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EARLY ACCESS TO SUPER

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This fact sheet provides you with general information about the Early Access to Super option which may be available to you as a Triple S member. Early Access gives members the option to access their super without the need to enter into a Transition to Retirement (TTR) agreement with their employer.

Background

If you are a Triple S member and have reached your Commonwealth Government preservation age (see table) and your account balance is above \$30,000, you are able to take advantage of Early Access.

This means you can roll over any amount between \$30,000 and 100% of your super balance to an income stream, such as the Super SA Income Stream, without entering into a Transition to Retirement (TTR) arrangement with your employer. However, you cannot take any portion of your super as a lump sum cash payment.

How do I take advantage of Early Access?

You must:

- have reached your Commonwealth Government preservation age
- have a Triple S account balance above \$30,000.

You are not required to change your employment hours or be transitioning to retirement.

How much of my super can I access under Early Access rules?

You can access up to 100% of your Triple S account balance. You must take an amount which is at least \$30,000.

Your Commonwealth Government preservation age depends on your date of birth:

Date of birth	Commonwealth Government preservation age
Before 1 July 1960	55
1 July 1960 to 30 June 1961	56
1 July 1961 to 30 June 1962	57
1 July 1962 to 30 June 1963	58
1 July 1963 to 30 June 1964	59
After 30 June 1964	60

Example: Early Access for Helen

Helen is age 60 and has a Triple S balance of \$200,000, including a \$100,000 rollover from another fund and \$20,000 in after-tax contributions. She has some pre-1983 service.

Helen's annual salary is \$60,000 and she is considering using the Early Access option. She is eligible for Early Access as she is above her Commonwealth Government preservation age and her super balance is above \$30,000. This enables her to roll over an amount of up to 100% of her super entitlement into the Super SA Income Stream without changing her employment conditions.

Helen decides to roll over the entire balance of \$200,000 into the Super SA Income Stream. When she rolls her super over, 15% contributions tax is deducted from the Taxable (untaxed) component, leaving her a balance of \$188,000.

Glossary

EATS: Early Access to Super is the name given to the process of accessing some of your Triple S super as part of a strategy to transition to retirement.

TTR: Transition to Retirement is the general industry term for the process of accessing some of your super to top up your income while reducing your working hours. It is generally accessible to those who have reached their government superannuation preservation age.

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As she is under age 65, Helen must receive income from the Super SA Income Stream of between the minimum limit (4% of account balance) and the maximum limit (10% of account balance).

- Minimum income = \$188,000 x 4% = \$7,520 pa
- Maximum income = \$188,000 x 10% = \$18,800 pa

Helen decides to take the maximum income of \$18,800 pa.

As Helen is over the age of 60 the \$18,800 income will be tax free.

Early Access provides Helen with two possible strategies to choose from:

1. Reducing employment

Helen may wish to reduce her employment as she transitions to retirement and use her income stream payments to supplement the reduction in her salary.

Helen could (subject to approval from her employer) reduce her employment from 5 days a week to 2½ days a week and only experience a slight reduction in her take-home pay. Helen's salary would reduce from \$60,000 to \$30,000, however because of her

income stream payments, her take-home pay would only reduce from \$48,383 to \$46,603 (ie a difference of \$1,780 pa).

2. Salary sacrifice

Helen could consider maintaining her full-time hours, salary sacrificing into Triple S and using her income stream payments to maintain the same level of take-home pay. Salary sacrificing into super and receiving tax free income stream payments can have the effect of reducing tax and increasing retirement entitlements.

Helen could salary sacrifice \$1,067 per fortnight (ie \$27,747 pa) and maintain her take-home pay at the same level as it was before she took Early Access.

The table below shows how Helen's annual income is worked out for the two different scenarios.

Income age 60 or over¹

	Before Early Access	Early Access and reduced hours	Early Access and salary sacrifice
Salary	\$60,000	\$30,000	\$60,000
Less salary sacrifice	–	–	\$27,747
Taxable income	\$60,000	\$30,000	\$32,253
Less income tax and Medicare Levy plus Low and Middle Income Tax Offset and Low Income Tax Offset	\$11,617	\$2,197	\$2,670
Net salary income	\$48,383	\$27,803	\$29,583
Add income stream payments (max)	–	\$18,800	\$18,800
Net income	\$48,383	\$46,603	\$48,383

¹ Assumes Commonwealth Government preservation age requirements have been met



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What if Helen was under age 60?

If Helen was under age 60, that is, if her age fell between her Commonwealth Government preservation age and age 59, her income stream payments would be taxed at Helen's marginal tax rate (subject to a tax free amount and 15% super rebate).

1. Reducing employment

Helen may wish to reduce her employment as she transitions to retirement and use the income stream payments to supplement the reduction in her salary.

Helen could (subject to approval from her employer) reduce her employment from 5 days a week to 2½ days a week. Helen's salary would reduce from \$60,000 to \$30,000. However, because of her income stream payments, even though she has chosen to work half-time, her take-home pay would only reduce from \$48,383 to \$44,419 (ie a difference of \$3,964 pa).

