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TAXATION ACCOUNTANT

Accessing Super What Tax is Payable?

Most people cannot withdraw their super until they reach their preservation age (55, or upwards where born after 1960) or where they satisfy a "condition of release". Some of the Conditions of Release include:

1. Retirement
2. Preserved amount of Super is less than \$200
3. Reaching age 65
4. Severe Financial Hardship
5. Compassionate Grounds
6. Permanent Disability

When dealing with the tax consequences of withdrawing Super, you have to consider the super components and whether you take a lump sum, or a pension.

The Components:

1. Tax-free Component (personal after tax contributions)
2. Taxable Component (balance remaining after deducting the tax-free component)

As the first component is **tax-free**, we only need to concentrate on the Taxable Component. This Taxable Component comprises of either a "Taxed Element" (**most people's funds**) or "Untaxed Element" (some public sector schemes).

This table illustrates the current tax consequences:

	Age Using 55 as Preservation age	Lump Sum	Pension / Transition to Retirement
Taxed Element <i>(most people's super funds)</i>	Under 55	Max 20% Tax + Medicare	
	55 to 59	<ul style="list-style-type: none"> • No tax up to "low rate cap" (\$160,000 for 2010/11) • the balance is taxed at 15% + Medicare 	<ul style="list-style-type: none"> • Included in income and taxed at marginal rates • 15% Tax Offset applies
	60 +	Tax Free	Tax Free
Untaxed Element	Under 55	<ul style="list-style-type: none"> • Up to \$1m – taxed @ 30% • Over \$1m - taxed at top marginal rate 	
	55 to 59	<ul style="list-style-type: none"> • Up to \$140k – taxed @ 15% maximum • \$140k to \$1m – taxed @ 30% maximum • Over \$1m – taxed at top marginal rate 	<ul style="list-style-type: none"> • Included in income and taxed at marginal rates
	60 +	<ul style="list-style-type: none"> • Up to \$1m – taxed @ 15% • Over \$1m - taxed at top marginal rate 	<ul style="list-style-type: none"> • Included in income and taxed at marginal rates • 10% Tax Offset applies