

The Hon Wayne Swan

Treasurer



Senator Nick Sherry

Minister for Superannuation
and Corporate Law

TREASURER AND MINISTER FOR SUPERANNUATION ANNOUNCE PENSION DRAWDOWN RELIEF FOR RETIREES

Treasurer Wayne Swan and Senator Nick Sherry, Minister for Superannuation and Corporate Law, today announced relief from minimum account-based pension draw down requirements.

The measure responds to concerns that meeting the minimum draw down amount in 2008-09 will mean having to sell investments assets and realise losses in a depressed market.

“The Government recognises that the significant downturn in global financial markets has had a negative effect on retirees’ superannuation capital in account-based pensions,” the Treasurer said.

“In response to these legitimate concerns, the Government will suspend the minimum drawdown requirement for account-based pensions for the second half of 2008-09,” Minister Sherry said.

“This will occur through a 50 per cent reduction in the minimum payment amount for 2008-09,” Minister Sherry said.

The temporary relief also addresses the concern that the minimum draw down requirement was set based on asset values as at 1 July 2008, when equity values were higher.

For those people who have already taken half of the current minimum payment for 2008-09, the annual nature of the minimum payment rules means that a further payment will not be required until the end of the 2009-10 year.

“The Government will continue to closely monitor market conditions and examine options for a longer term solution to this issue following the Australia’s Future Tax System Review,” the Treasurer said.

Currently, it is a requirement that minimum payments be made from a superannuation account-based pension at least annually. Minimum payments are determined by age and the value of the account balance as at 1 July each year. The minimum annual payment rule is designed so that retirees draw down on their superannuation capital over their retirement. This rule recognises that superannuation is designed as a retirement savings vehicle with substantial tax concessions.

The temporary suspension of the minimum payment requirement will apply to account-based annuities and pensions (payable since 1 July, 2007); allocated annuities and pensions (pre-dating the Better Super changes); account-based and allocated

pensions payable from Retirement Savings Accounts, and market-linked (term allocated) annuities and pensions.

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