

The benefits of a retirement income stream



Benefits of TelstraSuper



Security of Australia's largest corporate fund

- \$18 billion invested
- 100,000 members
- Not for profit
- Over 25 years' experience



All your super in one account

Locate and combine your other super accounts into your TelstraSuper account.



Your fund for life

You can stay as a TelstraSuper member even if you change jobs and your eligible family members can join too!



Strong investment performance

Our consistently strong investment returns ensure your super continues to grow over the long term.



Multi award winning fund

2015 SuperRatings*
Fund of the year

2015, 2014 & 2012
SuperRatings*
Super of the year



Comprehensive insurance cover

Enjoy the security of automatic income protection cover and employer-paid base death and disability insurance.

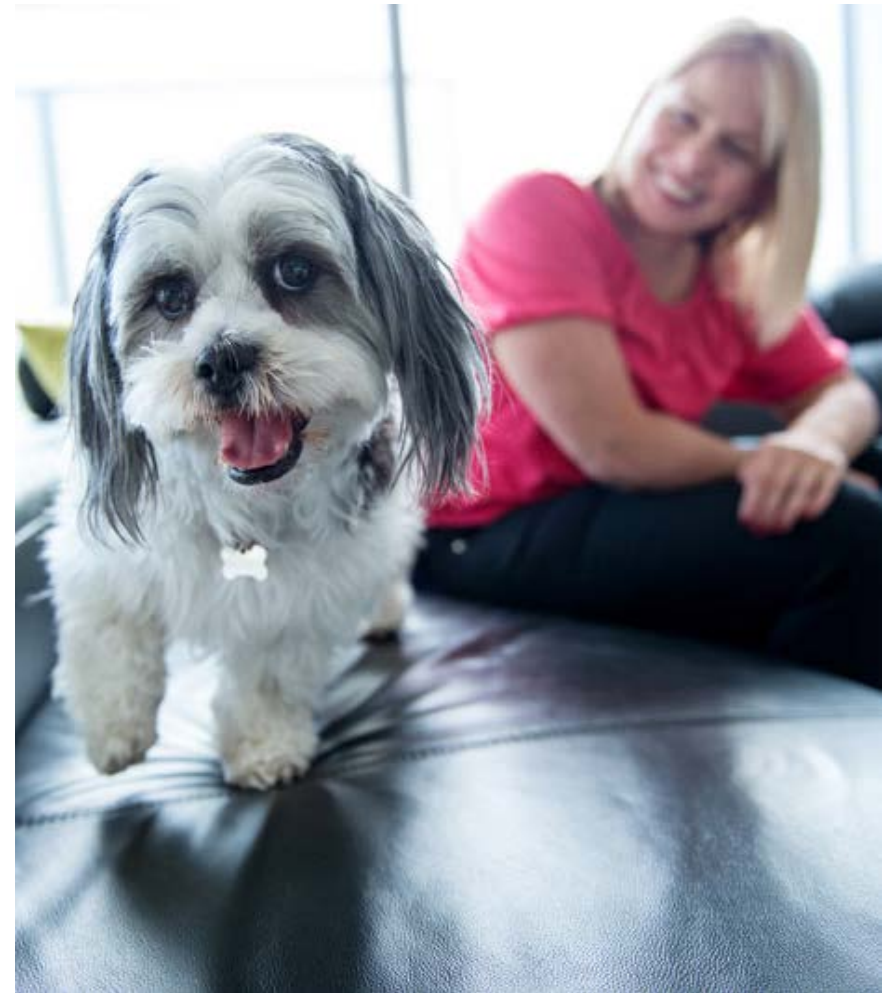
*SuperRatings Pty Ltd www.superratings.com.au

Important Notice

Any advice in this presentation has been prepared without taking into account your objectives, financial situation and needs. You should consider whether it is appropriate having regard to your personal circumstances before making any financial decisions.

If you are considering acquiring a financial product you should obtain the relevant product disclosure statement before making any decision.

Any information about taxation in this presentation is factual information or general advice only and does not consider the application or interpretation of any taxation laws to your personal circumstances. If you require taxation advice you should seek advice from a registered tax agent or a registered tax (financial) adviser.



Agenda



Summary of 1 July changes



How Much is Enough?



Contributing to super



TelstraSuper assistance



Transition to Retirement



Questions



Retirement Income

Summary of the changes from 1 July 2017



Changes to contributing to super

- A reduction in the contribution limits
- \$1.6 million balance restriction on contributing
- Tax deductions allowable for contributions to super
- Increased eligibility for spouse contribution tax offset
- Low Income Superannuation Tax Offset
- Increase in contributions tax for high income earners



Other changes to super

- \$1.6 million pension transfer balance cap
- Earnings tax levied on transition to retirement pensions
- Abolition of anti-detriment payments
- Increase in the Age Pension age

Changes to contributing to super



Summary of caps from 1 July 2017



Contribution Caps

- Pre-tax (concessional)
 - \$25,000 pa
 - \$125,000 over 5 years (balance <\$500,000)
- Post-tax (non-concessional)
 - \$100,000 pa^{*^}
 - \$300,000 over 3 years^{*^}



