

Accessing Benefits – Conditions of Release



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Access to superannuation benefits depends on your preservation status and whether you have met a “condition of release”. If you meet a condition of release you can access superannuation benefits.

Preserved Benefits

Until you meet a condition of release, your benefits are generally classified as “preserved”. There may be restrictions on the type of payment, lump sum or income stream, you can receive depending on which condition of release you meet.

Restricted non-preserved Benefits

It is quite rare to have restricted non-preserved benefits which originate from non-compulsory contributions from employment that were made before 1 July 1999. You can access these amounts when that employment has been terminated or when a condition of release with a nil cashing restriction has been met. A nil cashing restriction means that your superannuation can be accessed at any time.

Unrestricted non-preserved Benefits

Unrestricted non-preserved benefits can be accessed at any time as lump sums or pensions and normally represent benefits for which you have previously met a condition of release which has a nil cashing restriction.

Attainment of Preservation Age

In most cases you can access superannuation benefits when you reach your preservation age. Your preservation age depends on your date of birth and ranges from age 55-60.

Date of Birth	Preservation Age (years)
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

If you have reached your preservation age, but do not meet a full condition of release, you are able to access your benefits as a transition to retirement income stream (TRIS).

You can access a TRIS without having to retire or cease employment. You are required to draw a minimum pension during a financial year equal to 4% of your account balance at commencement or on 1 July each year. There is a maximum amount that can be paid equal to 10% of your account balance at commencement or on 1 July each year.

You cannot withdraw lump sums from preserved benefits or restricted non-preserved benefits until a full condition of release is satisfied.

Conditions of Release

Condition of release	Description	Cashing restrictions
Retirement - after preservation age, prior to age 60 (SIS Regulation 6.01(7))	<p>Where an employment arrangement has ended, and the trustee is reasonably satisfied you never intend at that time to become gainfully employed for greater than 10 hours per week.</p> <p>You are not prohibited from subsequently returning to gainful employment in the future, provided you do not have the intention to return to work when declaring your retirement.</p>	Nil
Retirement - after age 60 (SIS Regulation 6.01(7))	<p>Where any employment arrangement has ended, even if you have obtained new employment.</p> <p>Where you are employed in more than one employment arrangement, the cessation of one arrangement is enough to satisfy this condition of release.</p>	Nil
Attainment of age 65	<p>You will have full access to your benefits upon your 65th birthday, regardless of your employment status. All benefits automatically become unrestricted non-preserved.</p> <p>If you are in receipt of a TRIS on your 65th birthday, it will automatically become a TRIS in retirement phase. This means the full pension balance will count towards your transfer balance cap.</p>	Nil
Terminal medical condition (SIS Regulation 6.01)	<p>Where both of the following circumstances exist:</p> <ul style="list-style-type: none"> Two registered medical practitioners have certified that you suffer from an illness, or incurred an injury, that is likely to result in the death within 24 months; and At least one of the registered medical practitioners is a specialist practicing in an area related to your illness or injury you have suffered. 	Payable as a lump sum

	Lump sum withdrawals due to terminal illness are specifically excluded from being taxed, whilst income streams paid if you are terminally ill are subject to the normal tax rules.	
Permanent incapacity (SIS Regulation 1.03C)	<p>Where you suffer from physical or mental ill health and the trustee is reasonably satisfied you are unlikely to engage in gainful employment for which you are reasonably qualified by education, training or experience.</p> <p>The trustee should obtain medical evidence in line with the requirements outlined under “Terminal medical condition”.</p>	Nil
Temporary incapacity (SIS Regulation 6.01)	<p>Where you suffer from physical or mental ill health that has temporarily caused you to cease gainful employment (which does not constitute permanent incapacity).</p> <p>Also referred to as salary continuance and can normally only be paid from the proceeds of protection insurance.</p>	Payable as an income stream
Severe financial hardship (SIS Regulation 6.01(5))	<p>There are two definitions, dependent on your age at time of application.</p> <p>The trustee must be satisfied that you:</p> <ul style="list-style-type: none"> • Are unable to meet reasonable and immediate family living expenses; and • Are and have been in receipt of Commonwealth income support for a continuous period of at least 26 weeks. <p>Where the member is over age 55, the trustee must be satisfied that you:</p> <ul style="list-style-type: none"> • Have been in receipt of Commonwealth income support for a cumulative period of 39 weeks since turning age 55; and • Are not gainfully employed for at least 10 hours per week <p>Centrelink can provide the supporting evidence to confirm you meet the income support requirements.</p>	Lump sum of \$1,000 - \$10,000 per annum or entire benefit where over age 55 criteria are met.
Compassionate grounds (SIS Regulation 6.19A))	<p>On application to Centrelink benefits may be released to:</p> <ul style="list-style-type: none"> • Pay for medical treatment or medical transport for yourself or a dependant • Make a loan repayment to prevent foreclose or mortgagee power of the sale of your principal residence 	Single lump sum determined by ATO

