Lifetime Pension

A guide for financial advisers

Current as at 1 July 2024

QSuper
Part of Australian Retirement Trust

Purpose of content

The content contained in this guide is intended to assist financial advisers and to be read in conjunction with the Product Disclosure Statement (PDS) which is available at **qsuper.qld.gov.au/PDS**

The information in this document is accurate at the date prepared and is provided as a user guide only, using sources that we believe are reliable and accurate at the date of preparation but may be subject to change. All graphs in this document are for illustrative purposes only.

Case studies

The case studies in this document are provided for illustrative purposes only and the members shown are not real. All figures have been rounded for ease of understanding.

About Australian Retirement Trust

One of Australia's largest super funds, over 2.3 million Australians trust us to take care of more than $280 billion of their retirement savings.

We're here for you, too

We're building on a strong legacy of working with financial advisers to help your clients retire well with confidence.

Using our size and scale to deliver strong long-term returns

We use our size and scale to seek out world-class investment opportunities, from best-of-breed investment managers, that aim to deliver strong long-term returns for members.

Supporting your expertise

As one of the largest super funds in the country, we have the scale, strength and momentum to continue to promote the value of quality financial advice for all Australians.

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Build a retirement income solution

We have two retirement products that your clients can choose to manage their super in the pension phase. These are designed to be used together for a retirement income solution, or they can also be used separately.

Retirement Income account

With our Retirement Income account, your clients can turn their super into a regular income and choose how their money is invested. They can also make lump sum withdrawals at anytime. This product is an account-based pension.

Lifetime Pension

A Lifetime Pension will provide your clients with the peace of mind of regular, tax-free income payments for the rest of their life and for the life of their spouse, if applicable/eligible. There may also be advantages for Age Pension means testing.

Eligibility at a glance

Your client needs to meet **at least one** of the following criteria to open a Retirement Income account.[1]
To purchase a Lifetime Pension the member will need to be aged between their 60th and 80th birthdays.
For more details, see page 15.

Age 65 or older

OR

Reached preservation age and permanently retired

OR

Ended current employment post age 60

OR

Recipient of an eligible death benefit

OR

Met another condition of release approved by the Trustee

Product features	Retirement Income account	Lifetime Pension
Fortnightly payments for life	✗	✓
Money-back protection	✗	✓
No restrictions on withdrawals	✓	✗
Binding death benefit nomination	✓	✓
Investment choice available	✓	✗
Potential to grow your capital	✓	✗
Reversionary options	Reversionary beneficiary nomination	Spouse protection option
Payment options	Fortnightly, monthly, quarterly, half-yearly, yearly	Fortnightly
Age Pension income test	Deemed income based on balance	60% of actual income
Age Pension assets test	Current balance	60% of purchase price until age 84, and then 30% thereafter[2]
Exiting the product	At any time	Only during the six-month cooling-off period

1 If your client already holds a Transition to Retirement Income account, once they are fully retired they will automatically be moved into the Retirement Income account. **2** Under the means test rules dated 1 July 2019, 60% of the purchase price is assessed until your client reaches the life expectancy for a 65-year-old male (currently 84 years old), or a minimum of five years, and 30% thereafter.

Retirement income building blocks

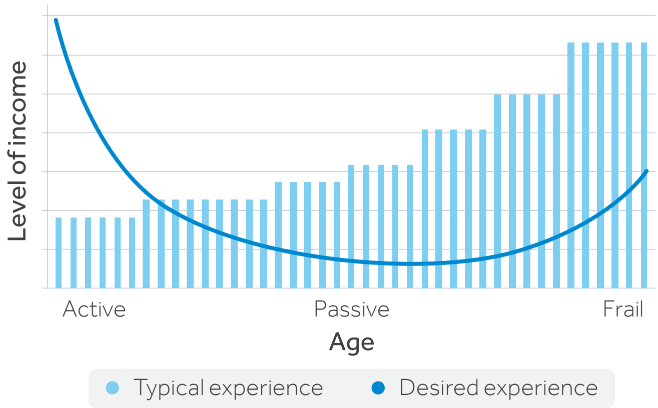
Age Pension	Lifetime Pension	Income account
Safety net	**Income for life**	**Income for lifestyle**
• Basic standard of living • Means tested, so it increases if other income decreases.	• Fortnightly payments • Provided for life • May increase eligibility for the Age Pension.	• Flexibility and control • Income and investment choice • Funds could be consumed in full.

Your client's retirement situation is unique to them, which is why we offer products and services to help you, as their adviser, build a layered retirement income strategy that suits their specific needs.

A more efficient use of capital

The Lifetime Pension is intended to fit well into a layered retirement income strategy by providing your clients with the certainty that at least part of their income will never run out.

