

# ● SUPERANNUATION WITHDRAWALS

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Superannuation funds are generally not accessible until a condition of release, as set by the law, is satisfied.

Your superannuation may include one or more of the following benefit types:

- Preserved benefits: these include all contributions and all earnings for the period after 30 June 1999. Preserved benefits can only be paid to you if you meet a condition of release.
- Restricted non-preserved benefits: these include all contributions you made between 1 July 1983 and 30 June 1999. As with preserved benefits these can only be paid to you if you meet a condition of release.
- Unrestricted non-preserved benefits: these include money held in your fund you can access at any time, if your fund's rules allow it.

If you meet a condition of release with zero cashing restrictions, the preserved and restricted non-preserved benefits in your account become fully accessible. For many people, this will be upon retirement and satisfying your minimum (preservation) age set by the law.

## BENEFITS

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Undertaking a superannuation withdrawal may assist you to:

- Pay out or reduce any debts prior to retirement
- Assist you with funding lumpy expenditure, such as renovations, medical expenses or holidays
- Receive a lump sum tax-free
- Increase superannuation contributions for a spouse who has made limited contributions due to carer responsibilities or part-time work.
- Take advantage of individual Transfer Balance Caps at retirement
- Increase and exclude the value of your spouse's balance from the Centrelink Assets and Income Test, if your spouse is less than Age Pension Age, which may assist you in your application and benefit payment for the Age/DVA Pension.

The decision to withdraw funds will need to be carefully considered against your individual circumstances as there may be tax, Centrelink, longevity and estate planning considerations.

## HOW IT WORKS

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### CONDITIONS OF RELEASE

To access your superannuation account-balance you first need to meet a condition of release.

The conditions of release cover a wide range of circumstances when a release of benefits is permitted. Some have 'cashing' restrictions on the form of benefit (for example, lump sum or income stream) or the amount of the benefit payable.

Condition of Release- NO cashing restriction	Condition of Release- Cashing Restriction
Retirement on or after Preservation Age	Transition to Retirement- on or after Preservation Age
Attaining Age 65	Severe Financial Hardship (Trustee Decision)
Death	Compassionate Grounds (DHS assessment)
Permanent Incapacity	Temporary Incapacity
Terminal Medical Condition	Departing Australia Superannuation Payment
Superannuation Balance < \$200	

## PRESERVATION AGE

Your preservation age is based on your date of birth, as shown in the following table:

Date of birth	Preservation Age	Financial Year Preservation Age reached
Before 1 July 1960	55	2015-16 or earlier
1 July 1960 to 30 June 1961	56	2016-17
1 July 1961 to 30 June 1962	57	2018-19
1 July 1962 to 30 June 1963	58	2020-21
1 July 1963 to 30 June 1964	59	2022-23
On or after 1 July 1964	60	2024-25 or later

## TAXATION OF WITHDRAWALS

A lump sum withdrawal from superannuation is subject to individual tax based on your age, the tax free/taxable elements of your withdrawal and whether the fund has been taxed or is untaxed.

Withdrawing funds from superannuation will be undertaken in proportion with your tax-free and taxable components.

The tax-free component of a superannuation withdrawal is tax-free.

The taxable component of a superannuation withdrawal is added to your taxable income. Tax is calculated at your marginal tax rate, but a tax offset is also put in place to ensure that the lump sum is taxed at the following tax rates plus Medicare Levy (for taxed funds):

## WHAT YOU NEED TO CONSIDER

- All contributions to superannuation are preserved until you meet a condition of release.
- Age based contribution rules and limits apply should you later wish to contribute to superannuation.
- The decision to withdraw funds will need to be carefully considered against your individual circumstances as there may be tax, Centrelink, longevity and estate planning considerations. You should seek financial advice prior to undertaking a superannuation withdrawal
- Withdrawing superannuation may reduce your Centrelink payments and increase the tax paid on other income. Taxation may be greater than your current marginal tax rate.
- Specific rules and tax apply to disability lump sums. You should seek financial advice prior to undertaking a disability lump sum withdrawal
- A superannuation withdrawal from an untaxed superannuation fund can be taxed up to the highest marginal tax rate
- Fees may be charged for your superannuation withdrawal. You should check the details in the fee section of your Statement of Advice and the Product Disclosure Statement (PDS) for your superannuation fund.
- The government may change legislation in the future.



## REFERENCES

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You may wish to refer to the following websites for further information about superannuation withdrawals:

- [www.ato.gov.au](http://www.ato.gov.au)
- [www.moneysmart.gov.au](http://www.moneysmart.gov.au)

The information in this document is of a general nature and does not take into account your own financial objectives, circumstances or needs. You should consider your own personal situation and requirements before making a decision.

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