Lifetime Pension

Information for financial advisers

Let's go! >

QSuper

Part of Australian Retirement Trust

How to navigate this module

This module is not like traditional learning modules.

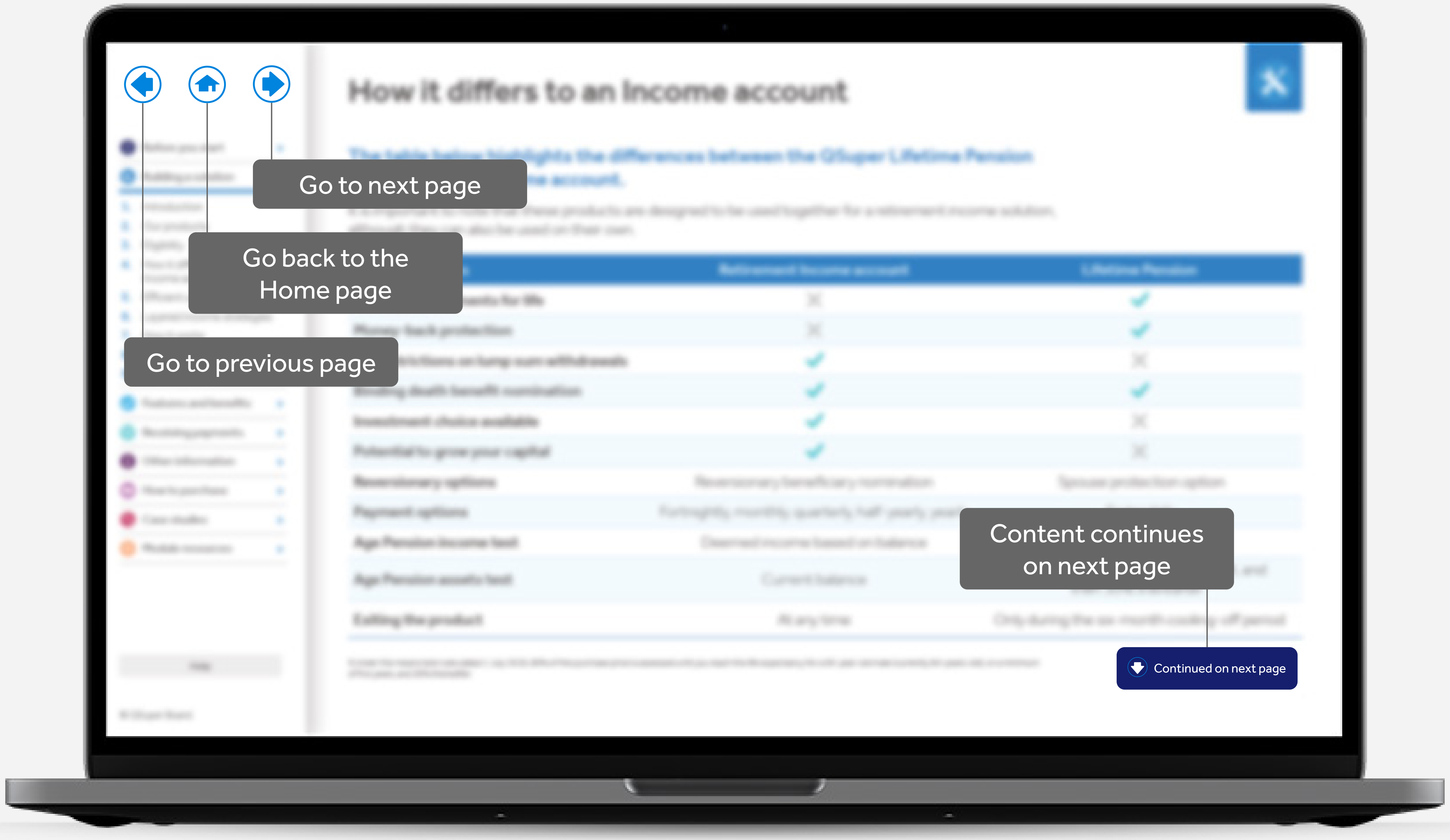
You won't be forced to start at the 'beginning' and finish at the 'end'.

Yes, all topics follow a logical order, so if you're the type of learner who likes to read everything in a learning module, then you'll be able to scroll through the topics in order or using the navigation buttons.

However, if you're the type of learner who likes to choose what you learn first, then you'll be able to navigate straight to the topics you wish to view, meaning you can complete the topics in any order at any time.

Obviously, to have a thorough understanding of the Lifetime Pension, we recommend that you view all topics. This contemporary navigation style gives you the freedom to complete this module when and how you'd like.

The Product Disclosure Statement for Income Account and Lifetime Pension (PDS) will need to be considered prior to recommending this product to your clients. The PDS is available on the QSuper website at qsuper.qld.gov.au/PDS



> "Retirement is not the end of the road.
> It is the beginning of the open highway."
>
> Unknown

Help

Help

Welcome

This is an introduction to Australian Retirement Trust's Lifetime Pension product – part of our suite of retirement income solutions.

This module is not an exhaustive manual however once you have viewed all the following topics, you'll be able to determine:

- What the Lifetime Pension is and how it works
- Who may be suitable for this product, and why
- How our Lifetime Pension can benefit your clients
- Where you can find additional information and resources (which will be linked for your convenience).

We hope you enjoy your learning!

Continued on next page

Time to pause and reflect...

We want this module to provide you with more than just product information.

We also want it to help you identify situations where our Lifetime Pension product may be suitable and who it may be suitable for.

You'll see pages like this throughout the module. These reflection points provide opportunities for you to think about your clients and their circumstances, and how you may wish to incorporate the Lifetime Pension into your client strategies.

Please note: To be able to edit these fields, you will first need to download and save this document.

These fields are editable, so you can capture your thoughts:

About Australian Retirement Trust

For over 100 years, QSuper has supported members to enjoy their retirement.

More choice

Whether your clients want the flexibility of being able to withdraw money at any time from our Retirement Income account, or the peace of mind of receiving an income for life from a Lifetime Pension, we offer a range of retirement products you and your clients can tailor to their individual goals.

Seamless online management

Managing retirement income is easy. Our members can use Member Online to update their personal and bank details, and check their account balance and transactions.

Guidance and support

We're committed to helping our members make informed decisions about their super, so they can make the most of their retirement.

You also have access to exclusive seminars and support over-the-phone or face-to-face.

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.

Continued on next page

We support our members to enjoy their retirement

QSuper

One of Australia's largest super funds

A **range of investment options** to choose from

No fees to switch Income account investment options

Access to seminars for financial advisers

Flexibility and peace of mind with our range of retirement solutions

A **bonus at retirement**, to support our members' retirements[1]

Support for **independent financial advisers** over-the-phone

1 Eligibility criteria apply. Refer to the Accumulation Guide for more information.

Help

Information you need to know

Purpose of content

The content contained in this module is intended to assist financial advisers to provide advice on this product. The Product Disclosure Statement for Income Account and Lifetime Pension (PDS) will need to be considered prior to recommending this product to your clients.

The information in this module is accurate at the date of issue and is provided as a user guide only, using sources that we believe are reliable and accurate at the date of issue but may be subject to change.

Case studies

The case studies in this document are provided for illustrative purposes only. The members shown are not real and all figures have been rounded for ease of understanding and assumes all eligibility criteria has been satisfied.

