

## CHANGES TO MINIMUM PENSION DRAWDOWN

WA Super informed its members of the changes to the minimum pension drawdown via various communication mediums.

1) **Attachment A:** WA Super Retirement Income members with an account-based pension were sent a letter on 11 June 2020 with the below information. Members who hold a term-allocated pension were verbally contacted by the Fund.

2) **Attachment B:** On 26 March 2020, WA Super sent out a Retiree e-newsletter to Retirement Solution members. The e-newsletter contained an article available on the WA Super website. A copy of the article is also found below.

### Attachment A - Letter

## CHANGES TO MINIMUM PENSION DRAWDOWN

On 24 March 2020, the Government announced that it has temporarily reduced the minimum drawdown requirements for account-based pensions (pension accounts).

### Why has the Government made these temporary changes?

The Government has made these changes as part of their response to the impact of the COVID-19 pandemic on investment markets which in turn, may impact your retirement savings. Reduced minimum amounts provide you with the option to manage your income payments differently during the current economic environment.

### What has changed?

The minimum drawdown amounts have been halved for the 2019-20 and 2020-21 financial years as

shown:

Age	Standard minimum drawdown rates	Reduced minimum drawdown rates for 2019/2020 and 2020/2021 financial years
Under 65	4%	2.0%
65 - 74	5%	2.5%
75 - 79	6%	3.0%
80 - 84	7%	3.5%
85 - 89	9%	4.5%
90 - 94	11%	5.5%
95 or more	14%	7.0%

### What is the impact on your pension drawdown payments?

#### For the 2019/2020 financial year:

If you have elected to receive the minimum amount from your pension account this financial year, we *will not* be automatically reducing your payment amounts to the newly reduced rates for the remainder of 2019/2020.

If you have made an election to be paid a specific amount from your pension account, there will be *no changes* to your payment amount.

#### For the 2020/2021 financial year:

If you have elected to receive the minimum amount from your pension account, the reduced minimum drawdown rates as listed in the table above *will automatically apply* to your account from 1 July 2020.

However, if you do not want your minimum payment amounts to be halved and want to keep the standard minimum drawdown rates, please complete and return the enclosed form in the reply-paid envelope by 26th June 2020. If we receive your form after this date we are unable to guarantee it will be processed in time for the July 2020 pension payment.

If you have elected to be paid a specific amount from your pension account, you do not need to do anything, and the same election amount will continue to apply for the 2020/2021 financial year. However, if you wish to change your pension payment amount please [contact us](#) or complete the [change of income form](#).

To help you understand these changes we have provided an example:

Hannah is a 67-year-old retiree with a Retirement Solutions pension account.

Under *standard* minimum drawdown requirements, Hannah is required by legislation to drawdown 5 per cent of her account balance.

#### **For the 2019/2020 financial year:**

The value of Hannah's pension account at 1 July 2019 was \$200,000. This means Hannah has to drawdown 5% of her account balance, i.e. \$10,000, by 30 June 2020 to comply with the standard minimum drawdown requirements.

Following the temporary reduction in minimum drawdown requirements, Hannah will now only be required to drawdown 2.5 per cent of her account balance, that is, \$5,000, by 30 June 2020.

#### **For the 2020/2021 financial year:**

On 1 July 2020 (after drawdowns and investment losses) the value of Hannah's pension account is \$180,000. Hannah is required to drawdown 2.5 per cent of her account balance by 30 June 2021, which is \$4,500 (instead of the standard minimum of 5% of her account balance, i.e. \$9,000).

The changes to the payment amount from Hannah's account for 2020-2021 will happen automatically.

**PLEASE RETURN TO WA SUPER BY 26<sup>th</sup> JUNE 2020**

WA Super  
PO Box Z5493  
St Georges Tce  
PERTH WA 6000

To whom it may concern

**Retirement Solutions account - Notification of drawdown rates.**

I wish to retain the previous standard minimum drawdown rates for my 2020/2021 pension payments (not the reduced minimum drawdown rate). Please apply this to (Select ONE):

All my pension accounts

Only apply to my pension account No: \_\_\_\_\_

Kind regards

Signed \_\_\_\_\_

**Client Number:** \_\_\_\_\_

**Date of birth:** \_\_\_\_\_

## Attachment B – Website Article

### Changes to pension drawdown amounts

26/05/2020

From 25 March 2020, the Government announced that it has temporarily reduced the minimum drawdown requirements for account based pensions.

The Government has made these changes as part of their response to the impacts of COVID-19 on investment markets and the impact on your retirement savings. Reduced minimum amounts provide you with the option to manage your income payments differently during the current economic environment.

The minimum drawdown amounts have been reduced by 50% for the 2019-20 and 2020-21 financial years.

Age	Standard minimum drawdown rates	Reduced minimum drawdown rates for 2019/2020 and 2020/2021 financial years
Under 65	4%	2.0%
65 – 74	5%	2.5%
75 – 79	6%	3.0%
80 – 84	7%	3.5%
85 – 89	9%	4.5%
90 – 94	11%	5.5%
95 or more	14%	7.0%

#### What is the impact on your pension drawdown payments?

For the 2020-21 financial year, if you have elected to receive the minimum amount from your account based pension, the reduced minimum drawdown rates listed in the table above will automatically apply. You do not need to do anything.

If you wish to still receive the standard minimum drawdown rates rather than the reduced drawdown rates, please [contact us](#) to let us know.

If you have elected a payment other than the minimum drawdown amount you do not need to do anything. However if you wish to change your pension payment amount please complete our [change of income form](#) and return to us. This form needs to be received by the

26<sup>th</sup> June 2020. If we receive your form after this date we are unable to guarantee it will be processed in time for the July pension payment.

If you hold an WA Super Retirement Solutions Allocated Pension account you will also receive notification in the mail.

For more details on this Government change, visit the ATO webpage [Minimum annual payments for super income streams](#) or download the Treasury fact sheet '[Providing support for retirees](#)' under 'Temporarily reducing superannuation minimum drawdown rates'.

The information provided contains general advice which does not take into account your specific objectives, financial situation or needs. Before investing, you should consider the appropriateness of this general advice with regard to your personal circumstances. You may also wish to obtain independent financial advice.

For more information on risks associated with investing or before making a decision about WA Super, you should consider your financial requirements and read the Product Disclosure Statement available at [www.wasuper.com.au](http://www.wasuper.com.au) or by calling us on 08 9480 3500.