



# What is a transition to retirement (TTR) pension?



**03 Dec 2015**

## What you need to know about TTR pensions\*

A transition to retirement (TTR) pension is a superannuation-based income stream that you can access if you have reached your superannuation preservation age, even if you are still working.

Your preservation age depends on when you were born.

If you were born:	Your preservation age is:
before 1 July 1960	55 years
from 1 July 1960 to 30 June 1961 (inclusive)	56 years
from 1 July 1961 to 30 June 1962 (inclusive)	57 years
from 1 July 1962 to 30 June 1963 (inclusive)	58 years
from 1 July 1963 to 30 June 1964 (inclusive)	59 years
after 30 June 1964	60 years

Starting a TTR pension may provide an additional source of income. This income stream is drawn from a super fund. You may be able to consider options such as:

- reducing the number of hours you work
- making extra contributions into your super.

A TTR pension may be appropriate for you if you want to continue to work full-time and do not require additional income. You may want to consider this arrangement to help build your retirement nest egg.

The end result could be a larger super account balance or additional income in the run-up to retirement.

### **Tax concessions on TTR pensions**

A number of tax concessions may apply to TTR pensions.

1. Concessional contributions (including salary sacrifice contributions) are generally taxed on their way into super at 15%. These contributions are generally not subject to personal income tax (which could be at marginal tax rates (MTR) of up to 47% plus Medicare). If the contribution cap is exceeded, full marginal tax rates apply.
2. Concessional tax rates apply on super fund earnings:
  - 15% versus MTR on income
  - 10% versus 50% of MTR on realised capital gains held for 12 months or more.
  - There is generally no tax on earnings in the pension phase.
3. There are tax concessions on pension income received by you depending on your age:
  - a 15% tax offset applies to the taxable portion of pension income received if
  - you have reached preservation age but are not yet 60
  - no tax on pension income if you are age 60 or older.

---

\* ato.gov.au, February 2014



The information on this page does not take into account your objectives, financial situation or needs. Before making any financial investment decision or a decision about whether to acquire a product mentioned on this page, a person should obtain and review the terms and conditions relating to that product and also seek independent financial, legal and taxation advice.



Retirewell Financial Planning Pty Ltd ABN 29 070 985 509  
Australian Financial Services Licence and Australian Credit Licence No. 247062