Choosing the path to retirement
Access your super while still working and retire with more when you're ready. Transitioning to retirement is all about controlling how and when you want to retire. A transition to retirement strategy can substantially assist in maintaining your required income and increasing your retirement benefits. What you do during the transition stage may have a significant influence on your retirement lifestyle when you stop work permanently. From your preservation age (between 55–60, depending on your date of birth), you can access some of your super while you're still working by converting part, or all, of your super into a Vision Non-commutable Allocated Pension (NCAP).

Transitioning to retirement is about planning ahead to:
> Provide you with access to your super to enable you to choose how much you want to work and when you want to retire, and
> Give you the financial freedom to choose how to enjoy your extra time after you finish full-time work.

A transition to retirement
Once you reach your applicable preservation age (currently between 55-60, depending on your date of birth) you can access your superannuation benefits as a Vision NCAP while working and salary sacrificing part of your current wage into your Vision Super Saver or Vision Personal account.

This gives you several options:
1. Continue to work full-time until retirement and boost your super without affecting your cash flow, or
2. Continue to work full-time and increase your take-home pay without affecting your super balance, or
3. Reduce the hours you work while supplementing your reduced income with a pension.

But knowing which path to take can sometimes be difficult. Making the right decisions as you get closer to retirement can make all the difference to the life you enjoy when you're ready to stop work and reap the benefits. Your Vision Super Financial Planner can review your circumstances and assist you in making a successful transition.

What is a non-commutable allocated pension?
An NCAP is a transition to retirement income stream that allows you to draw regular income from your super while having the choice to keep working part or full time. If you permanently retire from the age of 60, your Vision NCAP can be changed to a Vision Allocated Pension. You will then be able to withdraw lump sums as desired, and all your investment earnings and income stream payments will be tax-free. Please note that with a Vision NCAP you cannot access capital or withdraw a lump sum unless you have access to non-preserved money. Each year you are also required to withdraw a minimum percentage of your account balance. To start a Vision NCAP you need a minimum balance of $10,000.

Case study
Lee is a Vision Super member. She speaks to a Vision Super financial planner about a transition to retirement strategy.

This is her current situation:
> Age 60
> Annual salary (net of employer Super Guarantee (SG) contributions, before tax): $60,000
> Super contribution: Only receiving employer (SG) contributions
> Super account balance: $200,000.

As Lee wants to continue working full-time, there are two ways Lee can use a transition to retirement strategy.

Scenario 1: Increase take-home pay and super stays the same
This is a good scenario for people who need a bit of extra money each year leading into retirement for things like paying off the mortgage, going on holidays or whatever reason they may have. When Lee turns 60, she uses a transition to retirement to maximise her income as she wants to go on a yearly overseas trip and requires extra money to do this. She salary sacrifices into super to reduce her assessable income for tax purposes. To supplement her loss of income, she starts a Vision Super Non-commutable Allocated Pension to draw an income stream from her super which increases her take-home pay by $3,900 a year.

<table>
<thead>
<tr>
<th>Super</th>
<th>Salary with strategy</th>
<th>vs</th>
<th>Salary without strategy</th>
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<tbody>
<tr>
<td>$200,000 IN SUPER</td>
<td>$60,000 SALARY</td>
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<td>$60,000</td>
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<tr>
<td>Start a non-commutable allocated pension of $200,000</td>
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<td>No salary sacrifice</td>
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<td>$12,247 income tax#</td>
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<tr>
<td>Draw pension of 8.5% of $200,000</td>
<td>Receive $17,000 from pension</td>
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<td>$17,000* contribution back into super from salary</td>
<td>Salary sacrifice $20,000 back into super</td>
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<tr>
<td><strong>$17,000</strong>* contribution back into super from salary</td>
<td><strong>$5,347</strong> income tax#</td>
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<td>Tax savings = $3,900 higher net income</td>
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*$20,000 salary sacrifice contribution less 15% contributions tax = $17,000 contribution to a Vision Super Saver or Vision Personal Plan.
** includes Medicare levy of 2%. ^This does not include SG contributions. #Excludes the Low Income Tax Offset (LITO).
Scenario 2: Increase super and increase income
Under this arrangement, Lee is able to grow her super by $3,700 per year, and increase her net income by $590. This is as a result of Lee making a salary sacrifice of $22,000 into her super (which is reduced to $18,700 after the 15% contributions tax has been deducted), and only taking $15,000 out of her Non-commutable Allocated Pension.

How choosing the transition path can put you on the road to your retirement dream:
- Your lifestyle can be maintained as you can supplement reduced salary with an income stream
- Your superannuation can continue to grow if you keep boosting it, ready for when you retire completely
- Your pension income is concessionally taxed, which means you can contribute more to super than you draw as a pension.

Choosing the right path requires financial advice
Your Vision Super financial planner can create a transition to retirement strategy that takes advantage of super’s complex rules to get the best result for you. For more information about transition to retirement or to book an appointment with a financial planner, please call our friendly Member Services team on 1300 300 820, or email us anytime at: memberservices@visionsuper.com.au

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