

IMPORTANT CHANGES TO MINIMUM PENSION PAYMENT RATES

20 May 2020

The Government has legislated a number of measures to help minimise the economic impact of COVID19. One measure is a temporary halving of the minimum pension payment rates for the 2019/20 and 2020/21 financial years as set out in the table below.

Minimum annual pension payments

Member age at 1 July	CURRENT default minimum drawdown rates (p.a.)	TEMPORARY reduced minimum drawdown rates for 2019-20 and 2020-21 (p.a.)
Under 65	4.0%	2.0%
65 to 74	5.0%	2.5%
75 to 79	6.0%	3.0%
80 to 84	7.0%	3.5%
85 to 89	9.0%	4.5%
90 to 94	11.0%	5.5%
95 or more	14.0%	7.0%

WHAT DOES THIS MEAN FOR YOUR PENSION CLIENTS?

There are two main groups of allocated pension clients:

1. **Pension clients who have specified a dollar amount they wish to receive (which is above the government minimum).** For these clients, we will not be making any change to their pension payments unless they ask us to.
2. **Pension clients who have chosen to receive the government minimum.** For these clients, we will take no action this financial year, unless they ask us to. However, we will apply the temporary minimums for the 2020/2021 year, effectively halving pension payments from 1 July 2020.

In addition there are some clients with a Term Allocated Pension. For these clients, we will not be making any change to their pension payments this financial year, or next financial year, unless they ask us to. If they ask us to we can reduce their pension drawdown amount by up to 50%.

Your clients will ultimately have their say over what they receive and we will ensure their instructions are actioned quickly and easily.

Clients can:

- a. stop payments for the remainder of this year (and apply the new minimum from 1 July 2020).
- b. specify a new amount (to apply for the remainder for this year and next year) OR
- c. ask for the new minimum to apply for this year and next year.

HOW ARE WE COMMUNICATING WITH YOUR CLIENTS?

We will shortly be writing to your pension client(s) to let them know how they are impacted and the actions they can take.

A listing of your impacted clients as at 30 April 2020 will be mailed to you prior to the clients receiving their letter. This will tell you which clients are on a "Specified" amount as compared to the "Minimum" amount. Samples of client letters will be available shortly via Adviser Advantage at onepath.com.au.

HOW CAN YOU PROVIDE YOUR CLIENT'S INSTRUCTIONS TO US?

You can contact us to make a change on behalf of your client to their pension payment amount. Your client doesn't need to have an *Adviser Transaction Authority* in place as this requirement has been temporarily lifted.

You can:

- Call **1800 804 768** weekdays between 8.30am and 6.30pm (AEST)
- Email **adviser@onepath.com.au** with instructions to:
 - suspend minimum payments until next financial year
 - OR
 - pay a new nominated amount of \$_____
 - OR
 - apply the temporary minimum drawdown rate.

Your client can complete and return the **OneAnswer Pension Payment Update Form** available at onepath.com.au > Super & Investments > Forms & brochures. If you'd like to request that payments cease until the next financial year, tick 'Minimum annual payment' and write 'Stop payments for this financial year'. This can only be actioned when your client has met the required minimum payment threshold already this year.

ANY QUESTIONS?

If you have any questions or require further information, please:

- call Adviser Services on **1800 804 768**, weekdays between 8.30am and 6.30pm (AEST)
- email us at **adviser@onepath.com.au**
- speak with your OnePath Business Development Manager.

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