About this module

This module and all our products are prepared and issued by Australian Retirement Trust Pty Ltd (ABN 88 010 720 840, AFSL 228975) as trustee for Australian Retirement Trust (ABN 60 905 115 063). Any reference to "QSuper" is a reference to the Government Division of Australian Retirement Trust. This is general information only, so it does not take into account your client's personal objectives, financial situation, or needs. You should consider whether the product is right for your client by reading the relevant product disclosure statement (PDS) and Target Market Determination available at qsuper.qld.gov.au/PDS or by calling us on 1300 360 750 to request a copy.

Building a solution

Lifetime Pension

Why the introduction of a Lifetime Pension?

Changes to legislation have resulted in the opportunity for forward-thinking superannuation funds to help your clients maximise on their retirement income through a new product category called Innovative Retirement Income Stream (IRIS).

The new product category is a cross between an Annuity and an Account Based Pension (ABP).

Spending needs are known 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.

This is why we have introduced the Lifetime Pension, to reduce the longevity risk for your clients. Whilst our Lifetime Pension will pay your clients an income for the rest of their lives, there are restrictions to withdrawals, further details are available in the Receiving payments section under Withdrawals in the navigation on the left.

If your client is aged 60 or over, there may also be financial benefits relating to these income streams, such as tax exemptions during retirement. Your clients may also receive favourable Centrelink treatment, which means they may be able to qualify for a higher Age Pension (subject to eligibility). For more information on Innovative Retirement Income Streams, please visit the ATO website.

1 Actuaries Institute, 2019, 'Spend your age, and a little more, for a happy retirement', Actuaries Institute media releases.

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Build a retirement income solution

We have has two retirement products that your clients can choose from 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.

This product is an account-based pension.

Lifetime Pension

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 for the Lifetime Pension

Your clients can start a Lifetime Pension between their 60th and 80th birthdays if they meet one of the following conditions:

- They have reached age 65
- They have permanently retired
- They have ceased an employment arrangement on or after age 60
- They have met another condition of release previously approved by the Trustee
- They are an eligible recipient of a superannuation death benefit.

Your clients need a **minimum of $10,000 to purchase** a Lifetime Pension.

Help

How it differs to an Income account

The table below highlights the differences between the Lifetime Pension and Retirement Income account.

It is important to note that these products are designed to be used together for a retirement income solution, although they can also be used on their own.

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[1]
Exiting the product	At any time	Only during the six-month cooling-off period

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

Continued on next page

Time to pause and reflect...

Thinking about your clients, which situations might make a client more suited to an Income account, a Lifetime Pension, or both products?

Income account	Lifetime Pension	Income account & Lifetime Pension

Help

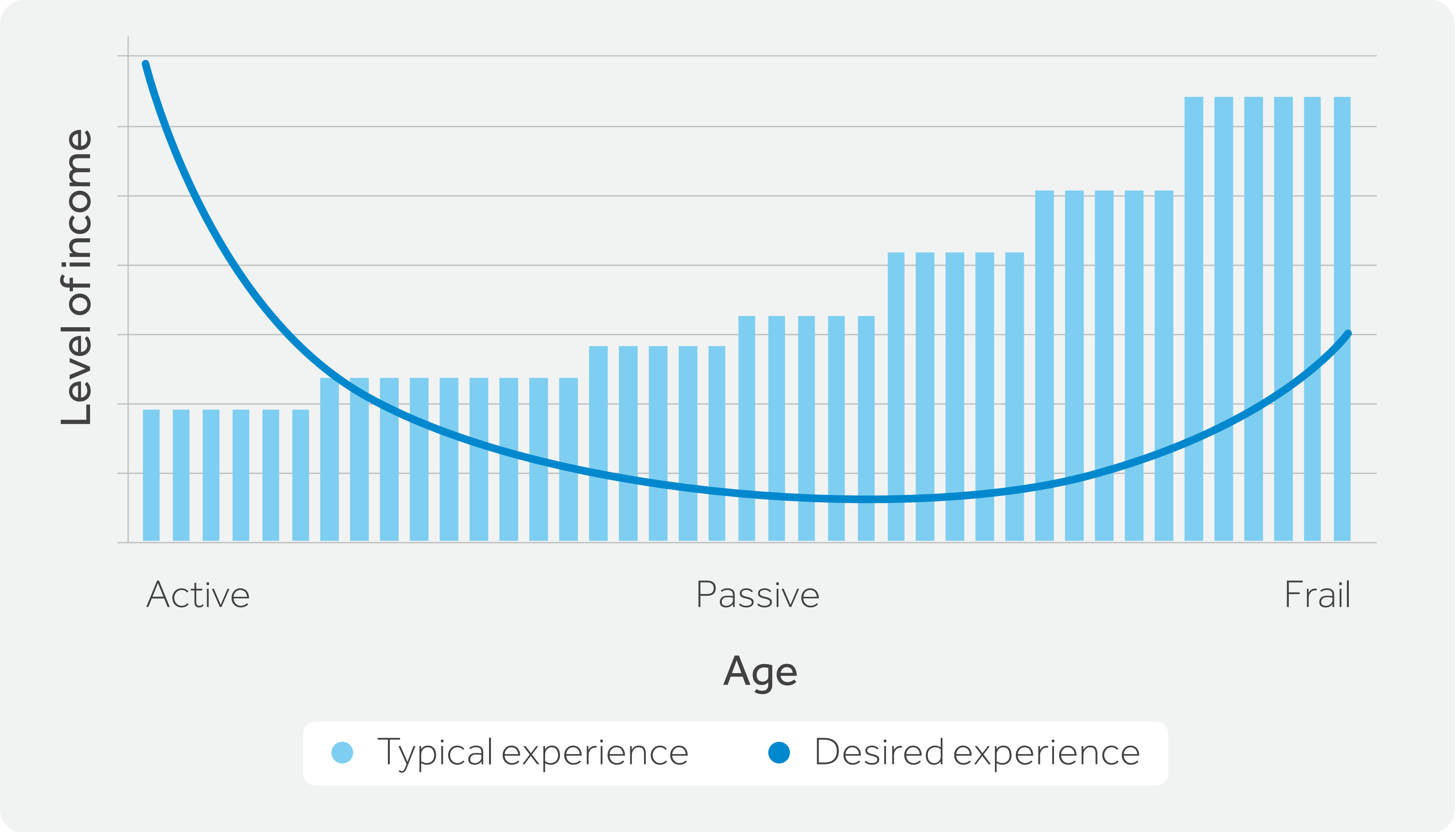
A more efficient use of capital

Your client's retirement 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.

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

Spending needs are known 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, rather than their desired spending needs.[2]



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).

Help

It's all about the layers

As the Lifetime Pension provides an income for life, it can be used alongside an account-based pension to offer your clients the certainty that their income will never run out.

Retirement income building blocks

Age Pension

Safety net

- Basic standard of living
- Means tested, so it increases if other income decreases.

Lifetime Pension

Income for life

- Fortnightly payments
- Provided for life
- May increase eligibility for the Age Pension.

Income account

Income for lifestyle

- Flexibility and control
- Income and investment choice
- Funds could be consumed in full.

Continued on next page

Help

Layered income in retirement

Income in retirement.

By combining the below income sources, your clients can cover their needs and wants and help achieve and maintain their retirement lifestyle. Below is an example of how they might use their different sources of income.