Balance Cap of \$1.6 million

- No further non-concessional contributions
- Maximum tax-free income stream starting amount

* Must satisfy work test if aged 65 and over

^ Subject to \$1.6 million balance cap

Pre-tax contribution splitting



Up to **85% of your pre-tax contributions** to super can be **split into your spouse's super**

2016 / 2017
FY

15%
tax

Your pre-tax contributions

Rollover

2017 / 2018
FY

Spouse's super account

Transition to Retirement



Transition to retirement strategy



Transition to
Retirement for

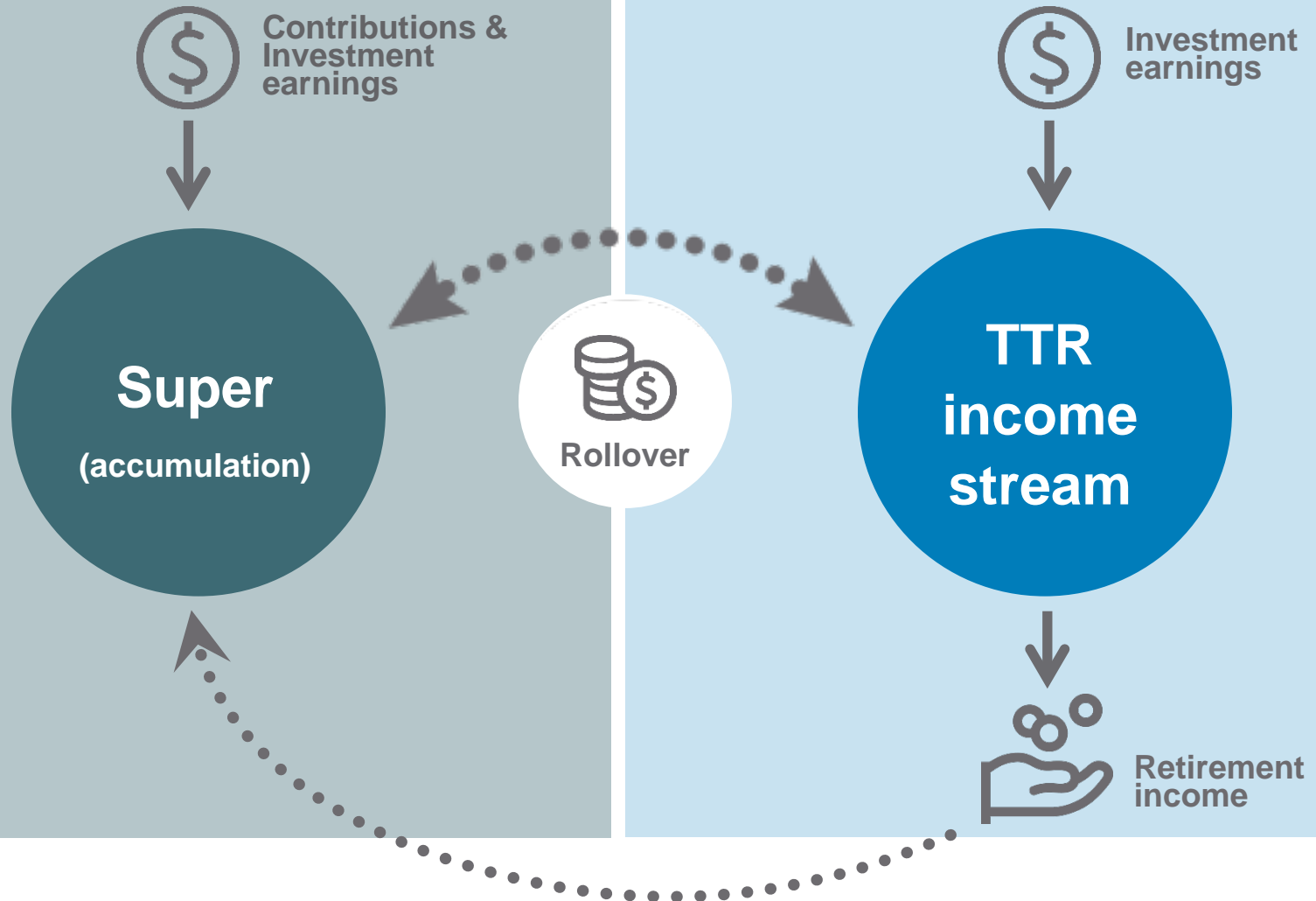