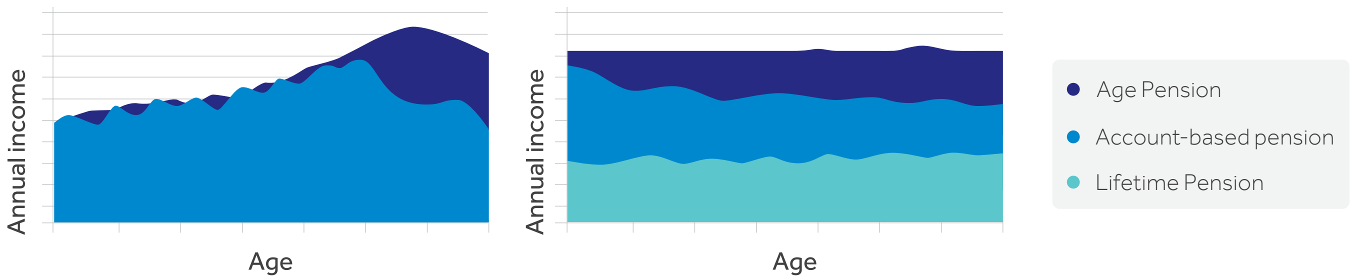
Research suggests that spending needs tend to be higher in the earlier years of retirement and generally reduce over time,[1] however we see that many of our members take the minimum drawdown from their account-based pension. This means that their income usually increases over time, as the minimum drawdown percentage increases and their balances rise. Industry research shows us that this behaviour often stems from a fear of running out of money,[1] rather than their desired spending needs.[2]



As the Lifetime Pension will provide an income for life, it can be used alongside an account-based pension to provide your clients with the certainty that their income will never run out. This means they can consider using more of their account-based pension in their earlier, more active years, by drawing down to meet an income goal, rather than only taking the minimum.

This could provide your clients with a higher and more stable income throughout retirement. By using a layered retirement income strategy, they can amortise their balance over their lifetime, and avoid the need to fund their retirement off the investment earnings of their account-based pension, due to the fear of it running out.

Without Lifetime Pension **With Lifetime Pension**



Note: These graphs are for illustrative purposes only and are not based on actual or expected income. They demonstrate how the Lifetime Pension may be used as part of a layered income strategy.

1 Actuaries Institute, 2019, 'Spend your age, and a little more, for a happy retirement', Actuaries Institute media releases.
2 National Seniors Australia, 2020, 'Retirement income worry: Who worries and why?' (January).

How it works

We have combined our investment and retirement expertise to offer this innovative retirement product for your clients.

When your clients purchase a Lifetime Pension, their purchase amount will be combined with the money of other Lifetime Pension members and managed by Australian Retirement Trust. They will then receive payments from this pool for the rest of their life, even after their initial purchase price has been exhausted.

The product is designed to generally increase payments over time to assist with rising costs of living. However, payment amounts are adjusted each year to reflect the investment performance of the pool and other factors such as mortality experience, fees and costs. This means payments may go up or down.

How it's different to an annuity

Unlike a traditional annuity, Lifetime Pension payments are investment-linked and are designed to provide a higher payment amount than an annuity. However, this means that the payment amounts are not guaranteed, and they may be adjusted up or down annually, based on the investment and mortality experience of the pool. Further information on the annual adjustment is available on page 7.

How we provide an income for life

You and your clients can be assured that the Lifetime Pension will continue to pay an income for the life of your client, however long they live.

We can offer this because the pool will be rebalanced each year to capture changes in estimated future Lifetime Pension payments that the assets can support. The level of assets and liabilities fluctuate based on the investment and mortality experience of the pool. The annual adjustment to the income amount is made so that all Lifetime Pension members can rely upon receiving income for as long as they live. In addition, money-back protection is paid as a death benefit (if applicable).

With more than 2.3 million members, we're here to help our members retire well with confidence.

Features and benefits

Income for life

A Lifetime Pension will provide your clients with an income for life, and their spouse's life (if the spouse protection option is chosen), no matter how long they live, and even if this is past their life expectancy. This means that your clients do not have to choose a term or worry about running out of income.

Spouse protection

When your clients purchase a Lifetime Pension, they can choose to have payments continue to be paid to their spouse when they pass away by choosing the spouse protection option. Your client, and their spouse, will receive an income for life, regardless of who lives the longest. The payment rate will be based on the younger spouse's age, and both people must be aged 60 or over.

Your clients can only make a spouse nomination when they purchase their Lifetime Pension, and nominations can't be added or changed afterwards. In the event of remarriage, the primary member's new spouse cannot be added to their existing Lifetime Pension. However, they can purchase additional Lifetime Pension(s) and add their new spouse under the spouse protection option.

We use the definition of 'spouse' as per the *Superannuation Industry (Supervision) Act 1993* ("SIS Act"). Your client's spouse would still need to meet this definition at the time of your client's death in order for payments to continue to them.

Money-back protection

If your clients choose the Lifetime Pension single option and they pass away before receiving payments equal to their purchase price, the difference is payable as a death benefit to their beneficiaries.

