

Media Release



12 May 2009

Retirees & Pre-Retirees: What does Budget 09 mean for you?

Super system still offers generous incentives and concessions

Pensioners can celebrate after tonight's Budget with some pensioners receiving up to \$32 more in weekly pension payments, while superannuation investors can breathe a sigh of relief with the Budget sparing the Transition to Retirement pension scheme, for those aged 55 or over.

And workers can still salary sacrifice into their superannuation to help grow their retirement savings, despite cuts to concessional contributions aimed at higher income earners.

Budget implications for retirees and those planning to retire including the following points:

Pension increase: Single pensioners receiving the full Age Pension, will receive an extra \$32.49 a week, taking payments to \$336.68. Couples receiving the full Age Pension will receive an extra \$10.14, taking weekly payments to \$507.50. The increase in the pension age to 67 from 65 will be gradually increased from 2017 - giving people time to adapt to the changes. (Note, the age at which people can access super may soon match this rise).

The increase in the Age Pension age, and the possible increase in the preservation age of superannuation, is a sensible measure to help preserve the sustainability and viability of the Age Pension system.

Salary sacrifice and TTR: Despite widespread rumours, the budget did not contain a crackdown on the popular Transition to Retirement (TTR) strategy where employees can start a pension at age 55 or over and sacrifice some of their salary into super while helping to maintain their take-home pay through superannuation tax breaks.

However, the Government has lowered the concessional contribution caps. From July 1, the concessional contributions cap will be halved to \$50,000 for people aged 50 and over and to \$25,000 for everyone else.

If you're quick, you can still salary sacrifice up to \$50,000 into super before June 30 or \$100,000 if you're aged 50 or more, despite widespread fears the scheme would be cut out after Budget night.

The reduction in the concessional contribution caps will obviously have an impact for high-income earners, but for ordinary Australians this is unlikely to have a significant affect and it helps preserve the benefit of the transition to retirement strategy.

Superannuation co-contribution: The good news is that you have until 30 June to take advantage of the current 150% government super co-contribution scheme and earn up to \$1,500 in additional contributions (subject to relevant income thresholds and provided you are eligible).

Media Release



After June 30, the Government will reduce the super co-contribution from 150% for every additional dollar contributed in superannuation to 100% for the next three years .

The changes proposed for the super co-contribution are disappointing, especially as it will impact middle to low-income earners. However, a 100% super co-contribution is still a very attractive measure and a good incentive scheme for many Australian workers.

Self-funded retirees: The Government will extend the 50% minimum pension drawdown requirements from retirement pension products through 2009-10.

About ClearView

ClearView Retirement Solutions is a financial services group of companies that specialises in providing financial advice, products and services to people nearing, or in their retirement. ClearView Financial Advisers are committed to making high quality retirement advice and service accessible to their local community. Initial meetings are free of charge and without obligation.

ClearView Financial Advisers are representatives of ClearView Financial Management Limited. Any advice in this material is general advice only and does not take into account your individual objectives, financial situation or needs. Before acting on it you should consider the appropriateness of it taking into account your personal circumstances.