Transition to Retirement Pensions

Superannuation can be used to start an account based pension once a person retires (or meets another condition of release). This allows income to be received as a series of regular payments (usually monthly, quarterly, half yearly, or yearly).

If over preservation age but still working, the person may not have full access to superannuation but may be able to start an account based pension under the Transition to Retirement (TTR) rules. A TTR pension may also be referred to as a Transition to Retirement Income Stream, or TRIS.

Once a person reaches 65, or informs their super fund that they have met a condition of release before turning 65, their TTR pension becomes a 'TTR pension in retirement'. This means their pension is subject to the same conditions that apply to an account based pension.

Income Payments

The person can select how much income to receive each financial year. This allows flexibility to meet individual needs. The only rules for how much pension must be taken are:

- An income payment must be made at least once each financial year.
- A minimum level of income must be paid each year based on a percentage of the account balance at commencement and each 1 July. If the income stream commences part-way through a financial year, or is commuted before the end of a financial year, the minimum income payment is pro-rated for that year.

Age	Income Factor(2019/20 & 2020/21)
Under 65	2%

For a TTR pension, the maximum income is 10% of the account balance and no lump sum withdrawals can be made.

The pension will cease when the account balance reduces to nil or the person requests the money be rolled back to accumulation phase or another pension account. The pension can be commuted (stopped) at any time with the money rolled back to accumulation. Withdrawals cannot be made in cash unless a condition of release has been met.

Taxation of Income from a TTR Pension

Every withdrawal (income or lump sum or death benefit) from a pension is split into taxable and tax-free components in the same ratio that applied when the pension commenced. The tax on each component depends on the person's age as shown in the table below.

	Component	Taxation Treatment
Any age	Tax-free	No tax
60 or older	Taxable – taxed element	No tax
	Taxable – untaxed element	Marginal tax rate*, less 10% offset
Under age 60	Taxable – taxed element	Marginal tax rate*, less 15% tax offset
	Taxable – untaxed element	Marginal tax rate*

** Plus Medicare Levy*

Earnings added to a pension account are taxed at the same rate as applies to the accumulation phase of superannuation.