Lifetime Pension | **Age Pension**

Regular income paid for life

Income to pay for the things your clients cannot live without, such as:

- Housing
- Transportation
- Utilities
- Food
- Clothing
- Medical expenses

Retirement Income account | **Other income sources**

Flexible payments and accessible funds

Income to pay for the things that improve your clients standard of living, such as:

- Meals out
- Regular coffees
- Long travel
- Leisure
- Sports and memberships
- Weekends away

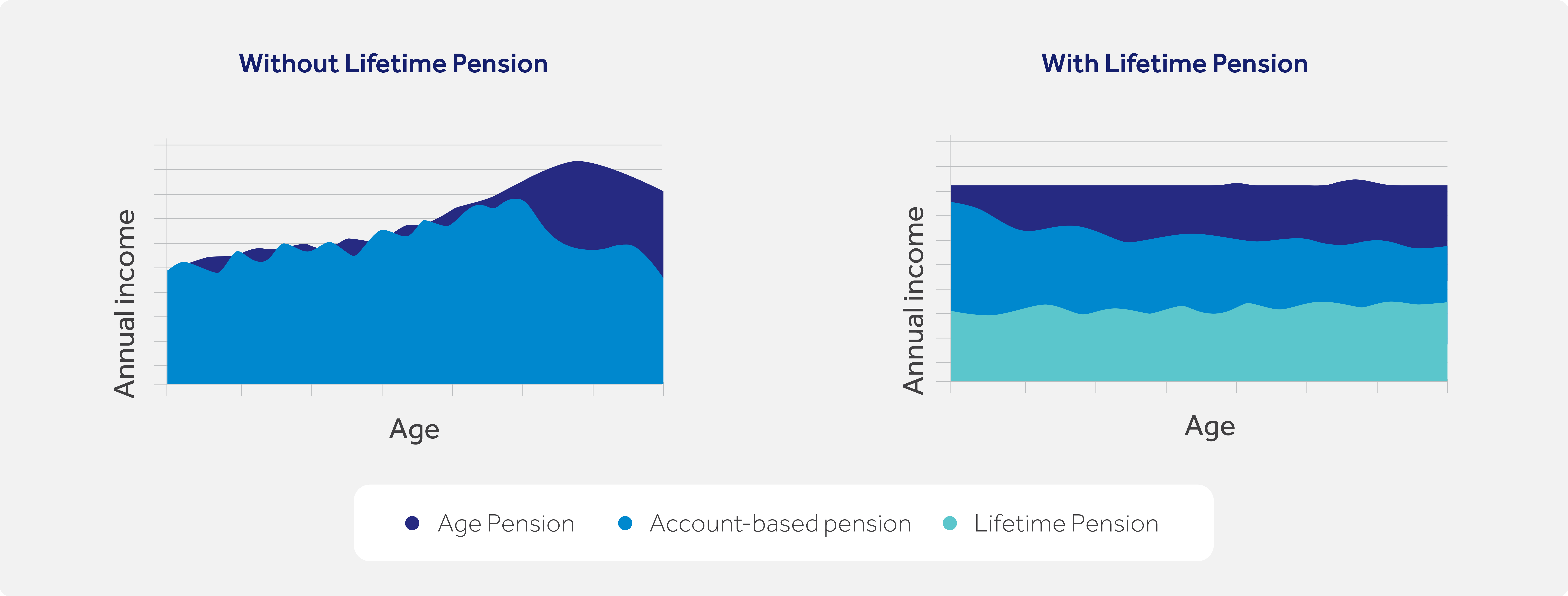
Continued on next page

Help

Layered income in retirement

Your clients can utilise 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 using the investment earnings of their account-based pension, due to the fear of it running out.



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.

Help

Time to pause and reflect...

List some common concerns of your clients.

- What are your clients worried about in retirement?
- What keeps them awake at night?
- What's important to them in retirement?
- List some common expenses that your clients are concerned about covering in retirement.

Essentials	Discretionary	Desires
Necessary expenses to meet financial commitments.	Ongoing or ad-hoc expenses that may not be necessary, but support quality of life.	The things your clients want to do in retirement.

How the Lifetime Pension works

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

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.

Purchase amount

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.

Lifetime Pension pool

Fortnightly payments

They will then receive payments from this pool of money for the rest of their life, even after their initial purchase price has been exhausted.

How it's different to an annuity

Unlike an annuity, Lifetime Pension payments are investment-linked and are designed to provide a higher payment amount than an annuity.

However, this means that payment amounts are not guaranteed, and they may be adjusted up or down annually, based on the investment and mortality experience of the pool.

	Lifetime Pension	Annuity
Income for Life	✓	✓ (option)
Single or Joint Life	✓	✓
Assets test discount	✓	✓
Guaranteed rates	✗	✓
CPI/Indexation option	✗	✓
Market-linked	✓ Market-linked to the Balanced Risk-Adjusted investment option for Retirement Income accounts, meaning payments can go up or down.	✗
Term option	✗	✓
Access to funds/commutable	No access to funds after six-month cooling-off period.	✓
Death benefit	✓ Returns initial investment, less payments made.[1]	✓ Option up to 100%

1 This benefit is known as money-back protection and is subject to the legislative maximum known as the Capital Access Schedule (CAS).

Continued on next page

Time to pause and reflect...

How would you explain the benefits of a layered income approach and strategy to your clients?

What types of clients do you feel would be more supported by this layered approach?

Help

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) and is paid from the proceeds of insurance benefits from a pooled life policy issued by ART Life[1] to the Trustee.

Continued on next page

1 The death benefit payment is paid from the proceeds of insurance benefits by ART Life Insurance Limited (ABN 79 607 345853, AFSL 483057) through a pooled life policy issued to the Trustee. ART Life is a registered life insurance company, and is ultimately owned by Australian Retirement Trust Pty Ltd (ABN 88 010 720 840, AFSL 228975) as trustee for Australian Retirement Trust (ABN 60 905 115 063).

Help

How we provide an income for life

Over 2.3 million Australians trust us to take care of more than $280 billion of their retirement savings. We're here to help our members retire well with confidence.

The underlying investment is within the Balanced Risk-Adjusted investment option for Retirement Income accounts.

Continued on next page

2.3 million members

$280 billion funds under administration

A fund that works for members

Time to pause and reflect...

Here are some common questions that have been raised about the Lifetime Pension in seminars. Feel free to add your own on the right for future reference.

Q. How can you provide an income for life? How does this work?

A. You and your client 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 is rebalanced each year to capture changes in our calculation of the future payments that the Lifetime Pension assets can support. The level of assets and liabilities naturally fluctuate based on how many members remain in the product pool (mortality experience) and the investment performance of the pool. So that all Lifetime Pension members can rely upon receiving income for as long as they live, the amount of income is adjusted up or down each year (see 'annual adjustment' in the navigation panel for more detail).

Q. Is the income guaranteed to increase?

A. No. Payment amounts are set for the financial year and are adjusted up or down on an annual basis. For more information on this annual adjustment, check the question above or read the Product Disclosure Statement for Income Account and Lifetime Pension (PDS).

Q. What fees and costs are involved?

A. All fees and costs are deducted from the pool, so there is no direct cost to your clients.

There are no additional fees, as these have been taken into account when calculating the financial results of the product each year, including administration, investment, and insurance fees and costs. Further details are available in the Product Disclosure Statement for Income Account and Lifetime Pension (PDS).

Are there other questions that you feel your clients may ask about the Lifetime Pension?

Help

Features and benefits

Help

Features of the Lifetime Pension

Lifetime Pension for a lifetime of peace of mind...

