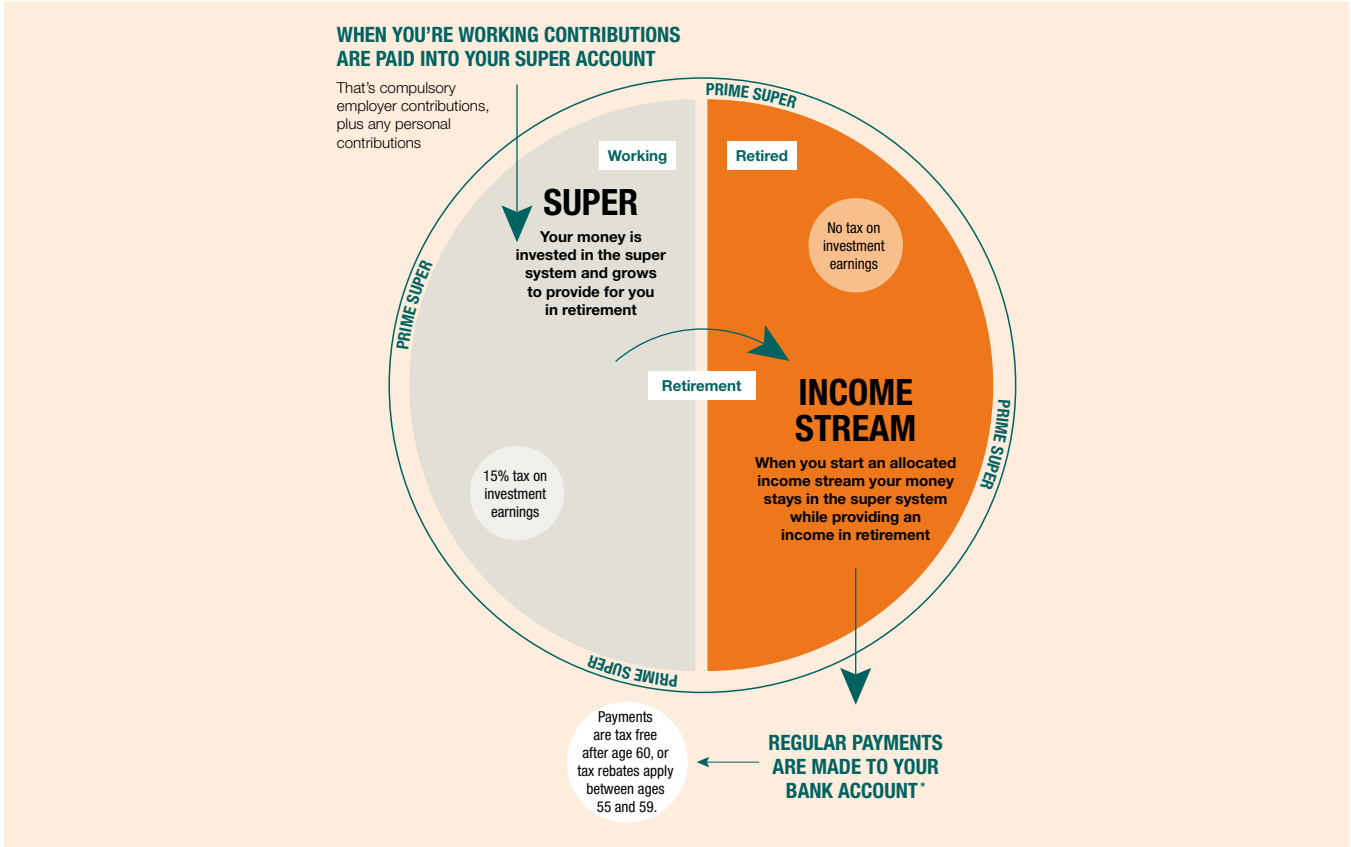
The table overleaf can help you compare Prime Super's retirement income options.