Money-back protection is also payable if the spouse protection option is selected, and both your client and their spouse pass away prior to receiving payments equal to the initial purchase price.

This benefit is limited to a statutory maximum known as the capital access schedule. We explain this further on page 12.

Taxation

As clients must be aged 60 or over, payments from their Lifetime Pension will be tax free.

Investment earnings within the Lifetime Pension pool are also tax-exempt.

Retirement bonus

The Retirement Bonus is a tax saving of up to $9,500 we pay our members (if eligible), when they move money from our Accumulation or Transition to Retirement Income account, to our Retirement Income account and/or Lifetime Pension.

Your clients will not need to apply for the retirement bonus. If they're eligible, the bonus is automatically added to their retirement savings at the same time their money is transferred to the income phase.

Centrelink treatment

Age Pension income and assets test discount

Your clients will receive a 40% discount on the Age Pension income and assets test for monies used to purchase, and income received, from a Lifetime Pension. This means your clients may receive higher Age Pension payments than they may otherwise have qualified, or become eligible for the Age Pension and Commonwealth Seniors Health Card, if they were previously ineligible.

The following table shows how our retirement products count towards the income and assets tests when assessing eligibility for the Age Pension:

	Income test	Assets test
Income account	Deemed income based on balance	Current balance
Lifetime Pension	60% of the income received is assessed	60% of the initial purchase price until life expectancy,[1] and 30% thereafter

These benefits are also explained in Walter's story below.

Walter's story

Walter is aged 67, owns his home and plans to retire next year. He has $550,000 in superannuation, and $125,000 in other assets, such as his motor vehicle and household contents. As he has total assets of $675,000, he would ordinarily not receive any Age Pension entitlement.

However, Walter has decided to purchase a Lifetime Pension for $250,000 and open a QSuper Retirement Income account with the remaining $300,000. As the Lifetime Pension purchase amount is assessed (for Australian Government pension assets test purposes) at 60% of the purchase price, this will result in a lower assessable asset value.

By opening a Lifetime Pension, Walter will not only receive fortnightly payments for the rest of his life, he is now also eligible for the Age Pension and a Commonwealth Pensioner Concession Card. This is due to the income and assets means test rules that apply to the Lifetime Pension product.

As a result of the reduction in assessable assets, Walter's Age Pension entitlement has increased from nil to $7,710pa,[2] and his total annual income has increased by $12,718 for the first year.

By combining the Lifetime Pension with a QSuper Retirement Income account, Walter has the peace of mind that he will receive payments for the rest of his life, while also having the flexibility to withdraw extra money from his Retirement Income account when needed.

Walter's total income before and after the purchase of a QSuper Lifetime Pension

	Current plan	New plan
Initial funds		
QSuper Retirement Income account balance	$550,000	$300,000
Lifetime Pension purchase price	Nil	$250,000
Total	$550,000	$550,000
Income sources		
Retirement Income account	$27,500[3]	$15,000[3]
Lifetime Pension	Nil	$17,508[4]
Age Pension	Nil (not eligible)	$7,710[2]
Total yearly income	$27,500	$40,218

1 Under the means test rules dated 1 July 2019, 60% of the purchase price is assessed until your client reaches the life expectancy for a 65-year-old male (currently 84 years old), or a minimum of five years, and 30% thereafter.
2 Age Pension income estimate based on income and assets tests as at Centrelink Indexation 20 March 2024.
3 Income based on a minimum withdrawal rate of 5%.
4 Lifetime Pension payments based on 2024-25 financial year income rates.

Receiving Lifetime Pension payments

Our Lifetime Pension starting payment rates will be based on two important assumptions:

1. Benchmark returns on the Balanced Risk-Adjusted investment option for Retirement Income accounts.
2. Life expectancy using Australian Retirement Trust's mortality table.

How much will your clients be paid?

How much your clients will be paid from their Lifetime Pension depends on:

- Their purchase price.
- Their age at the time their Lifetime Pension starts, unless they have selected the spouse protection option, in which case, the age for the younger person will apply.
- Whether they have nominated the single or the spouse protection option.

The table below shows how much your clients would be paid in the first year for each $100,000 of their Lifetime Pension purchase price. If they choose to have payments continue to be paid to their spouse when they pass away, the spouse protection rate will apply. The exact age of your client will be used to determine the payment rate. For example, if they are aged exactly 60 years and six months, a rate halfway between those listed for ages 60 and 61 will be used.

Note: Your clients cannot move between the single and spouse protection rate once their Lifetime Pension has started.

Starting age	Single[1]	Spouse protection[1]
60	$6,164	$5,707
61	$6,259	$5,776
62	$6,361	$5,850
63	$6,471	$5,930
64	$6,589	$6,015
65	$6,716	$6,107
66	$6,854	$6,206
67	$7,003	$6,312
68	$7,164	$6,427
69	$7,339	$6,550
70	$7,529	$6,684
71	$7,736	$6,830
72	$7,962	$6,987
73	$8,208	$7,159
74	$8,479	$7,346
75	$8,777	$7,551
76	$9,107	$7,775
77	$9,472	$8,021
78	$9,878	$8,291
79	$10,330	$8,590
80	$10,834	$8,920

The amounts paid in subsequent years are subject to an annual adjustment, which is explained further on page 7.