Helen's Super SA Income Stream balance will be reduced each year by her income drawdown amount.

Helen's balance will also be impacted by the investment returns achieved by her investment option.

2. Salary sacrifice

Helen could consider maintaining her full-time hours, salary sacrificing into Triple S and using her income stream payments to maintain the same level of take-home pay. Salary sacrificing into super and receiving income stream payments can have the effect of reducing tax and increasing retirement entitlements, however, because Helen is under age 60 only a portion of her income stream payments are tax free (see table below).

Helen could salary sacrifice \$917 per fortnight (ie. \$23,863 pa) and maintain her take-home pay at the same level as it was before she took Early Access.

Helen's Super SA Income Stream balance will be reduced each year by her income drawdown amount. Helen's balance will also be impacted upon by the returns achieved by her investment option.

Income under age 60¹

	Before Early Access	Early Access and reduced hours	Early Access and salary sacrifice
Salary	\$60,000	\$30,000	\$60,000
Less salary sacrifice	—	—	\$23,863
Add taxable component of income stream payments	—	\$16,800	\$16,800
Taxable income	\$60,000	\$46,800	\$52,937
Less income tax and Medicare Levy plus Low and Middle Income Tax Offset and Low Income Tax Offset	\$11,617	\$6,901	\$9,074
Add 15% super rebate	—	\$2,520	\$2,520
Add tax free income stream payments	—	\$2,000	\$2,000
Net income	\$48,383	\$44,419	\$48,383

¹ Assumes Commonwealth Government preservation age requirements have been met.



Reducing your working hours means that the Super Guarantee contributions made into your super will also be reduced and therefore your total super balance on retirement will be less.



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Fact sheets on a range of topics relating to your super are available on the Super SA website and from Super SA.

Alternatively, if you have any enquiries regarding Early Access to Super or any other matters raised in this fact sheet, please contact Super SA.

What else do I need to know?

- When you roll any portion of your entitlement into a Super SA Income Stream, 15% contributions tax will be deducted from the Taxable (untaxed) component.
- Taxable (untaxed) amounts over \$1,480,000 will be taxed at the top marginal rate plus Medicare levy. Refer to the Triple S *Tax* fact sheet for further information.
- The minimum opening balance required for a Super SA Income Stream is \$30,000.
- Your income stream payments must be between 4% and 10% of the account balance until you reach age 65 or permanently retire, according to Commonwealth Government legislation.
- Your first Early Access entitlement must be at least \$30,000.
- Subsequent Early Access payments from Triple S can be made when your Triple S account balance is above \$30,000, with no more than one Early Access payment being taken out in a financial year.
- Your employer will continue to make regular Superannuation Guarantee contributions of 9.5% into your current Triple S Employer Account.
- The tax treatment of your income stream payments differs depending on whether your age ranges from Commonwealth preservation age to 59 years, or 60 years and over.
- From 1 July 2017, investment income supporting transition to retirement (including Early Access to Super – EATS) is taxed up to 15%. If you are in the retirement phase then investment income earnings are tax free.
- Amounts held in an EATS or Transition to Retirement arrangements do not count towards the Transfer Balance Cap¹.

Are there any other options to help me transition to retirement?

Yes. SA public sector employees are now able to take long service leave on a single day basis over an ongoing period of time as a means of phasing into retirement. This has no impact on super. If you wish to do this, talk to your Human Resources Manager.

Early Access to Super step-by-step process:

1. Attend a Super SA *Early Access to Super* seminar.
2. Seek professional financial advice.
3. Contact Super SA to confirm your eligibility and obtain a quote.
4. If you wish to proceed, complete the *Application for Early Access to Super* form, available on the Super SA website.
5. When rolling your super into the Super SA Income Stream, complete the application form in the back of the Super SA Income Stream PDS, available on the website or from Super SA.

Further information

The following Product Disclosure Statements (PDSs) may be helpful if read in conjunction with the information presented above:

- Super SA Income Stream PDS
- Triple S PDS

¹ The Transfer Balance Cap is the upper limit, set by the Federal Government, on the total amount of super that you can transfer into the retirement phase.

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Disclaimer

The information in this document is intended to help you understand your entitlements in Triple S. Super SA does its best to make sure the information is accurate and up to date. However, you need to be aware that it may not include all the technical details relevant to the topic. For the complete rules of Triple S, please refer to the *Southern State Superannuation Act 2009* and *Southern State Superannuation Regulations 2009*. The Act and accompanying Regulations set out the rules under which Triple S is administered and entitlements are paid. You can access a copy from the Super SA website.

Triple S is an exempt public sector superannuation scheme and is not regulated by the Australian Securities and Investments Commission (ASIC) or the Australian Prudential Regulation Authority (APRA). Super SA is not required to hold an Australian Financial Services Licence to provide general advice about Triple S.

The information in this document is of a general nature only and has been prepared without taking into account your objectives, financial situation or needs. Super SA recommends that before making any decisions about Triple S you consider the appropriateness of this information in the context of your own objectives, financial situation and needs, read the Product Disclosure Statement (PDS) and seek financial advice from a licensed financial adviser in relation to your financial position and requirements.

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