Compare Prime Super's retirement income options

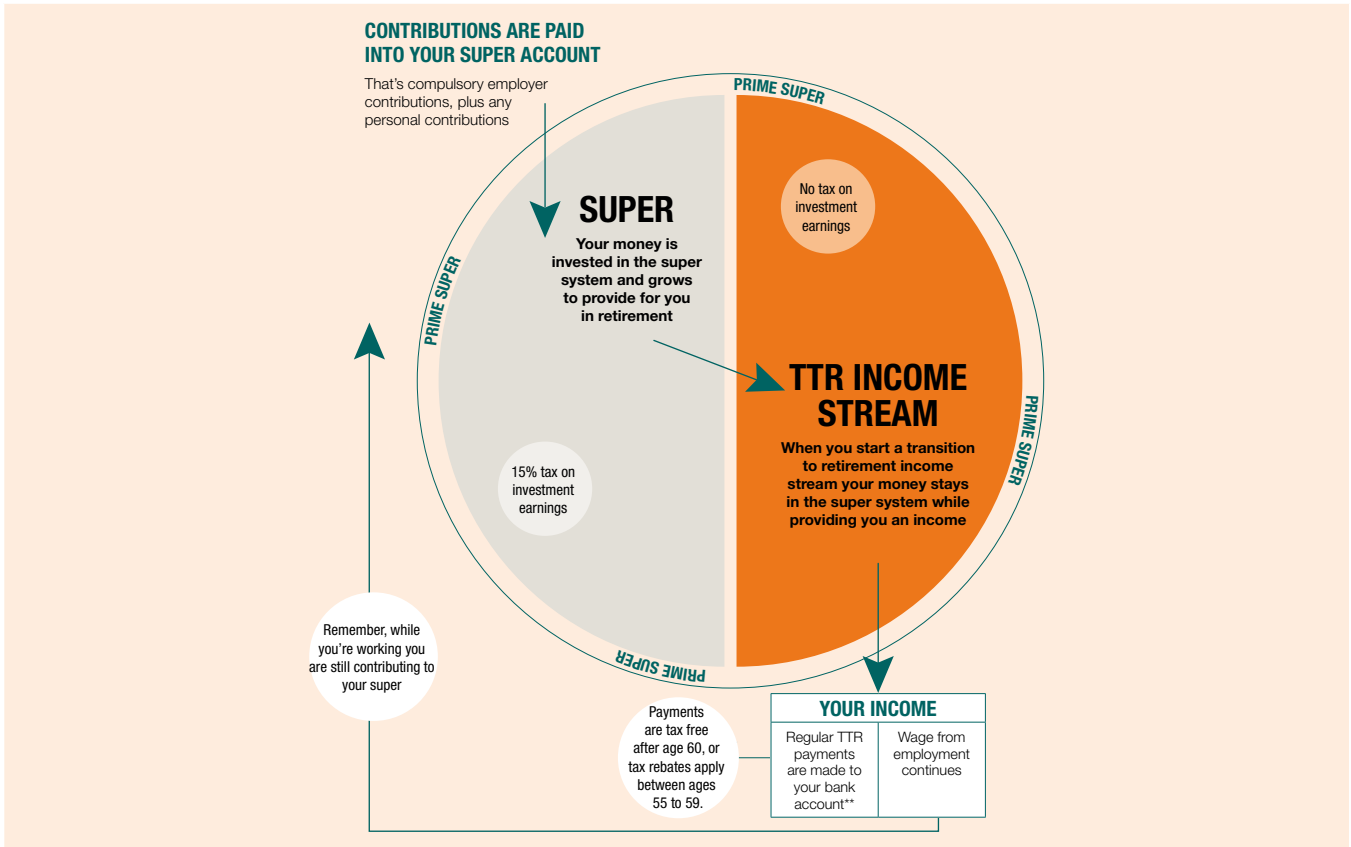
Generally, you can...	Allocated income stream	TTR income stream
Choose how your money is invested	✓	✓
Use the income stream to reduce income tax and increase savings	✗	✓
Access the income stream while still working	✗	✓
Change the value of payments after commencement	✓	✓
Have access to your savings at all times	✓	✓ But a 10% p.a. limit applies
Stop the income stream and move your money back into the super fund	✗	✓
Receive a 15% tax offset on income if eligible	✓	✓
Use the income stream to defer lump sum tax	✓	✓
Use the income stream to get tax-free income from undeducted super contributions	✓	✓
Earn tax-free investment earnings	✓	✓
Choose the frequency of your income payments	✓	✓
Nominate a reversionary beneficiary if you die	✓	✓
Submit a preferred death benefit nomination	✓	✓
Invest with only \$10,000	✓	✓
Add additional money after payments start	✗	✓

How does an allocated income stream work?