**Building
wealth**



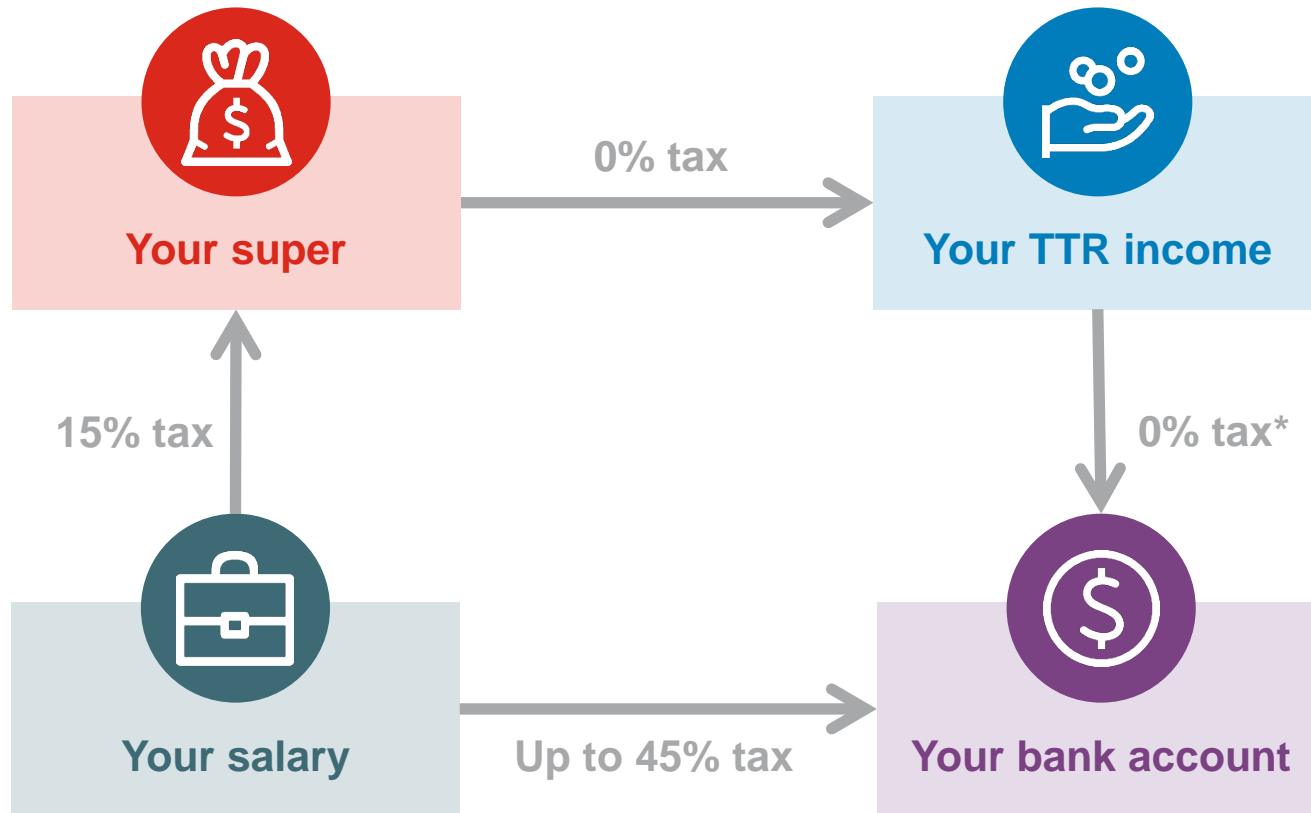
Transition to
Retirement for

**Lifestyle
balance**

Function of a Transition to Retirement





Tax benefits of Transition to Retirement



* 60 years and above

Using TTR for building wealth

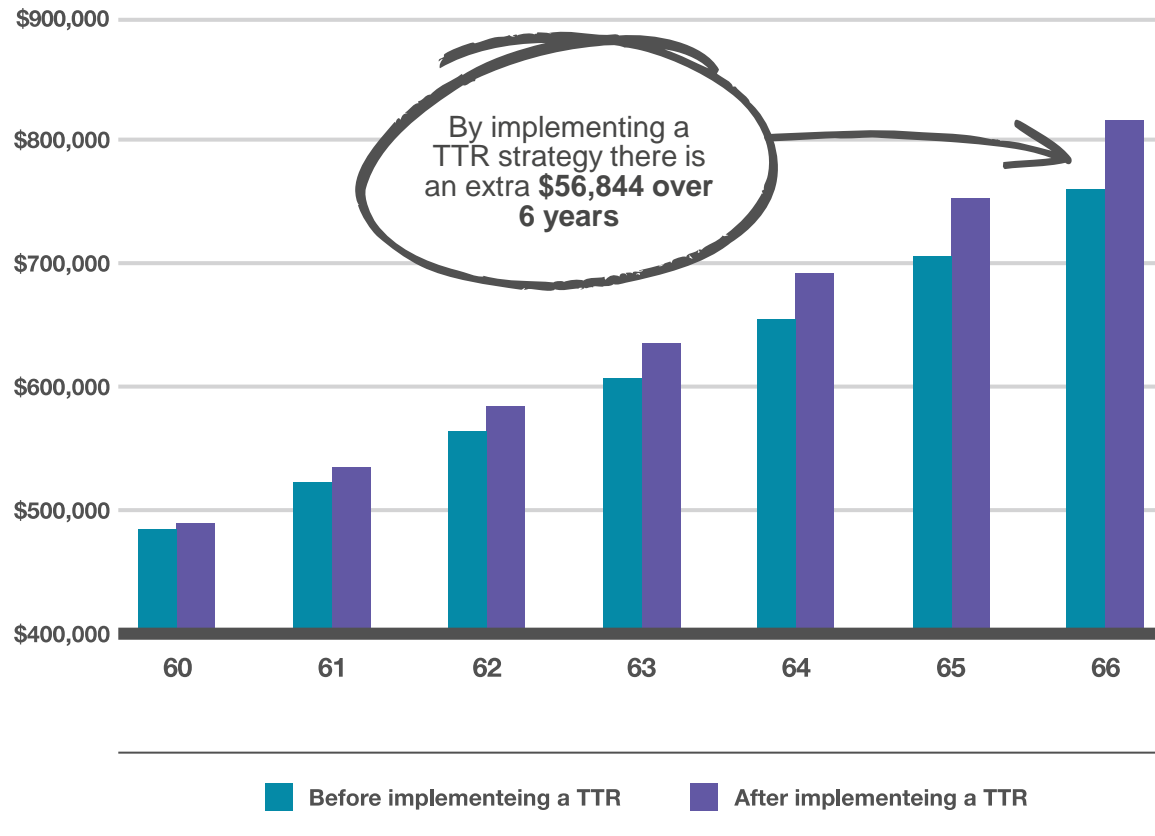
	 Age 60 without TTR strategy	 Age 60 with TTR strategy
Total take-home pay	\$70,318 (take home salary)	\$70,318 (take home salary + income stream)
Total tax paid*	\$26,107	\$23,017
Total super contributions	\$8,075	\$19,975
Total increase to super balance†	\$8,075	\$11,165