When payments will stop

We will keep making Lifetime Pension payments until your client passes away, or until both your client and their spouse pass away if they have chosen the spouse protection option.

This means your client does not have to choose a term or worry about their income running out.

How payment amounts are communicated

We will tell your clients their payment amount when they start their Lifetime Pension, and the updated figure will be shown each year on their annual statement and in QSuper Member Online. If they start their Lifetime Pension partway through a financial year, their payment will be a pro rata amount based on their full annual payment.

How often are payments made

Lifetime Pension payments are made fortnightly on a Wednesday. Your clients cannot change their payment frequency. The initial payment will be made in the first payment cycle, following 14 days after the Lifetime Pension start date. The number of fortnights in the year does not impact the total annual amount they are paid, however it will impact their fortnightly payment amount.

Making withdrawals

Voluntary withdrawals are not permitted from the Lifetime Pension.

Your client has a cooling-off period of six months from when their Lifetime Pension starts to decide if the product is right for them. See page 12 for more information about the cooling-off provisions. Outside this period, your client or their beneficiaries may be eligible to access funds under money-back protection in the case of a terminal medical condition or if they pass away.[2]

1 2023-24 Income for the full financial year for every $100,000 of purchase price.
2 This benefit is limited to a statutory maximum known as the capital access schedule. Does not apply where the Spouse Protection Option has been selected as payments will continue to the spouse.

Annual payment adjustments

Annual payment amounts are adjusted effective 1 July each year.

How Lifetime Pension payments are adjusted

Your Lifetime Pension payments will be adjusted effective 1 July each year based on the pool's financial results during the previous year. The pool is invested in the Balanced Risk-Adjusted investment option for Retirement Income accounts.

Your Lifetime Pension is designed to generally increase over time to assist with rising costs of living. However, just like an Income account, fluctuations in financial results will mean that payments may go up or down.

Your first annual adjustment will be pro-rated based on the pool financial results from your start date.

Pool financial results

The pool's annual financial results will determine the annual income adjustment in the following year. These results include investment returns, the mortality experience of the pool, timing, and all fees and costs.

Net investment returns

The pool is invested in the Balanced Risk-Adjusted investment option for Retirement Income accounts. Investment returns are calculated net of fees, costs and taxes. All fees and costs are deducted directly or indirectly from the pool and are not attributable to individual members with a Lifetime Pension.

Mortality experience

Mortality experience affects the Lifetime Pension pool in the following ways:

- The pool is debited for insurance costs. For more information see page 35 of the *QSuper Product Disclosure Statement for Income Account and Lifetime Pension.*
- The pool retains credits when members die and their income payments cease.

Australian Retirement Trust makes assumptions regarding the level of these credits and debits and the net variance to these assumptions (which could be positive or negative) will impact the overall adjustment amount.

These variations are not attributable to individual members with a Lifetime Pension and apply to the Lifetime Pension pool.

Timing

Financial results are also impacted by the timing of Lifetime Pension purchases and payments made from the pool. This is because the amount of money invested in the pool at the time of market movements may impact the full year returns.

Annual benchmark

The benchmark for the pool's financial result is set at 5%. This means if the financial results are above 5%, income payments will be adjusted up in the following year, and if results are below the benchmark they will be adjusted down. An example of this is shown in John's story.

For the 25 financial years ending 30 June 1999 to 30 June 2023 the Balanced Risk-Adjusted investment option for Retirement Income accounts delivered a return of less than 5% a total of seven times.

However, as noted above, the 5% benchmark applies to the pool financial results which includes more than just investment returns. These other factors mean the pool's net result may deviate slightly from the investment return.

Information on the Balanced Risk-Adjusted investment option can be found in the PDS available at: **qsuper.qld.gov.au/pds**

Historical performance of this investment option can be found at qsuper.qld.gov.au/performance. Keep in mind that past performance is not a reliable indicator of future performance.

John's story

John is 63 years old and on 1 July 2024 he purchases a Lifetime Pension with $250,000 of his superannuation money. He nominates his wife, Jeanette, who is 65 years old, to continue to receive payments if he passes away before she does.

Using the table on page 26, John works out that his Lifetime Pension annual amount will start at $14,825 ($570.19 per fortnight).

John's payments each year will be adjusted based on the pool's financial results.

Some examples of how this will affect his annual amount are:

Pool financial result	John's annual amount the following year would	John's fortnightly Lifetime Pension Payments
10%	**Increase** by 5%	$598.70 ($28.51 more)
5%	Stay the same	$570.19
0%	**Decrease** by 5%	$541.68 ($28.51 less)

Note: The first annual adjustment that applies to you will be a pro-rata amount based on how long you have held the Lifetime Pension. In subsequent years, you will receive the full declared adjustment rate as you will have been in the Lifetime Pension pool for the full year. You can find more information in the *Lifetime Pension* factsheet.

