

How much can I take out of super?

Reasonable Benefit Limits abolished

Reasonable Benefit Limits (RBLs) place restrictions on the amount of super you can receive on a concessional tax basis during your lifetime.

There are two limits that apply, depending on how you choose to take your benefits: \$678,149 if you take your benefit as a lump sum or \$1,356,291 if you invest at least half of your benefit in a 'complying income stream'.

From 1 July 2007, these limits will no longer apply, hence no limit on the amount of concessional tax super you can receive.

Tax free super for the over 60s

All benefits from a taxed fund will be tax-free once you reach age 60, whether it is lump sum or pension.

Compulsory cashing at age 65 no longer required

From Budget night last year, 9 May 2006, the requirement to cash your super benefits once you reach age 65 has been removed. Essentially, you can leave your benefits in super indefinitely.

Would you like further information?

For further information please call your AET Portfolio Manager or your nearest Australian Executor Trustees office.

Tips:

- Check your super statements to make sure you have provided your TFN to your fund, otherwise your deductible contributions will incur tax at the highest marginal rate and undeducted contributions will not be accepted.
- When considering retirement, remember that from age 60, benefits will be paid tax-free.
- With tax-free benefits at age 60, consider strategies to maximise your super contributions.
- With no limit on the amount of super benefits you can receive, consider/reconsider insurance through super.
- How will you take your benefits?
 - ✗ Cash out a lump sum
 - As tempting as it may be to cash out your benefits and invest in non-super assets, remember that your marginal tax rate will apply to investments outside super.
 - ✓ Leave your money in super
 - Whilst the 'no more compulsory cashing rule' means you can leave your benefits in super indefinitely, consideration should be given to the zero per cent tax environment within a pension, such as an allocated pension.
 - ✓ Convert it to a pension
 - No tax will be payable on the earnings in the fund
 - No tax will be payable on the income payments you receive, if you are over 60.