- Salary \$95,000pa plus 10% employer SG contributions
- Superannuation balance of \$450,000

*This amount is equal to income tax, plus the Medicare levy, plus contributions tax payable.

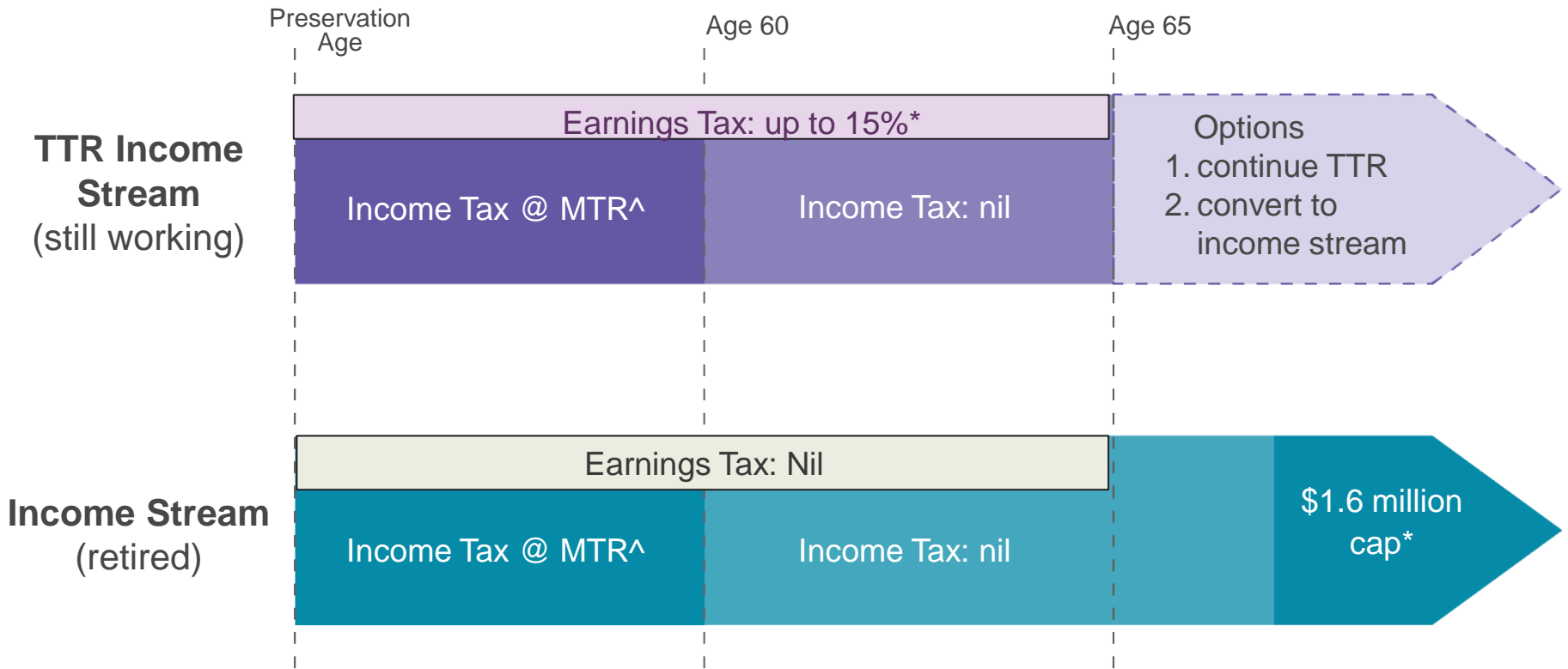
† This amount is equal to total super contributions (employer contributions, plus salary sacrifice, plus post-tax contributions) minus income stream payments. The amount is shown in today's dollars

