

Dear Friends

News for our clients in the 'Draw Down' phase of super

On Saturday 29 May 2021 the government announced an extension to the temporary reduction in pension minimum drawdowns (introduced in 2021 in response to the COVID-19 lead market falls experienced in March/April 2020).

Click the link below to read the Prime Minister's announcement:

<https://www.pm.gov.au/media/supporting-retirees-extension-temporary-reduction-superannuation-minimum-drawdown-rates>

What it means in a nutshell is that the 50% reduction to the minimum income calculations for Account Based Pensions (ABPs) and Term Allocated Pension (TAPs) are to be extended into the 2021/22 Financial year.

Effectively, if it is legislated, this means you can **choose** to remain on your current 2020/21 financial year pension level (ie, 50% of the 'normal' minimum or any amount greater than that) from 1 July 2021.

For our retired clients, due to your **Marinis Buffer**, you can continue to receive the 'normal' or prescribed minimum pension payment (as many of you did over the last 12 months or so) or you can choose to take less than the normal minimum.

For those of you who are comfortable with this reduced income, this is a really good opportunity to preserve and grow your pension balances – or you can continue to draw the level of pension you require to maintain your lifestyle.

The minimum percentage is based on your age and your account balance on 1 July 2021.

Your pension administrator will, as usual, write to you and advise your options early next month.

Remember too, your chosen pension amount is not locked in, you can vary it up or down at any time (as long as you take at least 50% of the normal minimum amount in the 2021/22 financial year)!

Account Based Pension (ABP) – minimum payment rates

Age	Normal minimum	Reduced minimum for 2021/22
Under 65	4.0%	2.0%
65–74	5.0%	2.5%
75–79	6.0%	3.0%
80–84	7.0%	3.5%
85–89	9.0%	4.5%
90–94	11.0%	5.5%
95 or older	14%	7%

Reminder: Term Allocated Pension (TAP) percentages

- Maximum pension: 110% of factor-based* pension.
- Minimum pension: 45% of factor-based* pension (ie, 50% of the standard 90% of factor-based payment rule).

As always, if I or any of the team can be of assistance, please don't hesitate to get in touch by emailing admin@marinigroup.com.au or by calling (08) 8130 5130.

Kind Regards,

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