

# Transition to Retirement

## GOLD STATE SUPER FACT SHEET

*This fact sheet provides an overview of the key features and benefits of Transition to Retirement. The case study examples included here should help you understand how it could work for you. It is not relevant for members of the WA Public Sector Pension Scheme as different conditions apply.*

### WHAT IS TRANSITION TO RETIREMENT?

For many people the opportunity to retire early seems unattainable. With an increasing trend to work for longer and retire later, many are looking for flexible options that better suit their lifestyle choices and reward them for staying in the workforce.

Transition to Retirement allows you to access your super benefits while you are still working. You don't have to reduce your work hours but you may choose to, as a way to better align your work with your lifestyle, health or family priorities. If you do reduce your hours, the income you receive from your super benefits will help to supplement any loss of salary.

### ELIGIBILITY

To be eligible for Transition to Retirement, you must have reached preservation age - which for Gold State Super members is currently 55.

Your super benefit must be used to start a regular pension which does not allow lump-sum cash withdrawals. This is known as a non-commutable income stream. GESB's allocated pension is a non-commutable income stream and is a great option for members.

### BENEFITS

Transition to Retirement offers you significant financial benefits and the flexibility to:

- **Boost your income** by receiving a retirement income stream from an allocated pension, as well as your normal salary
- **Boost your super** by continuing to work and sacrifice some of your salary to super
- **Reduce your hours or change job responsibilities** without reducing your income

You can use a combination of these three options. If your situation changes, you won't be able to roll funds from your allocated pension back into Gold State Super, but you can roll funds into an accumulation style super scheme like West State Super or GESB Super.

### KEY FEATURES

Transition to Retirement conditions differ depending on which super fund you're in. You can:

- Access your super once you reach 55 years of age
- Transfer up to 100% of your super benefit. This must be used to start a non-commutable income stream such as GESB's Allocated Pension
- Choose to receive between the minimum# and a maximum of 10% of the pension account balance each year
- Continue to work and continue to contribute into your Gold State Super account
- Continue making salary sacrifice contributions
- Change the amount of pension you receive each year, subject to minimum and maximum limits
- Roll over the allocated pension back to super, if your personal circumstances change, however you can't roll it back into Gold State Super.

# 3% for 2011/12 and 4% for 2012/13. May change in future years.

### HOW WILL IT AFFECT MY EXISTING GOLD STATE SUPER BENEFIT?

Both contributing and deferred members of Gold State Super can access 100% of their benefit from age 55 to start a non-commutable allocated pension.

#### For contributing members

Accessing part or all of your benefit will reduce the Benefit Multiple used to establish the value of your final benefit. This reduction is called the Offset Multiple. Unless you elect to withdraw from Gold State Super, your account will remain open and your defined benefit and Benefit Multiple will grow as you continue working.

#### For deferred members

Accessing part of your benefit reduces the value of your final benefit by the equivalent amount. Any remaining balance will continue to accrue at CPI +2%. If you roll over all of your benefit to an allocated pension, your Gold State Super account will be closed and any pre 1 July 1983 service (where applicable) will be crystallised.

## THINGS YOU NEED TO KNOW

Changes to super from 1 July 2007 mean that any withdrawal from an untaxed fund, such as Gold State Super or West State Super, may trigger the crystallisation of the tax-free and taxable components of your current benefit including any pre 1 July 1983 service. For taxed funds such as GESB Super, this crystallisation took effect on 30 June 2007.

For members with a Gold State Super account, there may be advantages to rolling over benefits into a West State Super account before withdrawal. Gold State Super members interested in this option should contact GESB prior to accessing their benefit.

It is possible for your Gold State Super account to carry contribution arrears. For example, if you take Recognised Unpaid Leave and you forget to send us your contributions every two weeks, then arrears will accrue.

It is important to realise that:

- Contribution arrears are not calculated or payable when you take a transfer under the Gold State Super Transition to Retirement rules, and
- You are liable to pay any contribution arrears owing on your Gold State Super account when your benefit is paid to you.

## CASE STUDY: JOHN'S STORY

John is 60, has a salary of \$72,000 and a Gold State Super benefit of \$345,600. John decides to transfer 100% of his benefit to GESB's allocated pension, a non-commutable income stream.

Here are three scenarios that John could consider.

**Note:** This case study and scenarios are based on certain assumptions. If these assumptions change, the results may differ. Details of all assumptions are available on the Transition to Retirement page of our website, gesb.com.au.

### SCENARIO 1 John can increase his income

To increase his income, John decides to continue to work full-time and:

- Take 100% of his Gold State Super benefit
- Receive the maximum amount from his allocated pension (10% of the account balance)

In this example, John takes home an additional \$29,376 of income in the first year.