Using TTR to build wealth



Assumptions: Salary \$95,000 p.a. (ex Super), 10% SG contributions, salary growth 3% p.a., inflation 2.5% p.a., investment returns 6.5% p.a. net of fees, taxes and other costs. Past performance is not a reliable indicator of future performance

Retirement Income



* From 1/7/17

^ Up to 45% plus Medicare levy

Transition to Retirement

Opportunity

- Retain TTR for
 - salary sacrifice strategy
 - genuine transitioning to retirement
- Transfer TTR to retirement pension
 - Retain tax-free status <\$1.6 million
- Ability to drawdown and re-contribute to a spouse

Consideration

- Aged under 60
 - Value is diminished
- 60 or over revise TTR strategy
 - changes to salary sacrifice caps
 - % drawdown
- Transfer to retirement pension
 - Permanently retired from the workforce
 - Reached age 65



Retirement Income

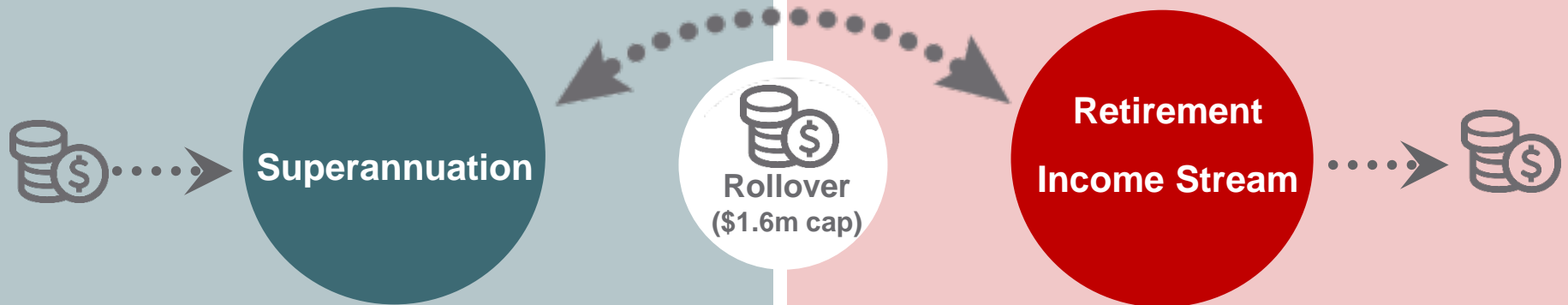


When can I access my super?

Date of birth	Preservation age	Commencing
Up to 30 June 1960	55	
1 July 1960 to 30 June 1961	56	1 July 2016
1 July 1961 to 30 June 1962	57	1 July 2018
1 July 1962 to 30 June 1963	58	1 July 2020
1 July 1963 to 30 June 1964	59	1 July 2022
1 July 1964 onwards	60	1 July 2024