* Subject to minimum amounts

How does a TTR income stream work?



** Subject to minimum and maximum amounts

Here's an example of how a TTR income stream can work:

Mary is 62 and has reached her preservation age. She is still working and wishes to transition into retirement.

Pre-TTR

- Mary works full-time (37.5 hours per week) and receives a salary of \$80,000 p.a. (\$1,538 per week) which is \$62,453 p.a. after tax (\$1,201 per week after tax).*
- She has a super balance of \$200,000. Her employer pays 9.25% of her salary into her super.



Receive financial advice!

At Prime Super, we provide members with limited financial advice over the telephone. A planner may be arranged to help you determine which superannuation, contribution, investment or insurance options are right for you, based on your individual circumstance and needs. And it won't cost you a thing.

Call us today on **1800 675 839**.

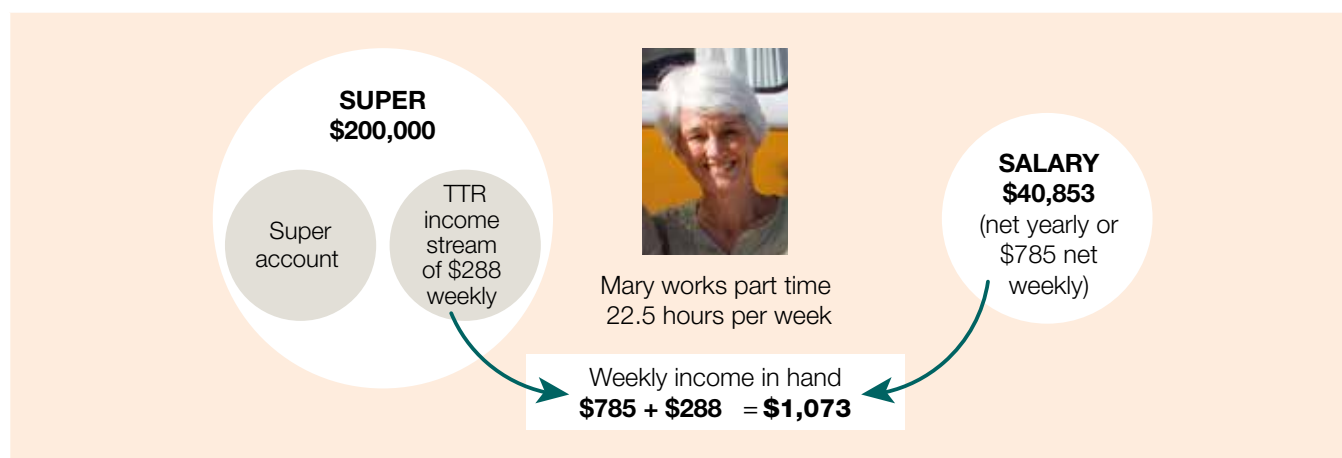
If you require further advice and potentially a full financial plan, we can refer you to a financial planner. Prime Super has arrangements with a small number of licensed financial planners who offer low cost, commission-free financial advice and the first consultation with a planner is at no charge.

Call us today on **1800 675 839**.

* Figures in Mary's example calculated using tax rates for the 2013-14 financial year (not including Medicare levy).

Post-TTR

- Mary reduces her working hours to part-time and works 22.5 hours per week.
- Working part time reduces her salary to \$48,000 p.a. (\$923 per week). After tax this is \$40,853 p.a. (or \$785 per week).
- She decides to supplement her reduced salary by drawing an income from her super. She opens a TTR account and transfers \$175,000 from her super account into it.
- Based on her age, Mary must withdraw a minimum of 4% of her TTR account balance annually (for the 2013-14 financial year). The maximum she can withdraw is 10% of her TTR account balance. She therefore decides to receive \$15,000 per year (\$288 per week).
- Mary pays no tax on her TTR payments as she is over age 60.
- Her employer continues to pay 9.25% of her part-time salary into her super account.



