

Working Income Streams

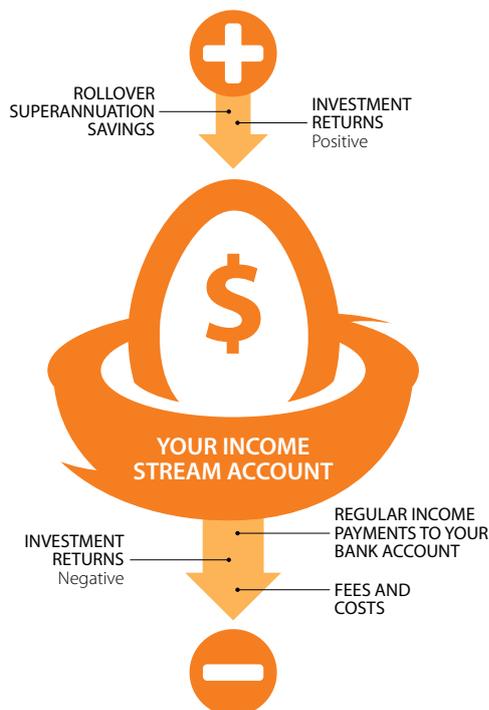
An ESSSuper Working Income Stream can provide a simple source of regular income from your super, whilst you continue to work. You may be looking to slow down as you transition to retirement, or you may be looking for a way to increase your end benefit.

Who would use a Working Income Stream?

A Working Income Stream may be suitable if:

- you have reached your preservation age, and wish to remain in the workforce, whilst receiving a regular income.
- you are looking to reduce your working hours, but want to supplement your reduced salary with payments from an income stream.
- you or your partner may like to utilise the Working Income Stream whilst continuing to salary sacrifice to super (within the concessional caps). For the 2018/19 financial year the concessional contribution cap is \$25,000.
- you are able to manage the risks associated with investing in an income stream.

The diagram below shows how a Working Income Stream might operate.



How do Working Income Streams work?

A Working Income Stream (often called a Transition to Retirement allocated pension or TTR) is a superannuation product that can be used to convert some or all of your lump sum super into a regular source of income, whilst you continue to work in either a full or part time capacity.

To open an ESSSuper Working Income Stream you need to rollover a minimum of \$50,000 of your superannuation benefit. You then nominate to receive regular income payments such as fortnightly or monthly to suit your needs.

You can select the level of income you need, but legislation dictates this must be between 4% and 10% of your account balance for the financial year. The percentages are based on your age and account balance at commencement and at 1 July each year.

You must have reached your preservation age to be able to use a Working Income Stream.

Your preservation age is determined by your date of birth as shown in the table below.

Birth date	Age
Before 1/7/1960	55
1/7/1960 to 30/6/1961	56
1/7/1961 to 30/6/1962	57
1/7/1962 to 30/6/1963	58
1/7/1963 to 30/6/1964	59
1/7/1964 and after	60

ESSSuper members are not normally able to use their defined benefit fund for the purpose of starting their Working Income Stream. This is because the defined benefit is formula based and you must either leave your employer or exempt from the fund (if possible) to enable your defined benefit to be released.

However, you can usually rollover* or transfer an Accumulation Plan account or any other super to start a Working Income Stream.

* You should check any relevant exit fees you may incur, or any insurance arrangements that may be forfeited, or any other effects this transfer may have on your benefits, before rolling your money into our fund.

The benefits of a Working Income Stream?

- If you are 60 years of age or over, all income payments are tax free.
- If you are between your preservation age and age 60, any income taken (other than any tax free component) is taxable, but a 15% tax offset may reduce any tax liability on this (and other) income.
- You can choose up to ten investment options which range from shares to cash. You can also select a term deposit¹ option for a fixed investment return. You choose the mix that suits your circumstances.
- You can choose the frequency of payments – from fortnightly through to annually.
- You can select the level of income you need, but legislation dictates this must be between 4% and 10% of your account balance for the financial year. The percentages are based on your age and account balance at commencement and at 1 July each year.

How long will my money last?

How long your Working Income Stream lasts, depends on the amount of money you start with, the rate at which you withdraw an income, and other factors such as investment returns and fees. There is no guarantee your Working Income Stream will provide an income for the rest of your life. Payment will only continue to be made until your account balance is exhausted.

Ensuring you plan and budget appropriately may assist with helping your money last. Our Lifetime Super Modeller may be of help. Check it out at esssuper.com.au/calculators

In the event of your death, and depending on your prior instructions to us, any funds remaining in your account, will be paid as:

- an income stream to a spouse, or de-facto spouse³, or
- a lump sum to dependants or your estate.

The Income Stream is dependent on investment returns from year to year. Investment returns can be positive or negative and as a result will have an effect on the balance of your Income Stream. These payments are deducted from your balance. These factors will also govern how long your Income Stream will last. They are not guaranteed for life or underwritten by the Victorian Government.

Things to consider

- Centrelink has a different treatment of income streams compared to accumulation style superannuation. For some members, an income stream may be treated favourably, for others this may not be the case. For more information contact Centrelink on 13 23 00 or consult an ESSSuper Financial Adviser.²
- Your account balance may be affected by market fluctuations. It is important to try to match your tolerance for risk, with your choice of investment options. Our Investment Choice and Fees brochure may assist you with this.
- As with other types of super, you can't withdraw lump sums until you satisfy a condition of release, retire once you have reached your preservation age or cease employment after age 60.
- The Working Income Stream does not count towards an individual's lifetime Transfer Balance Cap and earnings are taxed at 15%. The lifetime Transfer Balance cap of \$1.6 million is the total amount an individual can retain or transfer into a Retirement Income Stream where earnings are exempt from taxation.

1 Term deposits are 'locked in' for the term of the investment. Any income payments must be drawn from the other investments in your account.

2 Adviser Network holds a current Australian Financial Services Licence (AFSL) No. 232729 and is responsible for the financial services provided to you. ESSSuper has contracted Adviser Network to provide authorisation under the Adviser Network AFSL for the provision of personal financial advice services to ESSSuper members. Adviser Network is paid a fee by ESSSuper for this service. Neither the Board, nor the Victorian Government, guarantee or endorse any recommendations made by Adviser Network Pty Ltd, or are responsible for the advice and actions of Adviser Network Pty Ltd.

3 For conditions and information about reversionary nominations please refer to the Income Streams Product Disclosure Statement on our website.

More information

Further information can be found by downloading the ESSSuper *Income Streams Product Disclosure Statement* at esssuper.com.au/pds or you can contact our Member Service Centre on 1300 650 161 (emergency services members) or 1300 655 476 (state super members).

Proudly serving our members