Source: www.ato.gov.au

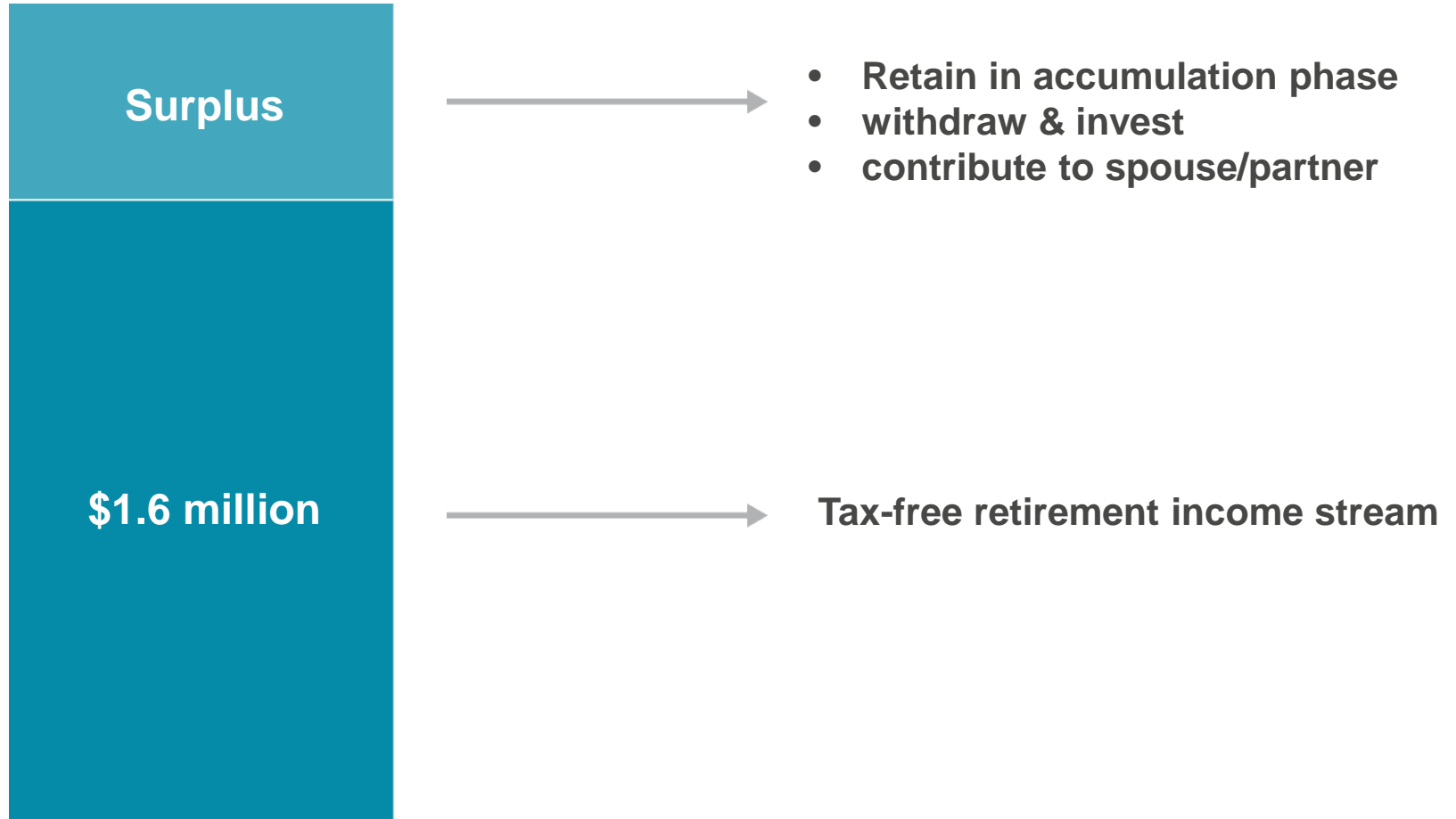
Retirement Income stream



- can retain monies in super
- withdraw lump sums
- tax still paid on investment earnings
- can contribute (subject to eligibility)

- **tax-free** investment earnings
- must draw an income (pension)
- withdraw lump sums
- cannot contribute
- can roll back at any stage

\$1.6 million transfer balance cap



\$1.6 million transfer balance cap

Opportunity

- Withdraw surplus and contribute to a lower balance partner
- Retain surplus in concessional tax environment

Consideration

- Drawdown % from pension environment
 - How much to withdraw from pension vs. accumulation
 - Maximise tax-free investment earnings
- Transitional arrangements for \$1.6 - \$1.7 million
- CSS Pension implications plus other super accounts held
- Withdrawal
 - Satisfying a condition of release
 - Investment outside of super
 - Tax on investments outside of super
- Contribution to a partner
 - Under 65
 - Aged 65-74 (work test)
 - Bring forward rule previously triggered (transitional arrangements will apply)



Telstra Super RetireAccess

Transition to retirement

Retirement income stream

Maximum income 10%

No maximum income

Minimum pension income under age 65 is 4%

Minimum investment \$10,000

A range of investment options for the conservative through to the aggressive investor