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 therefore receive an income for life, regardless of who lives the longest. The initial payment rate will be based on the younger spouse's age, and both people must be aged 60 or over. Payment rates are smaller where the spouse protection option is selected, as the income stream is covering two lives. Further details on the payment rates are available in the 'receiving payments' section of this module.

Your clients can only make a reversionary spouse nomination when they purchase their Lifetime Pension, and nominations can't be added or changed afterwards. In the event of a new relationship, 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. Australian Retirement Trust uses the definition of 'spouse' as per the *Superannuation Industry (Supervision) Act 1993* ("SIS Act").

Your client's spouse will still need to meet this definition at the time of your client's death in order for payments to continue to them.

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 don't have to choose a term or worry about running out of income.

Tax benefits

As clients are 60 or over (which they must be to purchase a Lifetime Pension), payments from their Lifetime Pension will be **tax-free.** Investment earnings within the Lifetime Pension pool are also tax exempt.

Continued on next page

Features of the Lifetime Pension

Lifetime Pension for a lifetime of peace of mind...

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 legislative maximum known as the capital access schedule, which is explained further in this module.

Age Pension benefits

Your clients will receive a **40% discount** on the Age Pension 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 for, or become eligible for the Age Pension and Commonwealth Seniors Health Card, if they were previously ineligible.

The table on the following page shows how our retirement products count towards the income and assets tests when assessing eligibility for the Age Pension. Walter's story (under the 'case studies' tab in the navigation panel) provides an example for context.

Cooling-off period

Your clients have **six months** from when their Lifetime Pension starts to decide if the product is right for them.

Outside this period, your client or their beneficiaries may be eligible to access any remaining funds in the case of a terminal medical condition or in the event of their death.[1]

After the six-month cooling-off period, the Lifetime Pension is a permanent purchase and no voluntary withdrawals can be made.

1 This benefit is subject to a statutory maximum as set by the Capital Access Schedule (CAS). The CAS limits the proportion of the initial purchase price that may be returned.

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Income and assets test discount

Concessional treatment commenced 1 July 2019

To encourage people to start using new retirement products like our Lifetime Pension, the Australian Government treats this retirement product differently to an Income account when working out how much Age Pension your clients can receive.

Not all of your client's money used to purchase a Lifetime Pension will be counted towards their income and assets tests. This means that by purchasing a Lifetime Pension, your clients could potentially receive some Age Pension payments, when they would otherwise have not qualified for any at all.

The table below shows how our retirement solutions count towards the income and assets test 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

1 Under the new means test rules, 60% of the purchase price is assessed until the member reaches the life expectancy for a 65-year-old male (currently 84-years-old), or a minimum of five years, and 30% thereafter. Current life expectancy tables can be found on the Australian Bureau of Statistics website at abs.gov.au

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These benefits are also explained in **Walter's story,** under the 'Case studies' tab in the navigation panel to the left.

Time to pause and reflect...

What percentage of your clients would be interested in the Lifetime Pension spouse protection option as opposed to the single option?

What types of clients would take up the spouse protection option?

Why do you think it would be important to them – what would they tell you?

Why is the Lifetime Pension spouse protection option important in your client strategy?

Help

Time to pause and reflect...

How do you feel your clients would be affected by the current economic climate?

How do you feel your clients may benefit from the Lifetime Pension product?

Taxation

There are limits on how much super can be transferred into a Lifetime Pension. This limit is known as the 'transfer balance cap'.

- The cap is set at $1.9 million[1] for each individual for the 2024/2025 financial year.
- The cap is managed by the Australian Taxation Office (ATO) and includes super monies held outside of QSuper and Defined Benefit pensions.
- Investment earnings within the pool are also tax exempt.

For more information about taxation in super, see our Tax Explanation factsheet.

1 Individuals who had a personal transfer balance account before 1 July 2021 will have a personal transfer balance cap calculated proportionally based on the highest balance of their transfer balance account. Their personal transfer balance cap will not be increased if, at any time before 1 July 2021, the balance of their transfer balance account met or exceeded $1.6 million. Contact the ATO for more information.

Help

Help

Retirement bonus

This industry-leading initiative pays your clients the money previously set aside for capital gains tax.

The Retirement Bonus is a tax saving 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.[1]

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

1 You may be eligible for a Retirement Bonus of up to $9,500 if you've been a member with an account balance with us for at least 12 months. Other eligibility criteria may apply.

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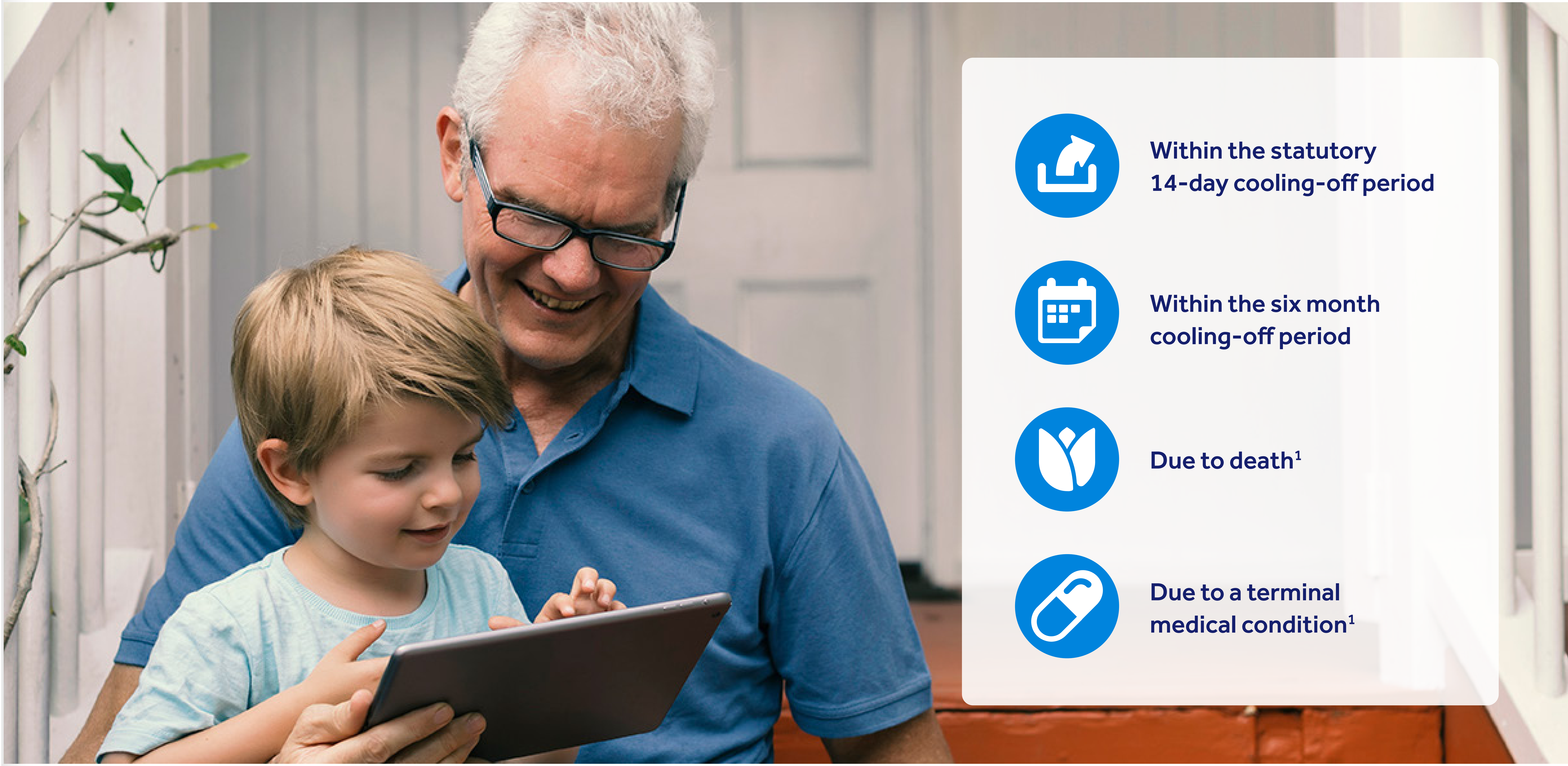
What are the exit options for your clients?