How the Lifetime Pension annual adjustment could compare with an account-based pension

The adjustments made for investment returns may be very similar to those your client would see with an account-based pension drawn at the usual minimum rate.

The example below uses a 70-year-old who purchased the Lifetime Pension single option. Figures have been rounded for illustrative purposes.

	Lifetime Pension			Retirement Income account		
	Year 1					
Purchase amount/opening balance	$650,000			$650,000		
Income	$49,000			$33,000		
Returns examples Balanced Risk-Adjusted investment option for Retirement Income accounts	15%	5%	-5%	15%	5%	-5%
	Year 2					
Adjustment	10%	0%	-10%			
Balance				$680,000	$618,000	$556,000
Income	$54,000	$49,000	$44,000	$34,000	$31,000	$28,000

Case studies

This product may be suitable to support a number of client strategies. While each client is unique, the following case studies illustrate how Lifetime Pension might assist in meeting key needs. The case study examples over the following pages will focus on the following needs:

- **Sue** – certainty of an income for life.
- **Margaret** – living every day and having security for her later years.
- **Betty and Geoff** – qualify for Age Pension entitlements with the Lifetime Pension.
- **Gita and Vijay** – part Age Pensioners looking for greater income in retirement.

Sue's story

Sue is a 70-year-old widow with a superannuation balance of $450,000, who is looking for greater certainty that her income won't run out in retirement. Sue considers herself to be a healthy woman and believes that she will outlive her life expectancy due to her daily run, yoga and healthy diet. One of Sue's greatest fears is to be a financial burden on her two adult children, who now have families of their own. For this reason she has been reticent to withdraw more than the minimum from her Retirement Income account.

Sue might consider purchasing a Lifetime Pension for $200,000 and keep $250,000 in a Retirement Income account.

Based on current Lifetime Pension payment starting rates, Sue would receive an income of $15,058 in year one from her Lifetime Pension.[1] She can be confident she will receive an income for as long as she lives and that it won't cease once she reaches her life expectancy – noting that this income may increase or decrease each year.

With the assurance of knowing she can rely on the Lifetime Pension income stream for the rest of her life, Sue could work with her adviser to consider making early bequests from her Retirement Income account to her children and grandchildren.

Retirement Income account (RIA)	Lifetime Pension (LP) + Retirement Income account (RIA)
Initial capital	
RIA starting balance: $450,000	RIA starting balance: $250,000 LP purchase price: $200,000
Annual income	
$22,500[2] from the RIA (as Sue is withdrawing the minimum).	$12,500[2] from the RIA. $15,058 from the LP
$22,500 Total	**$27,558 Total**
Outcomes	
Sue could work with her adviser to maintain a larger balance in her Retirement Income account and likely leave this as a bequest.	Sue could work with her adviser to gain a higher income and to make an early bequest, knowing her Lifetime Pension income will never run out.

Margaret's story

Margaret has made a plan with her financial adviser, whereby she can be confident her money will last until her life expectancy. This strategy involves using income from an account-based pension. As she is concerned about her money running out and having enough to pay for aged care, if needed, the plan involves her drawing a lower income from her account-based pension, so that there will be capital remaining closer to her life expectancy.

Unfortunately, this means she is unable to do some of the things she desires in early retirement, like attending a writers' retreat in Europe. Despite her disappointment, Margaret is willing to forego this as she sees it as a 'nice to have' discretionary spend and would much rather have the security of knowing her income will not run out. She is also reassured by having a lump sum remaining for emergencies in later life.

However, with a Lifetime Pension, the intention is that Margaret can have peace of mind that her income will not run out. This means she can be more confident in her financial plan for the early years of her retirement and afford to go on her retreat. In addition, Margaret's adviser has set her up for the rest of her life, as her income will not run out at life expectancy.

1 Assumes Sue has opened the Lifetime Pension on 1 July, her 70th Birthday.
2 Using minimum 5% drawdown from the Retirement Income account.

Betty and Geoff's story

Betty and Geoff are both 67-year-old retired school teachers with a combined $1.1m in super. They may qualify for some Age Pension in years where there is a market downturn, but generally are not eligible for Age Pension benefits.

As the graph below shows, even with a balance of this size, if they withdraw the minimum from their Retirement Income accounts, they will not achieve the ASFA Retirement Standard[1] for a comfortable level of income in the early years of retirement. Their income and access to the Age Pension are also impacted by market movements.

However, if they were to consider splitting their balance between the Retirement Income account and the Lifetime Pension, they would be able to target a significantly higher level of income. They could also qualify for the Age Pension and therefore benefit from the Pensioner Concession Card. In addition, they would be less affected by market movements and experience a more stable income stream in retirement.