24 hour access to your super online at telstrasuper.com.au

Fees

Administration fee \$1.50 per week plus 0.20% pa

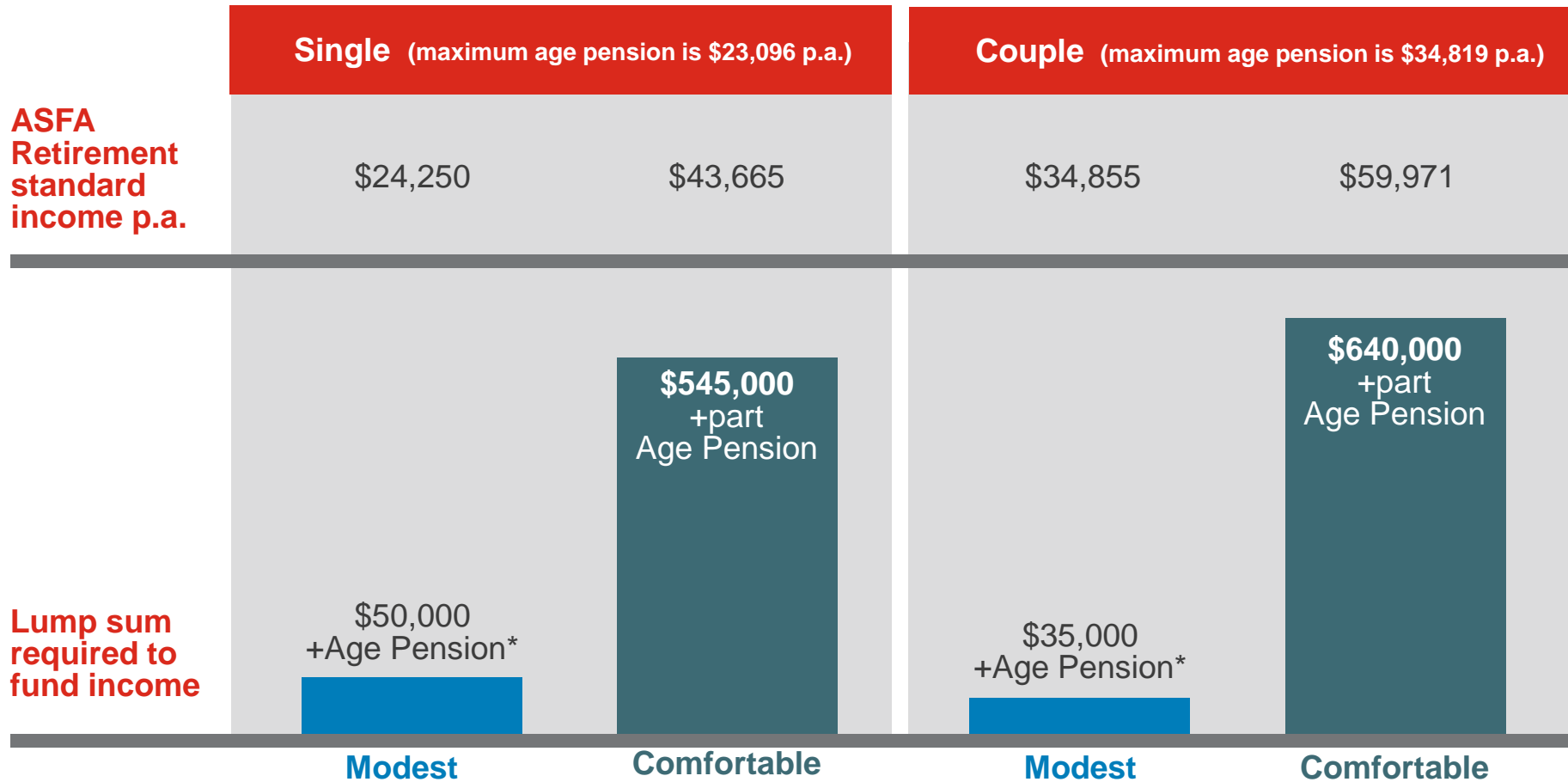
Investment fee range from 0.12% – 0.72%

Potential fee rebate

How Much is Enough?



How much is enough?