- **Within the statutory 14-day cooling-off period**
- **Within the six month cooling-off period**
- **Due to death[1]**
- **Due to a terminal medical condition[1]**

1 To exit this product, if the spouse protection option has been chosen, your client's spouse must also have passed away, otherwise the income stream will continue as the spouse protection benefit.

Help

Money-back protection

Return of purchase price for peace of mind

The Lifetime Pension is designed so that your clients and their beneficiaries receive at least their purchase price back from their Lifetime Pension, either as pension payments or as a death benefit.

If your client chooses the spouse protection option and both spouses pass away before receiving payments equal to the amount initially used to purchase the Lifetime Pension, the difference is payable as a death benefit to their estate or beneficiaries.

The money-back protection may be limited in rare circumstances by a legislative maximum known as the Capital Access Schedule (CAS). The CAS limits the proportion of the initial purchase price which may be returned. More information on the CAS can be found in the navigation panel.

A death benefit may also be reduced by any overpayments, for example if Lifetime Pension payments have continued after your client's death. See the diagram on the following page for more information.

> It's important to note that **no death benefit will be payable** once the purchase price has been received as income via fortnightly Lifetime Pension payments received.

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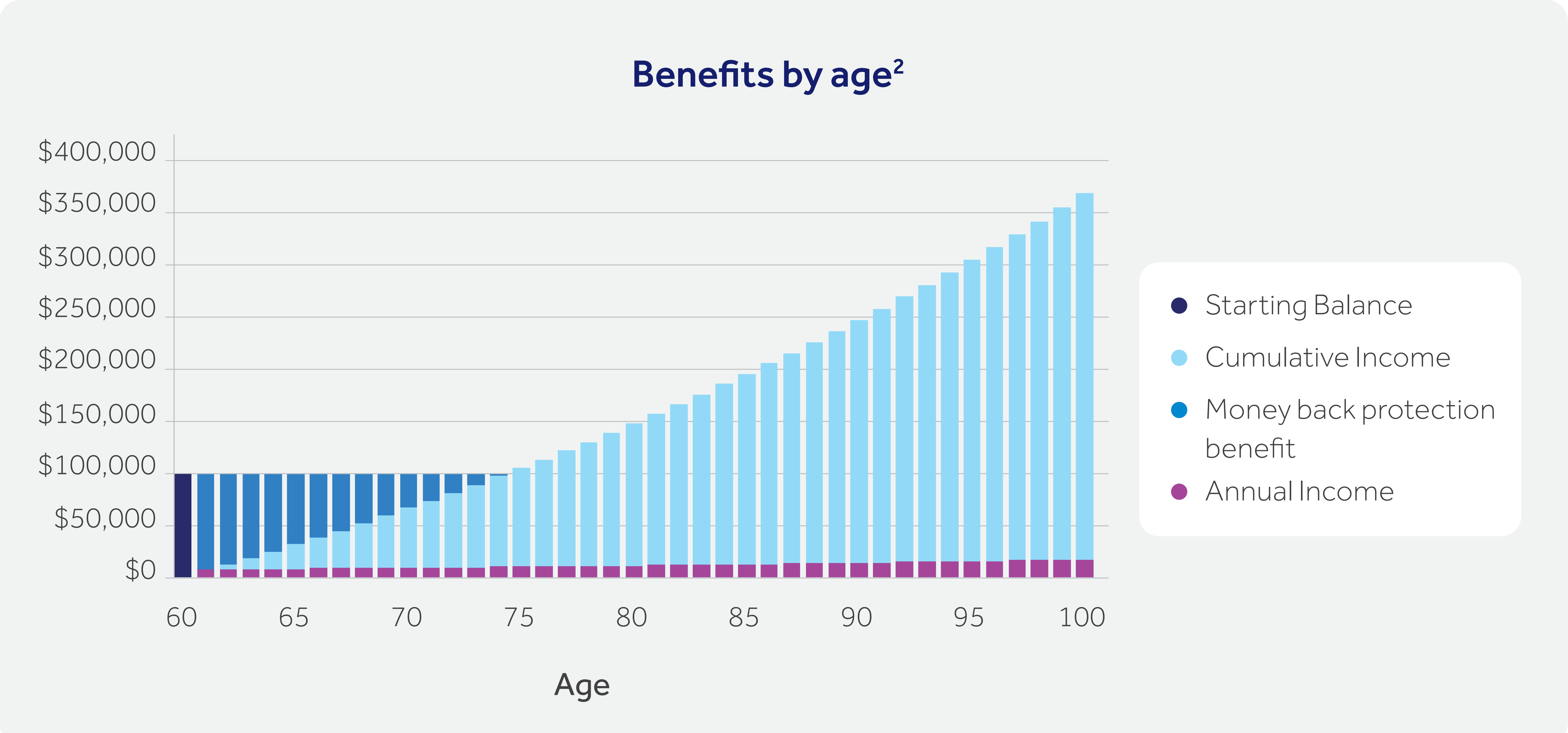
Money-back protection

How are death benefits funded by the Lifetime Pension?

Money-back protection is provided to members in the pool through an insurance policy issued by ART Life Insurance Limited to the Trustee.[1]

The cost of providing the money-back protection is paid out of the pool, so there is no direct cost to members.

As shown in the chart to the right, the benefit paid is equal to your client's starting balance, less the cumulative income received. This means that there is no longer a benefit available once the purchase price has been received as income. This death benefit is subject to the capital access schedule legislative maximum.



If your client is diagnosed with a terminal medical condition (an illness or injury that will likely result in death within 24 months), they may be able to access money-back protection. However, this amount will be subject to limits set by the government which may reduce the amount returned.

See the **Claiming a Terminal Medical Condition Benefit** factsheet, available on the QSuper website.

1 ART Life (ABN 79 607 345853, AFSL 483057), through a pooled life policy issued to the Trustee, provides insurance cover for the pool to meet death benefit entitlements. ART Lifed is a registered life insurance company, and is ultimately owned by Australian Retirement Trust Pty Ltd (ABN 88 010 720 840, AFSL 228975) as trustee for Australian Retirement Trust (ABN 60 905 115 063). **2** Projection is provided for illustrative purposes only. This projection assumes that the income gradually increases but this is not guaranteed. No guarantee of benefits is provided or implied by this projection.

Help

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 (CAS) which provides a maximum limit on the amount that we are permitted to pay your client or their estate at any given time. The legislation is designed to ensure that income is provided throughout a person's lifetime and large amounts are not unreasonably deferred until late or after a person's life expectancy has expired.

When does CAS apply?