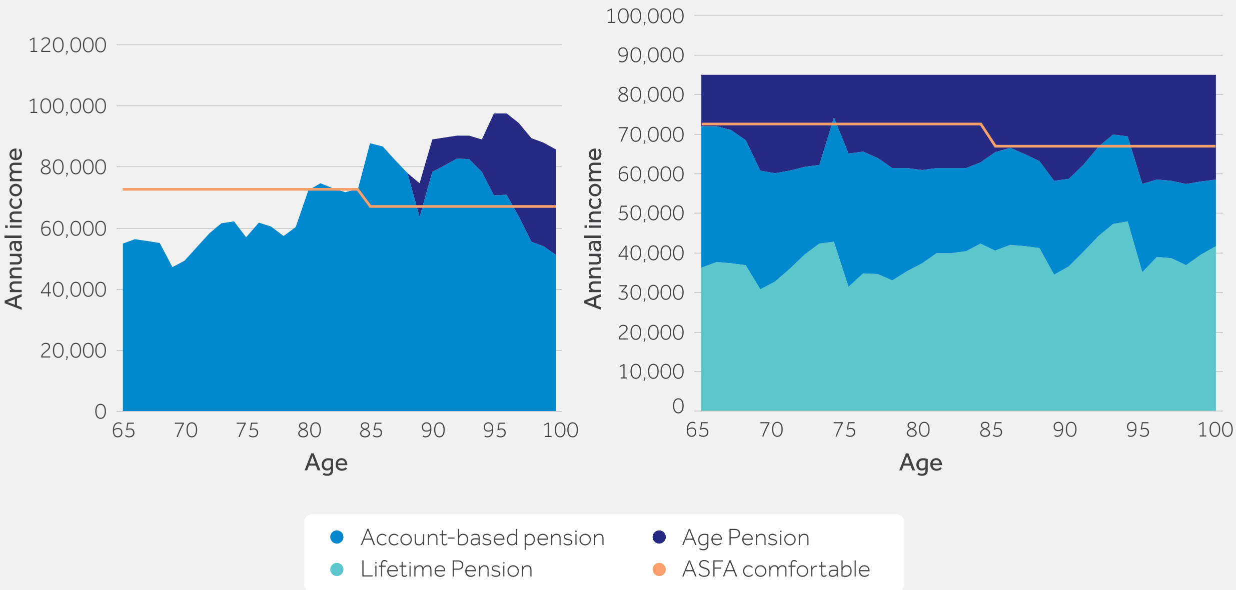
This is a stronger outcome for Betty and Geoff, as they gain additional income in their early, more active years of retirement, and receive the additional benefits of the Pensioner Concession Card.

In the example below, Betty and Geoff put half of their balance into a Lifetime Pension. This enabled them to draw a target income of $80,000 in total from their Age Pension, Lifetime Pension and account-based pension, using the flexibility of their account-based pension to ensure their income remained consistent.

These graphs have been used for illustrative purposes only and may not be to scale.

Minimum drawdown from an account-based pension with no Lifetime Pension

Target drawdown from an account-based pension with 50% of balance used to purchase a Lifetime Pension.



1 ASFA Retirement Standard, March quarter 2021. For more information see www.superannuation.asn.au/resources/retirement-standard

Gita and Vijay's story

Gita and Vijay are both 67-year-old retired healthcare workers, with a combined $950,000 in super. They qualify for a part pension but may lose this benefit in years when the market performs particularly well.

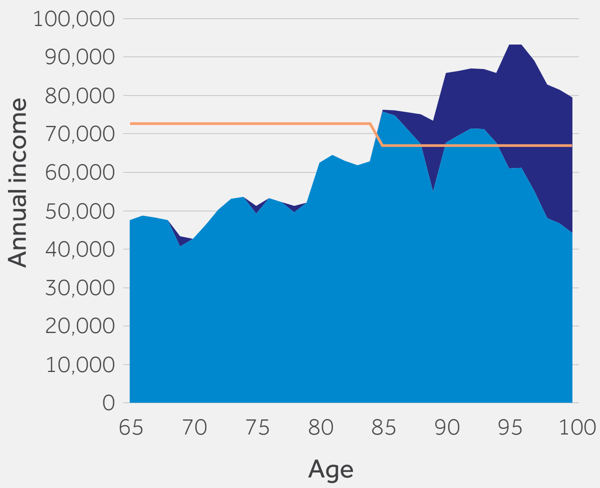
As the graphs below show, if withdrawing the minimum from their Retirement Income account, and with their part pension included, they will not achieve the ASFA Retirement Standard[1] for a comfortable level of income, in their early retirement years.