Mary has reduced her working hours by 15 hours per week, but instead of receiving a salary of \$785 per week she receives \$1,073 per week – this is her salary *plus* her tax-free TTR income. This total amount is only \$128 per week less than her full-time salary of \$1,201.

Additional tax advantages

There are additional tax advantages that can be achieved through a TTR income stream, specifically the use of salary sacrifice to potentially drop your salary into a lower income tax bracket – and the ability to then supplement your reduced salary with a TTR income. This is quite complicated and doesn't suit everyone so we would recommend you seek advice on this matter.

If you wish to explore the TTR income stream option further or receive financial advice, please call us on 1800 675 839.

Please note:

The above is a very basic illustration of how a TTR income stream works. No fees, investment returns or additional taxes which may apply, have been taken into account. The purpose of the illustration is to simply show how a TTR income stream can be used to allow you to reduce your working hours by drawing additional income from your super.

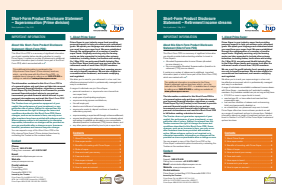
Why it's good to stay with Prime Super

Prime Super offers retirement income stream members many benefits and services including:

- the ability to choose from two income stream products and transfer your super into them – at no cost;
- a choice of nine different investment options;
- a choice of payment options – you can have your benefit paid monthly, quarterly, half-yearly or yearly;
- the ability to transfer super money from external funds into your income stream account prior to commencement;
- with the TTR income stream option, you have the ability to stop payments at any time and move your money back into your super account;
- access to discounted financial planning services;
- a not-for-profit industry fund status, meaning we are run only to benefit members;
- low fees;
- no commissions paid to financial planners;
- a website featuring tools and information, including a secure member section for online transacting;
- free, nationwide education and financial planning seminars; and
- through Prime Super's alliance with nib, you can access a special range of corporate health insurance options.[#] For more information call nib on **1800 131 463** and quote **'Prime Super'**.

Additional information

Choosing the right retirement income option for you is a big decision. We therefore recommend you do some additional reading on Prime Super's products – as well as the options available elsewhere.

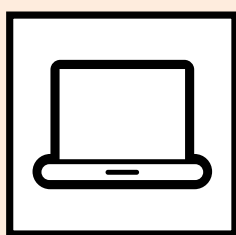


We have developed a *Short-Form Product Disclosure Statement (Short-Form PDS) – Retirement income streams* and *Prime Super's retirement options* brochure to provide you with additional information on our options.

Both documents can be downloaded from our website at **www.primesuper.com.au** or alternatively call us today on **1800 675 839** for additional information.

On the ground support

We have a team of Regional Managers and Client Service Consultants who **travel the country** to support our members. So whether you're from Brisbane, Bundaberg, Bendigo, Broken Hill or Bunbury, we can help you manage all of your super needs.



You can see where your local field staffer is at any time – just visit our website at **www.primesuper.com.au** and click on the map. All of our team's contact details are also available online. You can call them directly!

[#] Premiums are payable directly by you, and not taken out of your super account. nib health funds limited ABN 83 000 124 381.

Additional help!

Write to us at: Locked Bag 5103 Parramatta NSW 2124
Helpline: 1800 675 839
Fax: 1800 023 662
Overseas callers: +61 2 9374 3967
Email: administration@primesuper.com.au
Website: **www.primesuper.com.au**

Disclaimer

The information contained in this fact sheet is current as at the date of the fact sheet and may be subject to change. This fact sheet provides general information only and may not be relied on as personal legal or financial advice. Before acting on this information, you should consider the appropriateness of this information having regard to your personal objectives, financial situation or needs. Prime Super ABN 60 562 335 823 is a Regulated Superannuation Fund issued by Prime Super Pty Ltd ABN 81 067 241 016, AFSL 219723. A Short-Form PDS can be obtained from the issuer by calling 1800 675 839.



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asfa member

