



1 July 2025

Term Allocated Pension commutation FAQs

OneAnswer and OptiMix Term Allocated Pensions

What has changed?

The Treasury Laws Amendment (Legacy Retirement Product Commutations and Reserves) Regulations 2024 commenced on 7 December 2024.

The regulations allow a five-year timeframe to 6 December 2029 for clients in lifetime, life expectancy, and market-linked income streams (also known as term allocated pensions) to withdraw or transfer balances into modern super account options.

Which products are impacted?

The legislation impacts the following Term Allocated Pension (TAP) products:

- ANZ OneAnswer TAP
- OneAnswer TAP
- OptiMix TAP

How will the fund be communicating with impacted members?

We will write to your impacted TAP clients from 25 August 2025 to let them know of their options.

What are the options for eligible Term Allocated Pension account holders?

Your clients have the following options:

- Do nothing. Existing account arrangements will remain unchanged.

- Transfer full account balance to a new or existing superannuation accumulation account¹.
- Use the full account balance to commence an account-based pension².
- Withdraw the account balance as a cash lump sum.

Clients can complete the OneAnswer Withdrawal Form and send it to us (Online withdrawals aren't available for TAP accounts).

How are social security (eg Age Pension) benefits impacted?

Eligible TAP accounts receive a 50% pension balance exemption from the Centrelink assets test. The balance of TAP accounts which are commuted as part of this legislation will no longer receive this exemption and will instead be treated as other non-exempt assets for the purpose of the Centrelink assets test.

The income assessment may also change depending on how the client uses these funds. For example, income for social security purposes will be assessed under the deeming rules if amounts are moved to an account-based pension, accumulation phase of super, held in a bank account, or other financial investment.

In addition, clients will need to be mindful of any impact on eligibility for the Commonwealth Seniors Health Card (CSHC). In most cases, income from a TAP is exempt income and not counted towards the CSHC income test.

If a TAP is commuted, the resulting CSHC treatment will depend on the action taken when it is commuted. As examples:

- if amount is transferred to an account-based pension, the income for CSHC is determined using deeming.

¹ Death benefit TAP accounts can only be used to commence an account-based pension or withdrawn as a cash withdrawal. They can't be transferred to a super accumulation account.

² Subject to the transfer balance cap. For more information about transfer balance caps, refer to ato.gov.au.

- if amount is transferred to the accumulation phase of superannuation, there is no income assessment for CSHC purposes, or
- if withdrawn from superannuation and held in a bank account or investment, the taxable income generated is captured as income.

Social security: legacy pensions debt waiver instrument

On 28 March 2025, the Government issued the Social Security (Waiver of Debts – Legacy Product Conversions) Specification 2025.

This means that TAP members who take advantage of the amnesty and commute their TAP after the commencement of the debt waiver will not have a social security debt raised.

When does the debt waiver commence?

The debt waiver is a disallowable instrument, which means Members of Parliament may move a motion to disallow the debt waiver within 15 sitting days of both the House of Representatives and the Senate.

The debt waiver commences from the day after the end of the disallowable period. As at the time of writing, the end of the disallowable period is 27 October 2025, meaning the debt waiver is expected to become effective from 28 October 2025.

What are the impacts to the superannuation pension Transfer Balance Cap (TBC)?

Calculation of impacts to Transfer Balance Cap (TBC) resulting from TAP commutations can be complex. Following is a summary related to TAP accounts.

Under the ordinary TBC rules, when a retirement phase pension is commuted in part or full, the 'debit value' is equal to the value of the amount being commuted. However, for a TAP, a 'Special Value' (SV) is used to determine the value of the credit. For TAPs, this calculation is explained as follows.

Transfer Balance Account (TBA) credit – TAPs commenced before 1 July 2017

The TBA credit is:

- Annual entitlement x remaining term at 1 July 2017 (rounded up to next whole year)
- The annual entitlement is calculated as:

$$\frac{\text{First payment amount on or after 1 July 2017} \times 365 \text{ days}}{\text{Number of days in period for payment}}$$

TBA debit value for the full commutation for TAP account:

Original 'special value credit'	
Less	Total amount of TBA debits (excluding family law split)
Less	Total amount of pensions paid from 1 July 2017 to start of financial year commutation occurred
Less	Greater of: • sum of pensions paid during the financial year, or • minimum pension payment required during financial year.

How can advisers identify impacted clients

Advisers can view a list of their impacted TAP clients by downloading a Client Portfolio Balances Report in Adviser Online Account Access.

- From **Account Access>Reports>Adviser Reports Client Portfolio Balances**
- Filter by product(s): OneAnswer Term Allocated Pension, ANZ OneAnswer Term Allocated Pension or OptiMix Term Allocated Pension.

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