Our Lifetime Pension has been designed to pay your clients as much income as possible throughout your lifetime, so the CAS should only impact your clients' benefits in a limited number of circumstances (such as a prolonged period of poor financial returns or significantly less mortality than expected). The CAS also allows for a full return of capital for death benefits paid during the first half of the primary member's life expectancy.

Note: The CAS restrictions do not apply within the first 14 days from the start of the Lifetime Pension.

Further details are available in the Product Disclosure Statement for Income Account and Lifetime Pension (PDS).

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How the cooling-off periods work

Statutory cooling-off

14 days

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

Six-month cooling-off period to allow your clients to decide if the product is right for them.

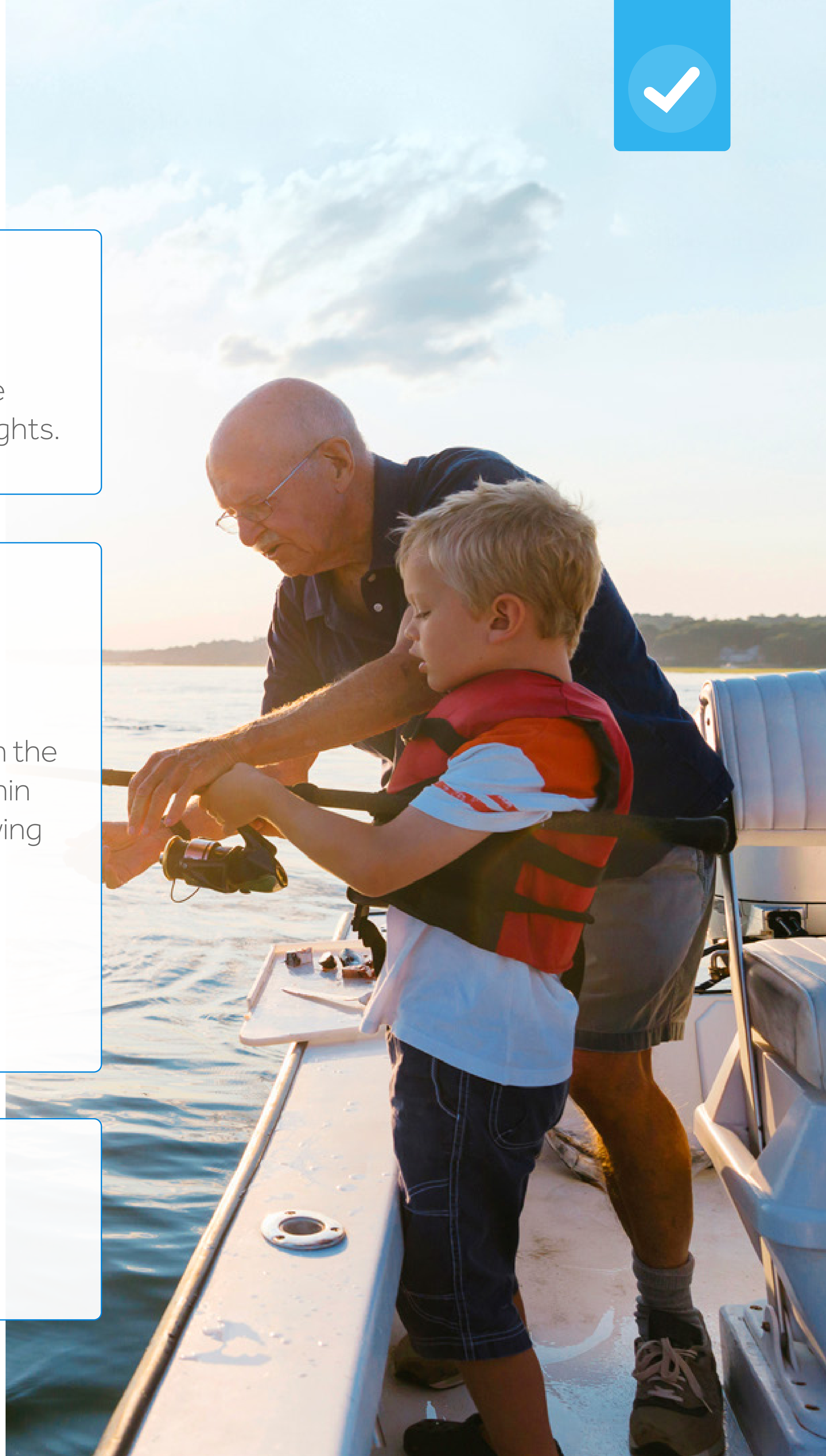
Six months

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, QSuper 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.

Exiting 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.



Receiving payments

Help

Receiving Lifetime Pension payments

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

1. Benchmark returns on the Balanced Risk-Adjust investment option for Retirement Income accounts.
2. Life expectancy using our mortality table.

How much will your clients be paid?

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

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

Help

Payment rates in the first year

This table 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.

The amounts paid in subsequent years are subject to an annual adjustment.

Annual adjustments are explained further as a separate topic, which you will find in the navigation panel to the left.

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

1 2024-25 income for the full financial year for every $100,000 of purchase price. If your client starts a Lifetime Pension part way through the year, a prorated annual amount will be used to determine their fortnightly payment amount.

Help

How often payments are 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.

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 doesn't have to choose a term or worry about their income running out.

Help

How payments 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.

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. Further information about the cooling-off periods can be found in the navigation panel to the left.

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.[1]

If your client claims a benefit under money-back protection, their Lifetime Pension will be closed.

This means if your client is suffering financial hardship they cannot seek withdrawals on hardship/compassionate grounds and cannot commute the product if they have changes to their personal circumstance, including separation/divorce.

1 This benefit is limited to a legislative maximum known as the Capital Access Schedule (CAS).

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Annual payment adjustments

Designed to assist with inflation.

Adjusted annually

Annual payment amounts are adjusted effective **1 July each year** based on the pool's financial results during the previous year.

The pool is invested in Australian Retirement Trust's Balanced Risk-Adjusted investment option for Retirement Income accounts.

Adjusts with financial results

While the Lifetime Pension is designed to generally increase over time to assist with rising costs of living, it's important to note that, just like an Income account, **fluctuations** in financial results will mean payments may go up or down.

Pro rata payments

Your clients will receive a **pro rata** amount of their full annual payment for the first financial year based on when their Lifetime Pension commenced in the financial year.

Help

Annual benchmark

How the annual benchmark may impact your client's annual payment adjustment.

The annual adjustment is calculated by subtracting the benchmark of 5% from the Lifetime Pension pool net investment return and then adjusting this in line with the other factors outlined on the following page.

For example, if the financial results of the pool for the financial year are 8%, the payment would increase by approximately 3%, effective the following 1 July. If the financial results of the pool were 3%, the payment would decrease by approximately 2% effective 1 July.

Investment returns are expected to be a large driver of the pool financial result. 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.

Recent performance can be found at qsuper.qld.gov.au/performance however, keep in mind that past performance is not a reliable indicator of future performance.

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

The below illustrates an example of how Lifetime Pension payments may fluctuate over a three-year period against the pool's annual benchmark.

This example, assumes a 76-year-old has chosen the single option and the figures have been rounded for illustrative purposes. This is a simplified example for the purposes of investment returns only and does not take into account any other factors that could influence the pool financial results, as described further on the following page.

