

## Transitioning to retirement with Qantas Super

### What is a Transition to Retirement?

If you are close to retirement and you are aged 55 or over then a Qantas Super Transition to Retirement might be the right choice for you.

This type of income stream allows you to ease into retirement and continue to work the hours that suit you without giving up the lifestyle you are used to. It can be used to supplement your income, reduce the tax you pay or help boost your super.

### Key terms explained

Before we go into further detail, we've provided a list of key terms to help you understand the jargon.

**Income stream account** – is the account established with funds from your super savings, which then provides you with a regular income stream payment. Qantas Super offers two income stream accounts:

- **Division 9** – Flexible Income Account, and
- **Division 14** – Transition to Retirement Account.

**Income stream payments** – the regular payments you receive from your income stream account. At Qantas Super, these are paid monthly.

**Lump sum payments** – are withdrawals taken from your income stream account as a single one-off payment, rather than as a regular monthly income stream payment.

**Preservation age** – the age at which you can gain access to your preserved super benefits. The preservation age gradually increases from 55 years. Your preservation age depends on when you were born:

### Your preservation age

When you were born	Preservation age
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
After 30 June 1964	60

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**Salary sacrifice** – an arrangement between you and your employer which involves you giving up a part of your before-tax salary in exchange for having the employer provide an alternative benefit, in this case super contributions. 15% contributions tax is payable on your salary sacrifice contributions.

**TTR** – the abbreviation for Transition to Retirement. This is a type of income stream account which allows you to partly access your super when you are approaching retirement, subject to a number of rules. At Qantas Super, the TTR account is also referred to as Division 14.

### How does it work?

A Qantas Super Transition to Retirement (TTR) account is a natural extension of your Qantas Super super account. Money you have saved in super is transferred into your TTR account and invested. Your account will increase (or decrease) with investment earnings and some money will be deducted to pay fees and charges. At the same time, money is paid to you as regular monthly payments.

### Will a TTR suit me?

A Qantas Super TTR offers a number of unique benefits:

- **Supplement your income.** You can gradually adjust to retirement by reducing your working hours and supplementing your lower salary with regular income payments.
- **Reduce your tax.** No tax is payable on investment earnings. You may also be able to reduce your income tax by combining a TTR with a salary sacrifice strategy.
- **Increase your super savings.** You can continue working and make extra salary sacrifice contributions to your super. The regular income payment from the income stream then provides a top-up to your lower take-home pay.

Before deciding to transition to retirement with Qantas Super, you should read the Product Disclosure Statement for Division 14. Talk to a qualified financial adviser to determine if these strategies are right for you.

## What are the key things to know?

- You need to have reached your preservation age to be eligible (see table on page 1).
- You need to be doing some paid work, but there are no restrictions on the amount of work you do, or the income you earn.
- Even though you are drawing an income from your TTR account, you can also contribute to your super. There may be some real tax advantages in doing so, particularly if you salary sacrifice. Talk to a qualified financial planner.
- You can start your TTR account with a minimum transfer of \$50,000 from your Qantas Super account, although you will need to keep some money (\$5,000) in your super account if you, or your employer, are still making contributions.

If you are a Division 2 or 3 member, contact us to confirm how much of your balance can be transferred (generally the total of your accumulation accounts). Some exceptions apply, particularly if you have a guaranteed minimum benefit.

- You can leave money in your super account for as long as you like, or combine it later with your income stream account.
- Not all super funds have the facility to pay income streams.

## Are there any limits on the amount I withdraw?

**A maximum limit applies.** If you start a TTR account, the maximum limit you can withdraw in any one financial year is 10% of your account balance as at 1 July each year. This limit is set by the Government.

Qantas Super will ensure you do not exceed your maximum limit.

### **An annual minimum drawdown amount applies.**

The Federal Government has set annual minimum limits, which is the minimum amount you must withdraw in any one financial year from your TTR account, and it is based on your age (see table below). You can exceed this lower limit if you want to (but remember that the TTR account has a maximum limit of 10% of your account balance as at 1 July each year).

Age	Percentage of account balance	25% reduction in drawdown amount until 30 June 2012*
55 – 64	4%	3%
65 – 74	5%	3.75%
75 – 79	6%	4.50%
80 – 84	7%	5.25%
85 – 89	9%	6.75%
90 – 94	11%	8.25%
95 or over	14%	10.5%

\* PLEASE NOTE: The Federal Government has extended its drawdown relief for members investing in income stream accounts until 30 June 2012. The drawdown relief gives you the option to drawdown 25% less than the annual minimum drawdown amount for this financial year.

For example, a 55 year-old only needs to draw 3 percent for this financial year, and a 65 year old need only draw down 3.75 percent.

## Can I make a lump sum withdrawal?

No. You are not able to make lump sum withdrawals from your TTR account.

