

# Government's Pension changes

16 March 2009

On 16 March 2009, the Government announced the regulations to temporarily reduce the minimum payment requirement for account based pensions such as the NGS Super Pension. The temporary relief will reduce minimum drawdown amounts for pensions by 50% for the 2008/09 financial year. Normal minimum payment rules will apply from 1 July 2009.

The Government regulations confirm that, if you have already taken half of your minimum payment for 2008/09 you can choose not to take any further payment or you can choose to reduce your remaining payment amounts until the end of June 2009.

## Why would the Government change the minimum payment?

The temporary relief responds to concerns that meeting the minimum payment amount in 2008–09 may mean having to sell investment assets and realise losses in a depressed market.

The Government has said that the significant downturn in global financial markets has had a negative effect on pension account balances. The temporary relief also addresses the concern that your minimum drawdown amount was based on your account balance as at 1 July 2008 (or on the date you started the pension if later), when it may have been higher.

## What does this mean for me?

Not everyone has the financial flexibility to reduce their regular payments, so if you don't want to change your regular NGS Super Pension payment you don't have to.

## What are my options?

You have three options:

1. Take no action and leave payments as they are.
2. Suspend payments for the remainder of this financial year if you have already met 50% of your minimum.
3. Reduce your remaining payments this financial year resulting in you receiving at least 50% of your minimum.

## How do I change my payment?

If you want to suspend or reduce your payments you need to put your request in writing and send it to NGS Super by mail, fax or email. Your request must include your member number, full name and address. Please note that payments that have already been made to you cannot be returned to your NGS Super Pension.

## What is a minimum payment?

Minimum payments must be made from an account-based pension, including a transition to retirement pension, at least annually. Minimum payments are determined by age and the value of your account balance as at 1 July each year.

If you started your pension after 1 July 2008 your minimum payment has been prorated over the balance of this financial year. The minimum payment rule is designed so that retirees draw down on their superannuation capital over their retirement. This rule recognises that superannuation is designed as a retirement savings vehicle with substantial tax concessions.

Minimum payment limits (before temporary 2008/09 reduction) are:

AGE AS AT 1 JULY IN THE RELEVANT FINANCIAL YEAR	PERCENTAGE OF ACCOUNT BALANCE
Under 65	4%
65–74	5%
75–79	6%
80–84	7%
85–89	9%
90–94	11%
95 or more	14%

## What if I have more questions?

If you have any questions about your NGS Super Pension, please contact us by email at <administration@ngssuper.com.au> or call our Customer Service Team on **1300 133 177** between 8 am and 6 pm, Monday to Friday (EST). We're here to help you!