

**Joint Media Release
with
Senator the Hon Nick Sherry
Assistant Treasurer
and
The Hon Chris Bowen MP
Minister for Human Services
Minister for Financial Services, Superannuation and Corporate Law**

**Self-Funded Retirees to Benefit from an
Extension in Drawdown Relief for Account-Based Pensions**

The Gillard Government will continue to support self-funded retirees by extending the drawdown relief currently provided for account-based superannuation pensions to the 2010-11 year.

Drawdown relief over the past two years has helped retirees with account-based pensions by reducing the need to sell assets at a loss in order to meet the minimum payment requirement.

Extending the drawdown relief for a further year will help retirees to recoup capital losses on their pension portfolios as equity markets recover over time.

Currently, it is a requirement that minimum payments be made from a superannuation account-based pension at least annually. Minimum payments are determined by age and the value of the account balance as at 1 July each year.

The minimum annual payment rule is designed so that retirees draw down on their superannuation capital over their retirement. This rule recognises that superannuation is designed as a retirement savings vehicle with substantial tax concessions.

Many self-funded retirees with account-based pensions have suffered significant capital losses on their pension portfolios due to the impacts of the global financial crisis.

The Government applauds the efforts of self funded retirees who have saved to fund their own retirement. We understand that the global financial crisis is having an ongoing impact on the portfolios of self-funded retirees.

While equity markets have recovered to an extent over the past year, they remain well below the levels reached prior to the onset of the global financial crisis.

As in the past two years, the drawdown relief will be in the form of a 50 per cent reduction in the minimum payment amounts for account-based, allocated and market-linked pensions.

This change will require amendments to the *Superannuation Industry (Supervision) Regulations 1994* and the *Retirement Savings Accounts Regulations 1997*. The necessary regulations will be made as soon as possible in the new financial year.

This extra help for self-funded retirees builds on the measures the Government has put in place to help older Australians, including an historic boost to the aged pension as well as stimulus payments to pensioners and many self-funded retirees.

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