Allocated Pensions

Allocated Pensions (or Account Based Pensions) are superannuation funds that have been transferred to pension phase to provide an income stream from the accrued capital. One of their key advantages is that there is **no tax applied to the investment earnings** within the pension. They can only be commenced with unpreserved superannuation money (non-commutable Allocated Pensions are the exception[1]).

You may nominate the frequency of income payments, but an income payment must be made at least once a year. Income payments may be made up of investment income and capital drawdowns. **These products are designed to eventually reach zero account balance. Once the account reaches a zero balance the pension ceases.**

You choose the amount of the income you would like to take, provided it is over the required minimums shown below. There is no maximum (see footnote on NCAPs).

Age at start of pension and each 1 July	< 65	65-74	75-79	80-84	85-89	90-94	> 94
% of Account Balance	4%	5%	6%	7%	9%	11%	14%

If you are over 60 all income is tax-free. If you are under 60 the portion of the income from the Tax-Free Component will not be taxed. Those over their preservation age but under 60 will receive a 15% tax rebate on any income from the Taxable Component. The Tax Free and Taxable components are fixed percentages that are set at the commencement of the pension.

You always retain access to your capital and may make lump sum withdrawals at any time. If you are under 60 then the standard lump sum tax will apply to any withdrawals but if you are 60 or over these will also be tax-free.

Any account balance left after the death of the owner may be passed on as an income stream to a spouse or dependent child or paid as a lump sum to any dependent or the estate. Nominating a reversionary pensioner or a binding nominated beneficiary provides you with control over where the benefit is paid after your death.

Any allocated pension commenced on after 1 January 2015 will be treated as a financial investment and deemed.

The transfer balance cap (TBC) is the total amount an individual can have in retirement phase accounts, which includes account-based pensions, lifetime and defined benefit pensions and some annuities. From 1 July 2025 the TBC is $1.9 million.

The transfer balance account (TBA) is a record of the events that count towards your personal transfer balance cap. The balance of your transfer balance account determines whether you have exceeded your personal transfer balance cap at the end of any given day and if your personal transfer balance cap will be indexed.

Note: All figures are current for FY 24/25

[1] *A Non-Commutable Allocated Pension (NCAP) is available for those who have reached preservation age but whose benefit is preserved as they are not permanently retired. A maximum income of 10% applies, lump sum withdrawals are not allowed, and investment earnings are taxed at a 15% rate, instead of being tax free.*

160 Greenhill Road, Parkside SA 5063
T 08 8378 4000
goldsborough.com.au
AFSL 225330 ABN 89 064 640 142

Goldsborough
Financial Services