## What are the tax advantages?

A Qantas Super TTR account can provide some real tax advantages:

- no tax is payable on the investment returns your TTR account earns.
- if you are aged 60 or over your income payments will be tax free.
- If you are between 55 and 60 years of age, your income payments will be subject to income tax, but some of it may be tax-free and you will receive a 15% tax offset on what's referred to as the taxable portion.

These kinds of tax advantages can make a huge difference to your super savings in the time leading up to your retirement.

*“Supplement your income, reduce tax & boost super savings.”*

## How do I get started?

To get started all you need is an initial transfer from your Qantas Super account of \$50,000 or more. If you have super money with another super fund that you want to transfer into a Qantas Super TTR account, you need to transfer it into your Qantas Super super account first.

When you are ready to set up your TTR, please call us and we will be happy to explain what paper work is required.

You will need to complete a:

- Division 14 Transition to Retirement Application Form (included in the Product Disclosure Statement);
- Portability Transfer form (for your current division of membership); and
- Tax File Number Declaration form.

You will also need to include a certified copy of your current driver's licence or passport to meet the member identification requirements.

## Can I top-up my TTR ?

Once you start receiving income payments, you cannot make further deposits, transfers, contributions or rollovers to it. However, if you have \$20,000 or more in your super account to invest you will be able to open another TTR account. It's not unusual to have several accounts running side by side which will all form part of your total retirement income investment.

Again, if you have money elsewhere, you can roll it into your super account and wait for it to clear, before transferring any money to your TTR account.

## When will I begin to receive payments and at what frequency?

You can start to receive payments from your TTR account the month after your income account has been set up.

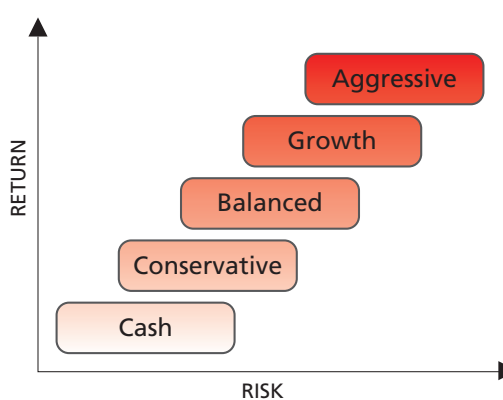
Payments will be deposited monthly into your nominated bank account, building society or credit union account on the 28th of the month. Payments will continue to be made for as long as funds remain in your TTR account.

## How is my account invested?

You can choose to invest in an option that delivers the potential for higher returns, greater relative security or a mix of both – whatever suits your investment objectives, time-frame and tolerance for risk.

The investment options are exactly the same as the options you are used to with your super account. which means you are familiar with them. You can choose to invest in one of the following five options shown below.

And, you can invest your TTR account differently to your super account. The choice is yours!



## How long will it last?

A TTR is not like a life-time pension or annuity. Income stream payments will continue to be made for as long as funds remain in your TTR account. Some of the factors that may affect the balance of your account and how long it lasts are:

- The performance of your chosen investment option;
- The amount you choose to take out as nominated income stream payments; and
- Any fees or charges deducted from your account.

## What else do I need to know?

It is important to note that once you turn 65 or fully retire, your TTR account can be converted to a Qantas Super Flexible Income account which has no limit on the maximum amount you can take as income payments and no restriction on withdrawals. The minimum drawdown rules also apply to the Flexible Income account.

## What fees will I pay?

Our fees are competitive. Compare and see for yourself.

Qantas Super **DOES NOT** charge a fee to start your income account, nor does it charge you a fee when you withdraw, terminate or change your investment option. The only fees that apply are these:

Fee	Amount		How and when paid
	Average Account Balance	Administration Fee (% of Account Balance)	
<b>Administration fee</b> – for managing your account.	Up to first \$250,000	1.00	This fee is deducted from your Income account on 30 June each year, and on exit if you close your account during the year.
	Plus next \$250,000	0.50	
	Plus next \$250,000	0.25	
	Plus above \$750,000	0.15	
<b>Investment management fees</b> – for managing Qantas Super's investments.	Between 0.10% and 0.60% depending on which investment option you choose.*		This fee is deducted from earnings before the credited interest rate is declared.

\*See the Product Disclosure Statement for more information on the fees you pay for individual investment options.

## What if I change my mind?

As we all know, our needs and plans can change. For example, you may decide to go back to work full time and don't need to receive your income stream payments any more. If so, you can choose to stop your payments and return the balance of your TTR account to your super account at any time.

## How do I get more information?

You can contact Qantas Super by:

Phone: 1300 654 384 (within Australia)  
+61 2 9374 3930 (outside Australia)

Fax: 02 9372 6288 (within Australia)  
+61 2 9372 6288 (outside Australia)

Email: [info@qantassuper.com.au](mailto:info@qantassuper.com.au)

Postal address: Qantas Superannuation Limited  
Locked Bag A4075  
SYDNEY SOUTH NSW 1235