However if they considered purchasing a Lifetime Pension with a proportion of their balance, they would be able to target a significantly higher level of income and could qualify for a greater Age Pension entitlement. By doing so they could also achieve a far more stable income stream in retirement

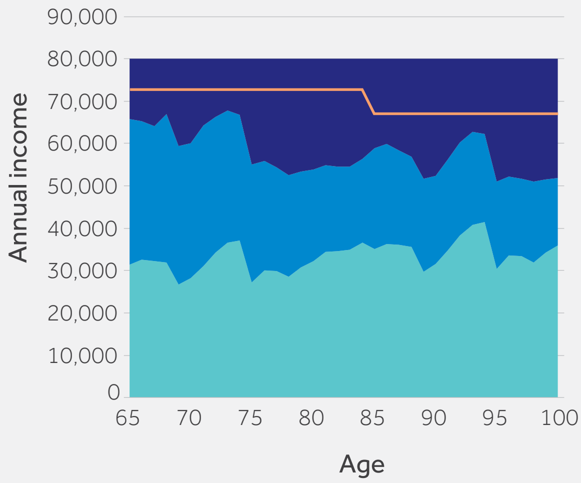
In the example below, Gita and Vijay purchased a Lifetime Pension using half of their balance. This enabled them to draw an income of $75,000 from their overall retirement solution, using the flexibility of their account-based pension to ensure their income remains consistent. Using this strategy, they were able to continue to travel in their early years of retirement.

These graphs have been used for illustrative purposes only and may not be to scale.

Minimum drawdown from an account-based pension with no Lifetime Pension



Target drawdown from an account-based pension with 50% of balance used to purchase a Lifetime Pension



Account-based pension
Age Pension
Lifetime Pension
ASFA comfortable

1 ASFA Retirement Standard, December quarter 2023. For more information see www.superannuation.asn.au/resources/retirement-standard

Other important information

Family law separation

The product cannot be exited upon divorce or separation outside of the cooling-off period. We will comply with any Family Law orders which may require us to split each ongoing income payment from the Lifetime Pension between your client and their former spouse.

Cooling-off period

If your client changes their mind within the first 14 days from when they start their Lifetime Pension, we will refund the purchase price under their statutory cooling-off rights.

There will also be a six-month product cooling-off period, which runs concurrently with the 14-day cooling-off period. After this time, voluntary withdrawals cannot be made. Within the six-month cooling-off period, we will refund the purchase price less the following amounts:

- any income payments that have already been paid from the Lifetime Pension, and
- adjustments for negative investment returns, and any adjustments that may be required due to the capital access schedule.

To close a Lifetime Pension, we must receive the *Cancel a Lifetime Pension* form before the end of the expiry of the relevant period. If your client is posting the form, please consider postage times.

When closing a Lifetime Pension, the money can either be moved into an existing Accumulation account, rolled over to another superannuation fund or taken as cash. If a superannuation death benefit has been used to open the account, this can only be taken as cash.

Any money rolled into an Accumulation account does not count towards the concessional or non-concessional contributions caps as it is classed as a commutation from an income stream.

Total super balance

Money that is held within the Lifetime Pension pool counts towards your client's overall superannuation balance.

Capital access schedule

In 2017, the Australian Government introduced "innovative retirement income stream products" into superannuation and tax legislation, enabling superannuation funds to offer a new type of retirement income product, such as the Lifetime Pension. This legislation included the capital access schedule which limits lump sums payable to members or their estate.

The Lifetime Pension has been designed to pay members as much income as possible, so the capital access schedule should only impact your clients' benefits in a limited number of circumstances.

Note: The capital access schedule restrictions do not apply within the first 14 days from the commencement of the Lifetime Pension.

Fees and costs

No direct fees or costs are charged to your client. Costs are deducted at the pool level, which impacts the annual financial results of the pool.

Risks

As with any financial product, there will be risks associated with purchasing this product. These risks may include illiquidity risk, counterparty risk, adverse selection and systematic mortality risk, legislative risk, no remaining estate value, inflation risk, market volatility, payment adjustments and force majeure. Please see the PDS for more information on the potential risks of the product.

Transfer balance cap

If your client is a reversionary beneficiary and they receive a death benefit income stream, we will report a credit to the ATO to be added towards their transfer balance cap 12 months from reversion. We will notify them of the amount we report to the ATO.

If the balance of a client's reversionary death benefit income stream exceeds the cap and we receive an excess balance cap notice from the ATO, we will pay the amount over the cap to your client in cash.

Aged care

A consideration for the purchase of a Lifetime Pension is that it may be able to assist with the costs of aged care, as it provides your client with an income for as long as they live.

Estate planning

Assist your clients to take control of who receives any Lifetime Pension benefit once they pass away.

