

## Reduction to the minimum pension payments from 1 July 2022

Retirees with an account-based pension are required to take a minimum amount of income each year from their account. This is called the minimum pension payment and it is a percentage of your account balance.

The Government first halved this minimum payment requirement in March 2020 in response to the COVID-19 pandemic. It was introduced to allow pension members to withdraw less of their retirement savings, leaving more in your account for later. This was a temporary reduction that applied over the last few years and has been extended to 30 June 2023.

The table below shows the reduced minimum drawdown percentages, which will be used to calculate the minimum pension payments for the 2022/23 financial year.

Age	Reduced minimum drawdown percentage	Regular minimum drawdown percentage
<b>Under 65</b>	2.0%	4.0%
<b>65 to 74</b>	2.5%	5.0%
<b>75 to 79</b>	3.0%	6.0%
<b>80 to 84</b>	3.5%	7.0%
<b>85 to 89</b>	4.5%	9.0%
<b>90 to 94</b>	5.5%	11.0%
<b>95 and over</b>	7.0%	14.0%

### How is my minimum pension payment calculated?

The minimum pension payment is calculated at the start of each financial year and is a percentage of your account balance on 1 July. For a new investment, the starting account balance is used. The percentage that is used to calculate the minimum pension payment is based on your age at that time.

For example, a person aged 65 with a 1 July account balance of \$100,000.00 would usually be required to withdraw a minimum income of \$5,000.00 in the 2022/23 financial year. However, due to the temporary reduction of drawdown requirements, the minimum pension payment required by law annually will now only be \$2,500.00.

### I have an upcoming maturity reinvestment. How does this affect me?

There will be no change until your account matures.

If you choose to reinvest your account balance upon maturity and you choose the 'minimum amount' option on the maturity instruction form, we will calculate your payments using the reduced percentage. This will apply for the remainder of the 2021/22 financial year and during the 2022/23 financial year.

If you choose to reinvest for two or more years, your pension payments from the 2023/24 financial year and onwards will be calculated based on the regular minimum drawdown percentage.

Using the example above, the minimum pension payment for the 2022/23 financial year is \$2,500.00. Assuming your account balance on 1 July 2023 is \$100,000.00, the minimum pension payments for the 2023/24 financial year will revert to \$5,000.00.

### **What if I don't want to receive the reduced pension payments?**

We will write to you four weeks before your account matures with a maturity instruction form. On this form you can choose to receive a payment of a nominated dollar amount that is higher than the reduced pension payment.

If you reinvest in a fixed rate option, the amount that you nominate must meet the minimum drawdown requirements in each financial year during the investment term. This nominated amount will be paid every year and cannot be adjusted part way through the investment term.

For example, you are 74 years old, reinvesting in a 3-year fixed rate option and will turn 77 years old in the final year of your account. This means that the amount you nominate must meet the drawdown requirements of a 77-year-old person in each financial year. Below is a table which illustrates how this works.

Year	Age	Applicable minimum drawdown percentage	Minimum pension payment*	The amount you need to nominate
FY22	74	2.5%	\$2,500.00	≥ \$6,000.00
FY23	75	3%	\$3,000.00	≥ \$6,000.00
FY24	76	6%	\$6,000.00	≥ \$6,000.00
FY25	77	6%	\$6,000.00	≥ \$6,000.00

\*Your balance is assumed to be \$100,000.00 on 1 July of each financial year.

### **For more information**

Please contact your financial adviser or our Investor Services team on 13 35 66 for information on how the reduced drawdown requirements impact your account at maturity.

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