	<ul style="list-style-type: none"> • Modify a principal residence for your severe disability needs or a dependant • Meet palliative care expenses • Pay expenses for a dependant's palliative care, death, funeral or burial • Meet other expenses related to the above points 	
Death	Upon death, your benefits become unrestricted non-preserved benefits and can be paid to a dependant as a lump sum or pension. Your adult child is eligible to receive a lump sum only on your death.	Nil

Frequently asked questions

What does gainfully employed mean?

It means doing paid work as an employee or self-employed person for at least 10 hours per week. It does not include the passive receipt of income such as investment income or a payment for voluntary work.

Does my Transition to Retirement Income Stream become an Account Based Pension when I retire or turn age 65?

The short answer is that a transition to retirement stream (TRIS) does not automatically become an account based pension when you meet a full condition of release. The TRIS continues, however, it is treated as a TRIS in retirement phase from the time the full condition of release has been met.

From 1 July 2017 a transition to retirement pension (TRIS) is classified in two ways – a TRIS in retirement phase and a TRIS not in retirement phase. A TRIS that is not in retirement phase is where you have reached your preservation age but have not met a full condition of release. The income earned by the fund on investments that are used to pay a TRIS not in retirement phase is taxed at 15% in the fund but once a full condition of release has been met the income becomes tax exempt. At that time the balance of the TRIS is measured against your Transfer Balance Cap.

You can choose to commute (stop) a TRIS and commence a new account based pension once a full condition of release has been met. This means the original pension ceases and new pension commencement documents need to be prepared for the account based pension.

What happens when you turn 65 and still gainfully employed?

You will have full access to your superannuation balance as it becomes unrestricted non-preserved once you reach 65. If you are in receipt of a TRIS, it will become a 'TRIS in retirement phase'.

Can I go back to work after I have accessed money under the retirement condition of release?

Yes, you can. If you are between 60 and 65 you are only required to cease an employment arrangement to meet the retirement condition of release. If you are between preservation age and age 60, in addition to ceasing employment, at that time you must not intend to return to work for over 10 hours per week. It is possible to return to work at a later stage.

I am self-employed and significantly cut back my work hours, does this mean I am retired?

No, the retirement condition of release requires you to cease an employment arrangement after reaching preservation age. If you are self employed this would generally require you to cease your business. If you have never been employed under an employment agreement, you are not able to meet the retirement condition of release and will generally need to wait until turning age 65 before you can access your super.

Can I access my super if I leave Australia permanently?

It is not possible to access your super if you were an Australian citizen or permanent resident at any time and have permanently departed Australia. However, if you have been the holder of an eligible temporary resident visa and leave Australia you can access your super.

For more information

Contact your Client Service Manager via 1300 023 170. Additional resources and insights can be found on our website page <http://www.superconcepts.com.au/news-insights/ebooks>

SuperConcepts SMSF Administration Solutions Pty Ltd ABN 76 097 695 988 trading as SuperConcepts



CALL
1300 023 170



EMAIL
enquiries@superconcepts.com.au



VISIT
superconcepts.com.au

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