Nomination details
Lifetime Pension single option If your client purchases the single option, payments will stop when they pass away. If they have not made a binding death benefit nomination, any death benefit payable as a result of the money-back protection will follow a process where we contact those listed on the member's death certificate and distribute the money following the principles explained in our *Death Benefit Claim Guide*, available at **qsuper.qld.gov.au/guides**
Lifetime Pension spouse protection option If your client purchases the spouse protection option and they pass away, if the spouse is still alive and eligible, they will continue to receive payments for the rest of their life. There is no change to the rate of payments paid to the spouse. Their spouse will be considered the reversionary beneficiary of the income stream. **The spouse can only receive ongoing Lifetime Pension payments — they cannot receive a lump sum.** If your client and their spouse both pass away, and there is not a valid binding death benefit nomination, any death benefit payable as a result of the money-back protection will follow a process where we contact those listed on the member's or their spouse's death certificate and distribute any money following the principles explained in our *Death Benefit Claim Guide* **qsuper.qld.gov.au/guides**
Binding death benefit nomination Your client can nominate a number of people as beneficiaries. This nomination must be renewed every three years to remain valid. Your client can only nominate: • Their legal personal representative • Their spouse • Their child • Someone who has an interdependency relationship with them • A person who is financially dependent on them. The beneficiary must satisfy the relevant definition at the time of nomination and at the date of death of your client, to be eligible to receive the benefit. The spouse protection option supersedes a binding death benefit nomination if the spouse is still alive and eligible.

Advice strategy considerations

Lifetime Pension spouse protection vs single option

We've designed the Lifetime Pension to provide similar financial outcomes over their lifetimes, for couples who choose to purchase two single options or a spouse protection option.

Longevity considerations

The Lifetime Pension is a longevity protection solution, and outside the cooling-off period does not allow for withdrawals. The capital purchase amount is protected by the money-back protection, which means the minimum total amount payable from the Lifetime Pension on death is equal to the purchase price. This is subject to the government's Capital Access Schedule.

Information for modelling within financial planning software

The key items you will need to model the Lifetime Pension are:

1. **Capital access schedule compliant** – yes.
2. **Means testing** – income test: 60% of income value, and assets test: 60% of purchase price until age 84 and 30% thereafter.[1]
3. **Inflation** – we do not offer an explicit inflation linked option, however we have designed the payments to ideally increase annually to meet rises in living expenses.
4. **Reversionary** – the spouse protection option is broadly equivalent to a reversionary beneficiary.
5. **Death benefit** – calculated by subtracting the total payments made from the purchase price and is subject to the capital access schedule.
6. **Cooling-off period** – six months.
7. **Annual Income** – use the rates included on page 6 of this document.

Further considerations for the Lifetime Pension

- Lump sum withdrawals cannot be made from the Lifetime Pension, nor can your client request to vary their payment amounts, or add or remove the spouse protection option.
- After the six-month cooling-off period, your client will not be able to withdraw funds even if they need more income, become separated, divorced or are in financial distress. After the cooling-off period, this is a permanent purchase.
- If your client and their spouse pass away and the original purchase price has already been paid to them through income payments, there will not be any residual left to pay to their estate or beneficiaries.

1 Under the means test rules dated 1 July 2019, 60% of the purchase price is assessed until your client reaches the life expectancy for a 65-year-old male (currently 84 years old), or a minimum of five years, and 30% thereafter.

Adviser support

The Adviser section of the QSuper website has all the adviser FAQs, information, resources, and forms to help make your job easier. Visit **qsuper.qld.gov.au/advisers**

We also offer dedicated adviser support on **1300 360 750** (option 3), to provide information about your client's QSuper account.

Lodging authorities

To have your authority added to your client's QSuper account, please send us a completed *Authority to Release Information* form, available at **qsuper.qld.gov.au/advisers** which has all the information we need.

If you would prefer to use your own authority form, please ensure you provide all the information we need to action your authority:

- Your client's full name, address, and date of birth
- Your name and your organisation's name
- Your ARN and AFSL
- Whether the authority is to be given only to you, or additional representatives from your organisation
- Whether or not the authority has an expiry date, as we do not automatically apply expiry dates to adviser authorities.

Note: It may take up to three working days for your authority to be processed once received.

How to open a Lifetime Pension

QSuper account holders

If your client is an existing QSuper member they can either:

Complete and submit the *Open a Retirement Income Account and/or Lifetime Pension* application form at the back of the PDS.

or

Complete the *Open a Retirement Income Account and/or Lifetime Pension* application form via QSuper Member Online.

If your client is opening a Lifetime Pension with monies from an eligible superannuation death benefit, they must use the paper form.

Non-QSuper account holders

As a Lifetime Pension must be opened with funds from an existing QSuper account, your clients must first open a QSuper Accumulation account before applying for a Lifetime Pension.

Open an accumulation account by completing and submitting the *Open an Accumulation Account for Lifetime Pension applicants* form at the back of the *QSuper Product Disclosure Statement for Accumulation Account*.

+

Complete and submit the *Open a Lifetime Pension* form at the back of the *Super Savings Product Disclosure Statement for Income Account and Lifetime Pension*

We do not currently accept death benefit money from other funds to start a Lifetime Pension.

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Part of Australian Retirement Trust

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Member Centres

Visit **qsuper.qld.gov.au/membercentres** for locations

qsuper.qld.gov.au

About this guide

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