

## Pension Setup

This fact sheet provides advisers with information on setting up a pension within HUB24 SMSF Access, including options for pension types, eligibility criteria, and administrative procedures.

### Pension Types

- **Account-Based Pension:** A flexible pension where members receive regular payments from their superannuation account. Payments can vary according to the member's needs and the account balance.
- **Transition to Retirement Pension (TTR):** Allows members who have reached their preservation age (but are not yet retired) to start drawing down a pension while still working, aiming to reduce taxable income.

*Note: HUB24 SMSF Access does not offer complying lifetime pensions, fixed-term pensions, or Term Allocated Pensions (TAPs), also referred to as market-linked pensions. Pensions within HUB24 SMSF Access are not based on segregated assets.*

### Eligibility Criteria<sup>1</sup>

- **Account-Based Pension:**
  - Member must have reached the preservation age<sup>2</sup>; and
  - Can start if the member has met at least one condition of release. These include but are not limited to: ceasing gainful employment and never intending to be gainfully employed again if the member is under the age of 60, ceasing an employment arrangement on or after the age of 60, reaching age 65 (even if the member is still working), or is permanently incapacitated.
- **Transition to Retirement Pension (TTR):**
  - Member must have reached the preservation age<sup>2</sup> and be under the age of 65.
  - The member must be currently working or plan to continue working.

### Payment Guidelines and Limits<sup>3</sup>

- **Account-Based Pension:**
  - Minimum annual payment is based on a percentage of the account balance, determined by the member's age.
  - No upper limit on withdrawals.
- **Transition to Retirement Pension (TTR):**
  - Minimum annual payment is also age-based, but generally, it is lower compared to Account-Based Pensions.
  - Maximum annual limit applies, currently set at 10% of the account balance.

<sup>1</sup> The eligibility criteria for setting up a pension via HUB24 SMSF Access are no different from those for a retail super fund.

<sup>2</sup> The preservation age depends on the individual's date of birth. Please refer to the [ATO website](#) for more details.

<sup>3</sup> These guidelines and limits are subject to change. Please refer to the ATO website for the latest details.

## Setting Up a Pension

### Step 1: Verify Eligibility

- Confirm the member meets the necessary conditions of release for the chosen pension type.
- Note members may have multiple pension accounts. Ensure that the eligibility criteria are verified for each account if multiple pensions are to be established.

### Step 2: Complete Required Documentation

- **During the HUB24 SMSF Access Application:** If the pension setup details are included in the application form, the HUB24 SMSF Access Administration Team (HUB24) will proceed with the pension setup after the SMSF's HUB24 Invest account has been established.
- **Post HUB24 SMSF Access Application:** Complete the HUB24 SMSF Access Pension Request Form (available on AdviserHUB) to establish the pension.

### Step 3: Submit the Pension Request

- **Identification document:** If a reversionary pension is selected, then a copy of the reversionary beneficiary's ID must be submitted with the pension request.
- Verify all details for accuracy before final submission.
- Submit the completed documentation to [admin@hub24.com.au](mailto:admin@hub24.com.au).

### Step 4: Pension Setup Confirmation

- Upon receipt of the pension request, HUB24 will prepare the relevant documents for the members and trustees of the SMSF to sign to formally establish the pension within the SMSF (as per audit requirements). These documents generally include minutes, pension schedule, trustee letter and an SMSF product disclosure statement.
- Once the members and trustees of the SMSF have signed the relevant documents, HUB24 will set up the pension account. Note that the funds may either already be within the SMSF or require a rollover before the pension can commence.

### Step 5: Determine Pension Details

- **Payment Frequency:** Choose from monthly, quarterly, semi-annual, or annual payments on AdviserHUB.
- **Payment Amount:** HUB24 will calculate the pension payment amount to ensure it meets the minimum annual pension drawdown requirements as set by the ATO, based on the amount allocated to fund the pension.
- **Pension Requirements:** Minimum pension requirements will be advised by HUB24 upon completion and successful audit of the preceding year's financial accounts.

### Step 6: Initiate Pension Payments

- As the adviser, you are responsible for initiating the pension payments by providing detailed instructions on payment amounts and frequencies according to the member's preferences. These instructions will ensure that payments begin according to the member's desired schedule and meet regulatory requirements. Please note that you can only initiate payments once HUB24 has confirmed that the pension account setup is complete.
- Additionally, please be aware that pension payments are to be made via the regular payment plan functionality on HUB24 Invest and can only be directed to one bank account in the name(s) of the member(s) receiving a pension payment.

### Step 7: Ongoing Pension Maintenance

- HUB24 will confirm the updated minimum pension drawdown requirements and maximum limits (if applicable) upon completion of the annual financial statements. Advisers are responsible for adjusting the regular payment plan to comply with these updated requirements. Ensure that any changes to the payment amounts meet the new regulatory requirements and review the pension account periodically to align with the member's circumstances and regulatory changes.

## Important Adviser Considerations

- **Tax Implications:**
  - Ensure trustees are aware of the tax treatment of pension payments.
  - TTR payments are taxed at the member's marginal tax rate, but once fully retired, pension payments are tax-free.
- **Investment Strategy:**
  - Review and adjust the investment strategy of the SMSF to align with the member's retirement goals and risk tolerance. If any changes are made, please inform HUB24 so that the investment strategy can be updated, and a record of the changes can be prepared.
- **Documentation and Record Keeping:**
  - HUB24 will maintain records of pension setup and payment details for compliance and auditing purposes. Advisers should ensure they keep their own records of relevant correspondence or instructions provided.
- **Allocation of Payments:**
  - Allocation of payments can be managed in the Cash Statement on AdviserHUB. If you wish for any payments above the minimum amount to be treated as lump sum withdrawals, please inform HUB24 before these payments reach the minimum threshold.

## Contact Information

For further assistance or enquiries about pension setup via HUB24 SMSF Access, please speak with your Business Development Manager. You can also contact the Client Services team by emailing [admin@hub24.com.au](mailto:admin@hub24.com.au) or calling 1300 854 994.

Note: This fact sheet is intended as a general guide. Advisers should review specific member circumstances and regulatory requirements before proceeding with the pension setup.

### General Advice Warning

The information in this document is intended to be general information only and not financial product advice. It does not take into account your individual objectives, financial situation, needs or circumstances. Accordingly, the viewer should consider the appropriateness of the information, having regard to their objectives, financial situation and needs. Before you make any decision about whether to acquire or continue to hold a financial product or an investment available in the financial product, you should consider the relevant disclosure document and it is recommended you obtain professional financial advice tailored to your personal circumstances, from your financial adviser. Past performance is not indicative of future performance. No representations or warranties express or implied, are made as to the accuracy or completeness of the information contained in this document. To the maximum extent permitted by law, neither HUB24 nor its directors, employees or agents accept any liability for any loss arising in relation to this document.

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