Year 1

Purchases Lifetime Pension $10,000 annual payment

Year 2

Pool financial results are 8% (3% over benchmark)
$10,300 annual payment (3% increase)

Year 3

Pool financial results are 3% (2% under benchmark)
$10,094 annual payment (2% decrease)

Pool financial results

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

Timing

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

Net investment returns

The pool is invested in the Australian Retirement Trust's 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
- The pool receives 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.

How the Lifetime Pension annual adjustment compares to 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.

For example, the below table uses a 70-year-old who purchased the single option of the Lifetime Pension. Figures have been rounded for illustrative purposes.[1]

	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

1 This is a simplified example for illustrative purposes using investment returns only. The annual Lifetime Pension adjustment will also depend on the mortality experience of the pool and any changes in the underlying fees and costs as discussed in the Pool financial results section. This example assumes the Lifetime Pension was purchased on 1 July of the financial year. Account-based pension minimum rates used are the non-reduced rates.

Other information

Help

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 death certificate and distribute any death benefits in accordance with standard processes.

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 made 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 death certificate and distribute any death benefits in accordance with standard processes.

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 clients can only nominate:

- Their legal personal representative
- Their spouse
- Their child
- Someone who has an interdependency relationship with them
- A person who 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.

Any death benefit will be subject to the capital access schedule which is based on the age of the primary member at the time the Lifetime Pension was purchased.

Continued on next page

Time to pause and reflect...

What estate planning considerations would you need to think through before recommending this product?

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.

Further details are available in the Product Disclosure Statement for Income Account and Lifetime Pension (PDS).

Family law separation

The total interest in a Lifetime Pension cannot be paid out (outside of the cooling-off period), or split between a member and their spouse, if they are separated.

Australian Retirement Trust will follow the directions of the Family Law Courts in any family law matter, such as splitting payments made from the Lifetime Pension between your client and their former spouse.

Help

What are the risks of investing in a Lifetime Pension?

As with any financial product, there will be risks associated with purchasing the product.

Illiquidity risk

After the cooling-off period, your clients cannot access the money they used to purchase a Lifetime Pension. This means that if they need extra money in addition to their regular payments, or are in financial distress, they won't be able to take additional money from their Lifetime Pension.

This means if your client has the spouse protection option and they pass away, their spouse will continue to receive regular payments and they will not be able to make lump sum withdrawals. They will also not be able to transfer their Lifetime Pension to another superannuation fund.

Counterparty risk

Counterparty risk is the likelihood or possibility that a party involved in a transaction might default on its contractual obligation.

There is the risk that Australian Retirement Trust or ART Life becomes unable to meet our commitment to members. However, we are subject to detailed legislative and regulatory requirements to ensure that this does not occur.

Payment adjustments

Your clients' payments will vary annually in line with the performance of the pool.

The pool performance is determined by the performance of the Balanced Risk-Adjusted investment option for Retirement Income accounts, fees and costs of the Lifetime Pension product and the mortality experience of the members of the pool.

Legislative/ Regulatory risk

Government policies and laws affecting investment in the fund, in particular taxation, superannuation and social security laws may change in the future, which may impact members' personal circumstances.

In such circumstances, we may be required to change the terms and conditions of the product and this may be more or less favourable to your client's situation. However, governments in the past have protected holders of retirement products from adverse changes by restricting such changes to new customers only.

Continued on next page

What are the risks of investing in a Lifetime Pension?

As with any financial product, there will be risks associated with purchasing the product.

Force majeure

In the unlikely event that Lifetime Pension is closed for reasons outside of our control (such as legislative requirements), we will endeavour to provide an equivalent lifetime pension from an alternate provider, or optionally distribute remaining funds to product holders according to their equivalent interest in the Lifetime Pension pool at the time, as calculated by the fund's actuary.

Inflation risk

Inflation risk is the loss of purchasing power. Though Lifetime Pension has been designed to assist with rising costs of living, there is a risk that your client's income will not grow enough above inflation, meaning that their income will effectively be worth less over time.

Adverse selection and systemic mortality risk

Lifetime Pension starting rates are based on assumptions of average life expectancies of members who purchase the product. There is a risk that people could potentially live longer than anticipated, meaning they will receive payments for a longer period of time.

This could potentially reduce the amount of income they receive each year.

Market volatility

This is the risk that your client's income will go down, as well as up, based on the financial results.

No remaining estate value

If your client passes away before receiving payments equal to the amount used to purchase the Lifetime Pension, we will pay your client's beneficiaries the difference.[1]

This applies after the death of both your client and their spouse if they have chosen the spouse protection option.

However, if your client (and their spouse, if applicable) pass away after receiving payments that total more than the initial amount used to purchase their Lifetime Pension, no money will go to their beneficiaries when they pass away.

1 Note, this amount is subject to the legislative maximums as described in the Product Disclosure Statement for Income Account and Lifetime Pension (PDS).

Transfer balance cap and total super balance

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

The purchase price of the Lifetime Pension will be counted towards your client's 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, they have no other commutable sources and we receive an excess balance cap notice from the ATO, we will pay the amount over the cap to your client in cash. If it is within the cooling off period we will commute the entire Lifetime Pension. The amount returned will be subject to the capital access schedule.

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Aged care

The Lifetime Pension may be able to assist with the costs of aged care, as it provides income for as long as your client lives.[1]

The Lifetime Pension will be assessed at 60% of the purchase price until age 84 and 30% thereafter,[2] with the income being assessed at 60% of the amount received indefinitely.

Continued on next page

1 Aged care strategy and timing issues need to be considered. **2** Under the new means test rules, 60% of the purchase price is assessed until the member reaches the life expectancy for a 65-year-old male (currently 84-years-old), or a minimum of five years, and 30% thereafter. Current life expectancy tables can be found on the Australian Bureau of Statistics website at abs.gov.au

Time to pause and reflect...

Reflect on a previous advice experience with a client – how would their retirement income situation have differed with the Lifetime Pension?

Adviser support

QSuper website

The adviser section of the QSuper website has all adviser:

- FAQs
- information
- resources, and
- forms

to help make your job easier.

