

END OF YEAR ADMINISTRATION PROCESSES FOR YOUR PENSION CLIENTS

May 2023

With the end of the 2022/23 financial year nearing, it is worthwhile knowing about some important annual pension administration processes, in accordance with regulatory requirements.

30 JUNE 2023 – CATCH UP PAYMENTS

We're required to ensure each client receives their minimum pension payment each year. Clients who haven't received the minimum payment will have a catch-up payment for the 2022/23 financial year processed from their pension account by 30 June 2023. An exception may apply where the pension has commenced in the month of June. Please note that the catch-up payment for 30 June 2023 will be based on the temporarily reduced minimum annual pension payment amounts introduced by the Federal Government (see below).

REDUCED MINIMUM PENSION PAYMENT MEASURES

In response to the economic impact of COVID-19, the Government provided temporary relief to pension members by halving the minimum amount they must receive as a pension for the last four financial years (2019/20, 2020/21, 2021/22 and 2022/23).

From 1 July 2023, the minimum drawdown rates will revert to the Standard rates which applied before the Government relief was provided (refer below).

Age at 1 July	Reduced minimum drawdown rates for 2022/23 (p.a.)	Standard minimum drawdown rates for 2023/24 (p.a.)
Under 65	2.0%	4.0%
65 to 74	2.5%	5.0%
75 to 79	3.0%	6.0%
80 to 84	3.5%	7.0%
85 to 89	4.5%	9.0%
90 to 94	5.5%	11.0%
95 or more	7.0%	14.0%

30 JUNE 2023 – INTERIM REVIEW

To cater for clients who have a pension paid within the first three weeks of the new financial year, an interim annual review is run on 1 July 2023. This interim review uses the last available unit price and account information at that time to establish a provisional minimum and maximum[†] payment level for your client's account.

This interim review is required as the annual review cannot be finalised until late July when all 30 June 2023 unit prices are available and any applicable interest for the year ending 30 June 2023 is calculated and applied to your client's account.

30 JUNE 2023 – ANNUAL REVIEWS

All annual reviews will be finalised by late July once the 1 July 2023 unit prices are available. For clients receiving the minimum or maximum[†] payment amount, these levels will be set based on their account balance effective 1 July 2023. Any clients who have nominated a pension payment as a percentage of their account balance in July will have their remaining pension payments for the rest of the year adjusted when their annual review is completed.

Please note, clients who have nominated a **minimum or maximum[†] payment amount** for the 2023/2024 financial year and receive a pension payment within the first three weeks of the 2023/2024 financial year, may receive a slightly different pension payment amount going forward. This is as a result of the adjustment of annual payment limits between the interim review and the annual review.

For example:

A 5% minimum monthly payment based on account balance using 28 June prices:	A 5% minimum monthly payment based on account balance using 1 July prices:
Account balance = \$240,000. 5% minimum is \$12,000 per annum, ie. \$1,000 per month	Account balance = \$242,200. 5% minimum has increased to \$12,110 per annum
July payment will be \$1,000	The remaining payments will be $(\$12,110 - \$1,000) \div 11$ ie. \$1,010 per month

[†] Maximum limits apply to clients who hold a Transition to Retirement Pension.

PAYG PAYMENT SUMMARIES

For taxation purposes, where required a PAYG Payment Summary will be mailed prior to 14 July 2023 to clients who received a payment during the 2022/23 financial year.

ANNUAL STATEMENTS

Annual Statements will be progressively available online from mid-August 2023. Clients will begin to receive their Annual Statements in the mail for their pension accounts from late August/early September 2023.

As part of their Annual Statement, the following information will be enclosed:

Cover letter

The cover letter outlines to clients their new financial year minimum (and maximum if applicable) pension payment limit and the annual and per payment amounts they will receive for the 2023/24 financial year.

Transactional statement

The transactional statement outlines all transactions that have taken place on a client's account throughout the previous financial year including opening and closing balances, and unit price movements.

Centrelink Schedule

The Centrelink Schedule outlines a client's income stream details for the year ahead. Clients may be required to submit this Schedule to Centrelink if they are seeking any government support to supplement their self-funded pension payments. Clients in OnePath products can obtain their Centrelink Schedule via Account Access at onepathsuperinvest.com.au. Advisers can also obtain their clients' Schedules via Account Access at onepathsuperinvest.com.au. Any Centrelink Schedule obtained during July may be based on interim figures.

Payment Alteration Form

Throughout the financial year, a client with an allocated pension or term allocated pension can choose to change or alter their pension payment amount at either an annual or per payment level. For convenience, a Payment Alteration Form will be enclosed should the client wish to change their income payments.

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/AEDT)
- email us at adviser@onepathsuperinvest.com.au
- speak with your Business Development Manager.

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