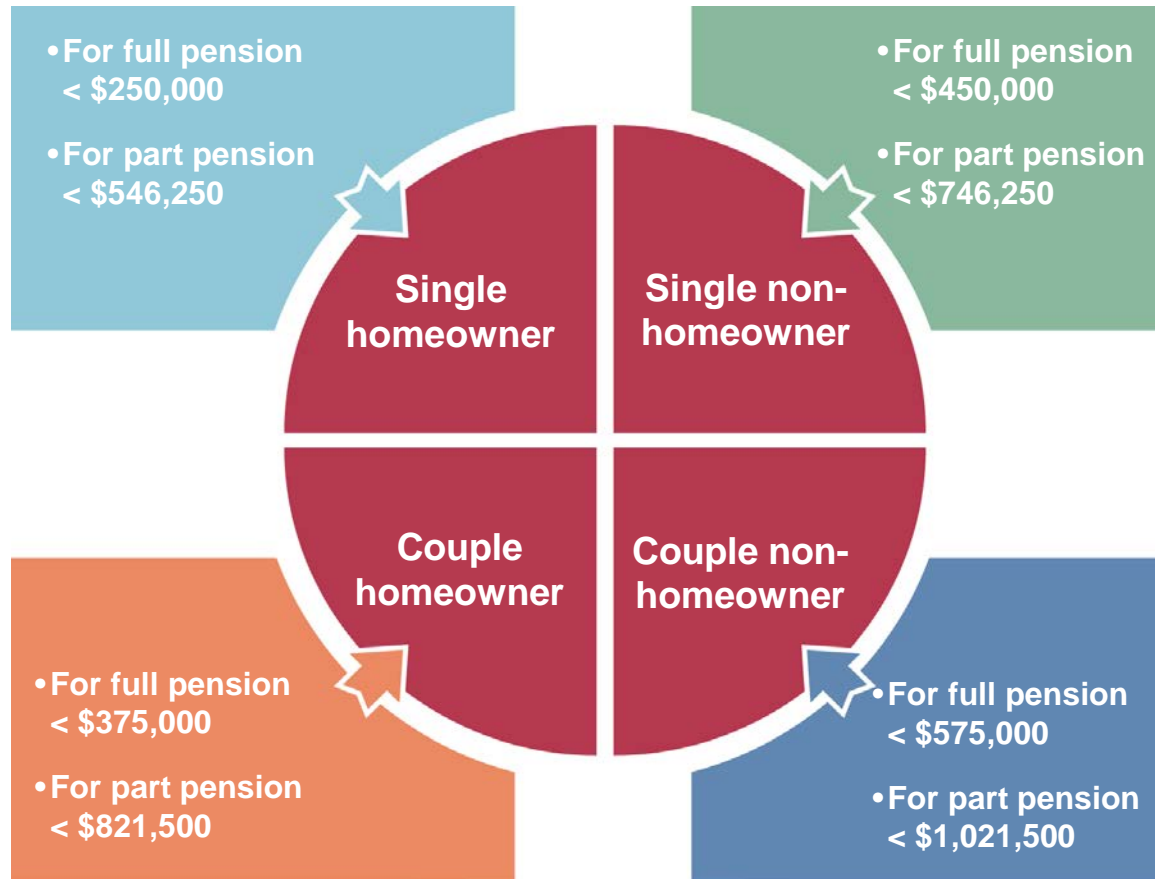


www.humanservices.gov.au 12 April 2017. Includes the pension supplement and clean energy supplement.

Source: ASFA Retirement Standard March 2017. All figures in today's dollars. Capital required assumes a net investment return of 6% p.a.

*assumes maximum Age Pension.

Assets test



Source: www.humanservices.gov.au rates as at 20 March 2017

Income test

Single thresholds

For full pension:
<\$164
per fortnight

For part pension:
<\$1,940.60
per fortnight

Couple thresholds

For full pension:
<\$292
per fortnight

For part pension:
<\$2,970.40
per fortnight

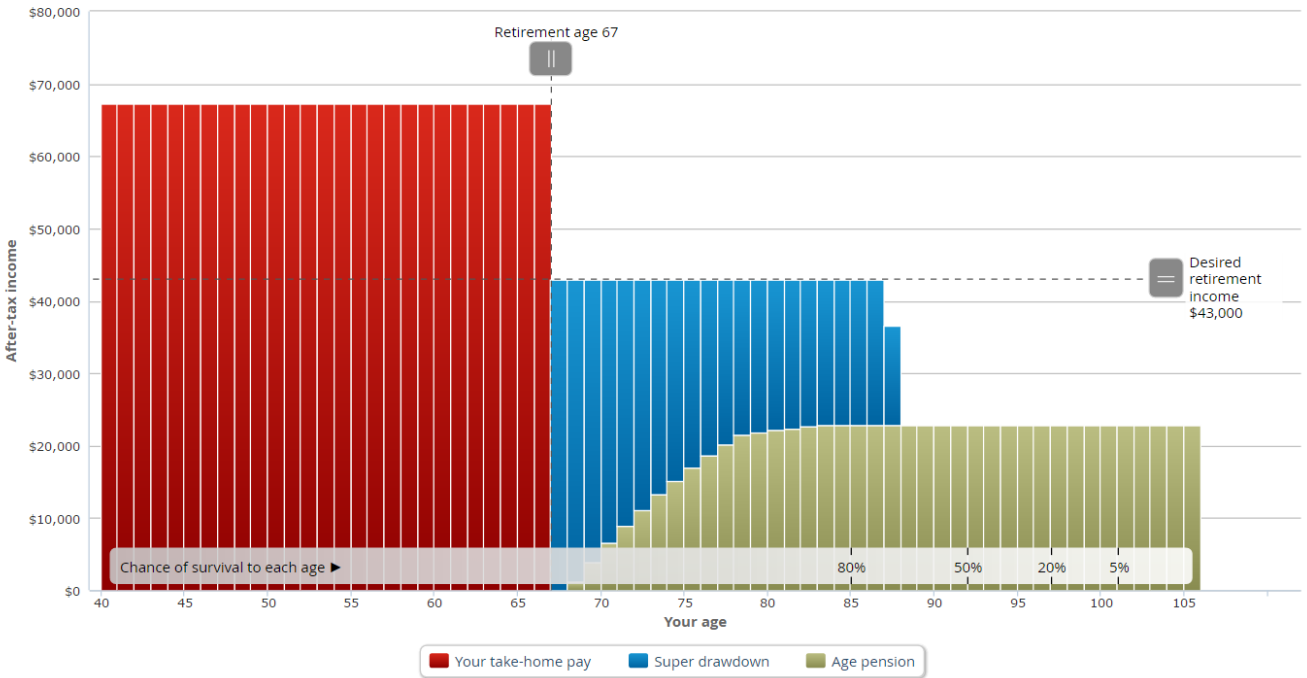
Source: www.humanservices.gov.au rates as at 31 May 2017

Retirement projector

Summary **Your income** Your balance

Your details

Projected retirement income (in today's dollars)



Current age 40

Are you already retired?
 No Yes

Current annual salary \$90,000

Current super balance \$150,000

Gender
 M F

NEXT →

TelstraSuper assistance



Simple advice options

General and limited one-off personal advice about super



Phone

Comprehensive advice options

Other one-off personal advice



Face-to-face



Video chat

Ongoing advice service



Face-to-face



Video chat

What's next?

🔍 www.telstrasuper.com.au

☎ 1300 033 166

✉ talkingsense@telstrasuper.com.au

Review your
contribution
strategy

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your options
with
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Projector

Seek
Advice

Thank you

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