

17 June 2015

## Changes to your super that may affect you

It's important to keep on top of your super and ensure it's working for you. To help you do this, we'd like to bring to your attention some changes to your super that may affect you.

## Important changes

Change	Do you need to do anything?
1. Expanded the drawdown facility which may be used to fund payments and maintain your minimum cash balance.	No action is required unless you would like to update your drawdown strategy.
2. For members aged 55 to 59, there may be changes to tax on withdrawals.	If you were born on or after 1 July 1960, consider the information within section 2 before making a withdrawal from your SuperWrap account.
3. New rules applying to transfers from a United Kingdom (UK) pension scheme.	No action is required unless you have or intend to transfer from a UK pension scheme to SuperWrap on or after 6 April 2015. If you have or intend to, please read section 3.
4. For Pension Plan clients, automatic reversionary beneficiary nominations are now more flexible.	No action is required unless you intend to make or update an automatic reversionary beneficiary nomination.

Some of the changes outlined in this letter may not be relevant to you, but we ask that you review this letter carefully to ensure you're aware of the changes and how they may affect you.

### 1. Expanded the drawdown facility which may be used to fund payments and maintain your minimum cash balance

SuperWrap has an automatic facility, which sells your investments in line with your applicable drawdown strategy, to fund certain payments and maintain the minimum required balance in your Cash Account.

We have expanded the drawdown facility so that it now supports the timely payment of any Adviser fees, any Administration fees, Australian Taxation Office ('ATO') release authorities<sup>1</sup> or other payments, where there are insufficient cleared funds in your Cash Account.

### 2. For members aged between 55 and 59, there may be changes to tax on withdrawals

Over the next 5 years, preservation age is increasing from 55 to 60. The tax rates that apply to lump sum withdrawals are based on your age when you withdraw from your super as outlined below.

<sup>1</sup> A release authority is a document the ATO gives to an individual or their superannuation fund, which generally allows an amount to be released from their super account.

Age	Taxable component	Tax-free component
Under preservation age <sup>2</sup>	A rate of 20% (plus the Medicare Levy)	Nil
Preservation age to 59	Amount up to the low rate cap <sup>3</sup> : Nil Amount above the low rate cap <sup>3</sup> : a rate of 15% (plus the Medicare Levy)	Nil
60 or over	Withdrawals are generally tax-free	

2\_ Your preservation age is the age you must generally reach before you can access your restricted superannuation benefits, and depends on your date of birth.

3\_ The low rate cap is a lifetime limit that applies to lump sum withdrawals from the taxable component. It is \$195,000 for 2015/16, indexed to Average weekly ordinary time earnings (AWOTE), and rounded down to the nearest \$5,000 in subsequent years.

### 3. New rules applying to transfers from a United Kingdom (UK) pension scheme

SuperWrap is recognised in the UK by Her Majesty's Revenue & Customs (HMRC) as a qualifying recognised overseas pension scheme (QROPS). To be recognised as a QROPS, SuperWrap must satisfy certain requirements under UK law. On 6 April 2015, these requirements changed to restrict the payment of benefits to those aged under 55.

To ensure SuperWrap can continue to receive transfers from UK pension schemes, we have introduced a new category of membership called the 'QROPS Category' with effect from 6 April 2015.

If you want to transfer from a UK registered pension scheme in the future, you must now become a QROPS Category member and consent to new rules that apply to this category (QROPS Category rules).

The QROPS Category rules mean that QROPS Category members aged under 55 will generally not be able to access their Australian or UK transfer benefit using the standard conditions of release available in Australia. The current QROPS Category rules are detailed at <https://www.investorwrap.com.au/wrap/pdf/QROPS-changes.pdf>.

The following table explains how the QROPS Category rules may impact you.

When you transferred <sup>4</sup> from a UK pension scheme to SuperWrap	Next steps
Before 6 April 2015	It is not mandatory to become a QROPS Category member, but you may wish to do so.
6 April 2015 to 16 June 2015 (inclusive)	We will be in touch with you within the next 30 days to explain your options. If you would like further information before then, please visit <a href="https://www.investorwrap.com.au/wrap/pdf/QROPS-changes.pdf">https://www.investorwrap.com.au/wrap/pdf/QROPS-changes.pdf</a>
On or after 17 June 2015	You will need to consent to the new QROPS Category rules when you make a UK pension transfer as part of the standard transfer process.

4\_ Speak to your adviser or contact us if you are unsure as to when you are deemed to have made the transfer to SuperWrap.

After a transfer from a UK registered pension scheme to SuperWrap, Australian laws (including tax laws) will apply to the transferred amount but UK laws may also be relevant. This is a complex area and we recommend you obtain advice from a legal, financial and/or tax adviser familiar with the UK pension regime and the Australian superannuation system before you make a transfer from a UK registered pension scheme and also before withdrawing or transferring funds within Australia.

#### **4. For Pension Plan clients, automatic reversionary beneficiary nominations are now more flexible**

Effective from 19 January 2015, we have improved our automatic reversionary beneficiary nomination to provide you with more flexibility. An automatic reversion nomination allows your pension to automatically continue, and be paid to your nominated beneficiary, in the event of your death.

You can now add, amend or remove an automatic reversionary beneficiary nomination after your Pension Plan has started, without the need to start a new Pension Plan. You can do this by providing us with a completed Nomination of Beneficiaries form, available from [investorwrap.com.au](http://investorwrap.com.au).

#### **We're here to help**

If you need further information to understand if these changes may affect you, please contact your financial adviser. Alternatively, visit [investorwrap.com.au](http://investorwrap.com.au) or call one of our SuperWrap consultants between 8.00am and 6.30pm (Sydney time) Monday to Friday on 1300 657 010.

Yours sincerely,



Brad Cooper  
Chief Executive Officer  
BT Financial Group  
For and on behalf of the Trustee of SuperWrap

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