	Full-time without transition to retirement income	Full-time with transition to retirement income
Employer Salary	\$72,000	\$72,000
Salary Sacrifice	-	-
Assessable Income	\$72,000	\$72,000
TTR Income	-	\$29,376
Taxable Income	\$72,000	\$72,000*
Tax (including Medicare levy) <sup>^</sup>	\$16,230	\$16,230
Net Income	\$55,770	\$85,146

\* As John is aged 60, his income from an allocated pension is tax-free (ie. non-assessable, non-exempt income).

<sup>^</sup> Using 2011/12 income tax rates. Does not take into account the Temporary Flood and Cyclone Reconstruction Levy, known as the 'flood levy'.

### SCENARIO 2 John can increase his super

If John doesn't need the additional income, he could decide to salary sacrifice his salary into an accumulation scheme such as West State Super, in order to boost his super in preparation for full retirement.

This option is estimated to provide John with in excess of \$116,000 in additional retirement benefits over a five year period.

	Full-time without transition to retirement income	Full-time with transition to retirement income
Employer Salary	\$72,000	\$72,000
Salary Sacrifice	-	\$42,000 <sup>†</sup>
Assessable Income	\$72,000	\$30,000
Transition to retirement (TTR) income	-	\$29,376
Taxable Income	\$72,000	\$30,000*
Tax (including Medicare levy) <sup>^</sup>	\$16,230	\$4,050
Net Income	\$55,770	\$55,326

<sup>†</sup> Salary packaged into West State Super.

\* As John is aged 60, his income from an allocated pension is tax-free (ie. non-assessable, non-exempt income).

<sup>^</sup> Using 2011/12 income tax rates. Does not take into account flood levy or Low income tax offset.

**SCENARIO 3****John can reduce his working hours**

John decides to work part-time and:

- Take 100% of his Gold State Super benefit
- Receive the maximum amount from his allocated pension (10% of the account balance)

This option allows John to reduce his hours by 50% but increase his take home pay.

	Full-time without transition to retirement income	Full-time with transition to retirement income
<b>Employer Salary</b>	\$72,000	\$36,000
<b>Salary Sacrifice</b>	-	-
<b>Assessable Income</b>	\$72,000	\$36,000
<b>Transition to retirement (TTR) Income</b>	-	\$29,376
<b>Taxable Income</b>	\$72,000	\$36,000*
<b>Tax (Including Medicare Levy)^</b>	\$16,230	\$5,040
<b>Net Income</b>	\$55,770	\$60,336

\* As John is aged 60, his income from an allocated pension is tax-free (ie. non-assessable, non-exempt income).

^ Using 2011/12 income tax rates. Does not take into account flood levy and Low income tax offset.

**IMPORTANT INFORMATION**

When comparing options, you need to consider the impact on your retirement benefit. Using your benefit to pay a regular income stream could reduce the amount you have when you retire. Using your benefit to increase your contributions to super could increase the amount you have when you retire.

Members of Gold State Super must contact GESB before applying for Transition to Retirement. Under State Super Regulations, you must be provided with details of the maximum transfer amount and how the transfer may affect your Benefit Multiple or remaining benefit in Gold State Super before you can apply for Transition to Retirement. Your application can only be accepted after we have provided this information and received your signed acknowledgement.

**MORE INFORMATION**

Transition to Retirement can be a valuable and financially beneficial option. To help you understand the benefits, and the impact it could have on your retirement savings:

- Attend a free GESB seminar. We continually offer specific Transition to Retirement seminars or general retirement planning seminars. Register online at [gesb.com.au](http://gesb.com.au).
- Call your Member Services Centre on 13 43 72.
- See the 'Gold State Super Essentials' brochure, available at [gesb.com.au/brochures](http://gesb.com.au/brochures).

**How to contact us**

☎ Member Services Centre 13 43 72    📠 Facsimile 1800 300 067    🌐 [gesb.com.au](http://gesb.com.au)  
 ✉ PO Box J 755, Perth WA 6842    🏢 Level 4 Central Park, 152 St Georges Terrace, Perth

Disclaimer: The information contained in this fact sheet is of a general nature, and does not constitute legal, taxation or personal financial advice. In providing this information GESB has not taken into account your investment objectives, financial situation or needs. GESB is not licensed to provide financial product advice. You should read this fact sheet in conjunction with other relevant disclosure documents GESB has prepared for Gold State members including the Gold State Super Essentials brochure. You may also wish to consult a suitably qualified adviser to ascertain whether the information contained in this fact sheet is appropriate for you.