

# Transition to Retirement Pension Case Study

## Wealth Creation

### Effect on Super Fund

<b>Inflows</b>	
Salary Sacrifice to super	\$30,000
<b>Outflows</b>	
Pension Payment	-\$20,550
Contributions Tax	<u>-\$4,500</u>
<b>Net Wealth Created</b>	<b>\$4,950</b>

The benefits of this scenario are:

1. Additional retirement savings with no impact on lifestyle!
2. Other income may be taxed at a lower marginal tax rate,
3. The existing super account balance which underpins the Pension will be exempt from the normal 15% tax on earnings – giving an increased return, and
4. The value of fully franked shares in the Pension Account are magnified again giving an increased return.

*Make your money work harder, so you don't have to.*

## Benefits of the Transition to Retirement Pension

Have you ever thought you'd like to ease into retirement, without having to retire completely? Employees over 55, who have not yet retired, can access their super even while they are still working! These rule changes open some interesting possibilities for you in terms of both lifestyle and taxation planning. The examples listed below demonstrate that wealth creation is possible without any impact on your current lifestyle.

The table below illustrates the position of someone aged over 60 who is receiving a salary of \$65,000 <sup>(1)</sup>.

In the second scenario<sup>(2)</sup> the same individual has received advice from Ulton to Salary Sacrifice \$30,000 per annum into super and to draw out a Transition to Retirement Pension of \$20,550 per annum.

	<b>Current Position <sup>(1)</sup></b>	<b>Position with TRIP <sup>(2)</sup></b>
Salary	\$65,000.00	\$ 65,000.00
Salary Sacrifice to Super	0	<u>-\$ 30,000.00</u>
<b>Net salary</b>	<b>\$65,000.00</b>	<b>\$ 35,000.00</b>
Tax	-\$14,099.70	-\$ 5,099.70
Medicare Levy	-\$ 975.00	-\$ 525.00
Pension Payment		<u>\$ 20,550.00</u>
<b>Net salary per annum</b>	<b>\$49,925.30</b>	<b>\$ 49,925.30</b>
<b>Net Salary Per Fortnight</b>	<b>\$ 1,920.20</b>	<b>\$ 1,920.20</b>