Visit qsuper.qld.gov.au/advisers

Dedicated adviser support

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

Help

Lodging authorities

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

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

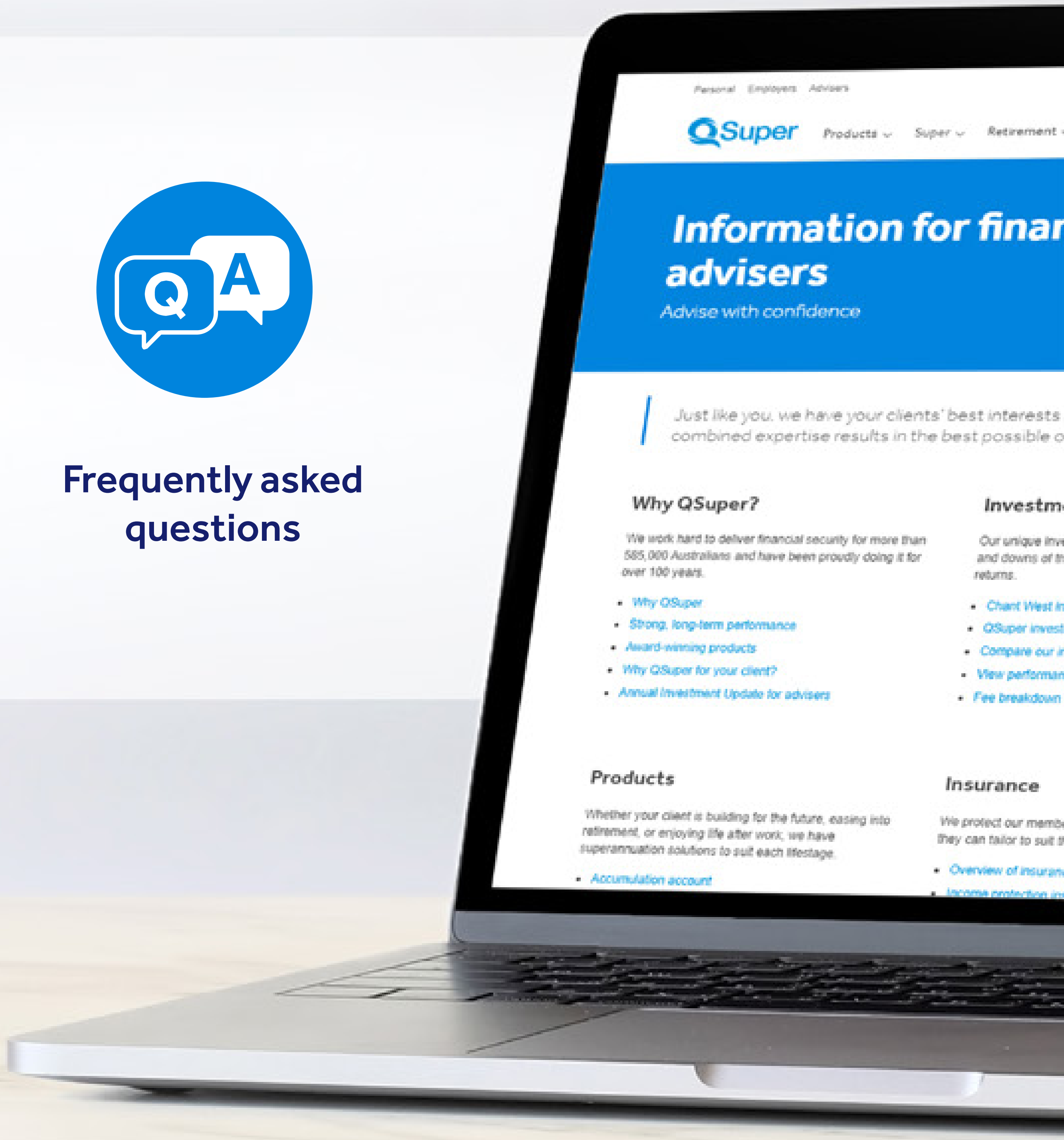
We accept digital signatures.

Where can I find more information?

There are a number of ways you find out more information about the Lifetime Pension.

The links below will take you to a range of sites where you can access additional resources.

- QSuper Adviser page
- Lifetime Pension: Guide for financial advisers
- Product Disclosure Statement (PDS)
- Fact sheets and brochures
- Frequently asked questions



How to purchase a Lifetime Pension

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Eligibility for the Lifetime Pension

Your clients need a minimum of $10,000, and can start a Lifetime Pension between their 60th and 80th birthdays if they meet one of the following conditions:

- They have reached age 65
- They have permanently retired
- They have ceased an employment arrangement on or after age 60
- They have met another condition of release
- They are an eligible recipient of a death benefit

Using money from Self Invest

Your clients cannot start a Lifetime Pension with money in our Self Invest option.

This means they will need to log in to QSuper's Member Online and transfer their money from Self Invest to a different investment option.[1]

Funding the Lifetime Pension

A Lifetime Pension can be purchased if your client is a member of QSuper. If your client is not a QSuper member they will need to open a QSuper Accumulation account with us first, before proceeding to open the Lifetime Pension.

A Lifetime Pension can be purchased with funds from a Retirement Income account by completing the Open a Retirement Income Account and/or Lifetime Pension form at the back of the PDS.

If your client is starting their Lifetime Pension with money from multiple sources like other super funds or their bank account, this money will all be combined in an Accumulation account prior to their Lifetime Pension being purchased (contribution caps apply). This is because funds cannot be added to a Lifetime Pension after it has started.

Once we've received the funds, we'll start the Lifetime Pension.

Superannuation death benefits

If your client chooses to start a Lifetime Pension with money from a superannuation death benefit and other superannuation monies, they will only need to complete one application form.

However, two Lifetime Pensions will be started, one using funds from an eligible death benefit and the other from any other superannuation monies.

This will not impact their total payment amounts.

Starting multiple Lifetime Pensions

There is no limit to how many Lifetime Pensions your clients can have, so they can choose to purchase a new (additional) Lifetime Pension at a later date.

Continued on next page

1 As this option is closed to new investors, if your client closes their Self Invest account, they won't be able to re-open it.

Help

What to consider before applying

Exiting the product

A Lifetime Pension is a permanent purchase after the cooling-off period which means your clients will no longer be able to voluntarily exit the product, except in the case of a terminal medical condition claim, or death. Your clients cannot make lump sum withdrawals from their Lifetime Pension.

Risks of the Lifetime Pension

More information on the risks of investing in a Lifetime Pension can be found in the PDS and in this module – see the navigation panel for the relevant sections.

Lifetime Pension payments

While payments from a Lifetime Pension are expected to increase over time to help with rising costs of living, this is not guaranteed as payments may go up or down.

Transfer balance cap

There is a legislative limit to how much money you can have across all your Retirement Income accounts and Lifetime Pensions, without paying additional tax (this is called the transfer balance cap).

Suitability considerations

It is important that you consider the personal circumstances of your clients when considering the benefits or limitations of this product.

When assessing the appropriateness of the product for your client, you may wish to consider whether longevity is an issue for your client, is access to significant amounts of capital important to your client and/or how much does your client have to invest. These will all be important factors to consider whether this product is right for them.

How to start a Lifetime Pension

If your client has an **existing QSuper account** they can either:

Complete and submit application forms

Complete and submit the Open a Retirement Income Account and/or Lifetime Pension form at the back of the QSuper Product Disclosure Statement for Income Account and Lifetime Pension.

or

Complete and submit application forms online

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

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

Continued on next page

Help

How to start a Lifetime Pension

If your client **does not have a QSuper account:**

Complete and send us the Open a Lifetime Pension form. You'll find this form on the back of the Super Savings Product Disclosure Statement for Income Account and Lifetime Pension. This form includes permission for us to contact you so you can open a QSuper Accumulation account as the first step to buying your Lifetime Pension.

Case studies

Walter's story

Age 67
Goals Plans to retire next year
Super $550,000
Assets Owns his own home, and $125,000 in other assets (vehicle and household contents)
Income He has no additional income sources

As Walter has total assets of $675,000, he would ordinarily not receive any Age Pension entitlement. However, he 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 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 $7,710,[1] and his overall annual income has increased by $12,718.

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.

Initial funds	Current plan	New plan
QSuper Retirement Income account balance	$550,000	$300,000
Lifetime Pension purchase price	Nil	$250,000
Total	$550,000	$550,000

Retirement income sources	Current plan	New plan
Retirement Income account	$27,500	$15,000[2]
Lifetime Pension	Nil	$17,508[3]
Age Pension	Nil (not eligible)	$7,710[1]
Total	$27,500	$40,218

1 Age Pension income estimate based on income and assets tests as at Centrelink indexation 20 March 2024. **2** Income based on a minimum withdrawal rate of 5% **3** Lifetime Pension payments based on the 2024-25 financial year single option rates

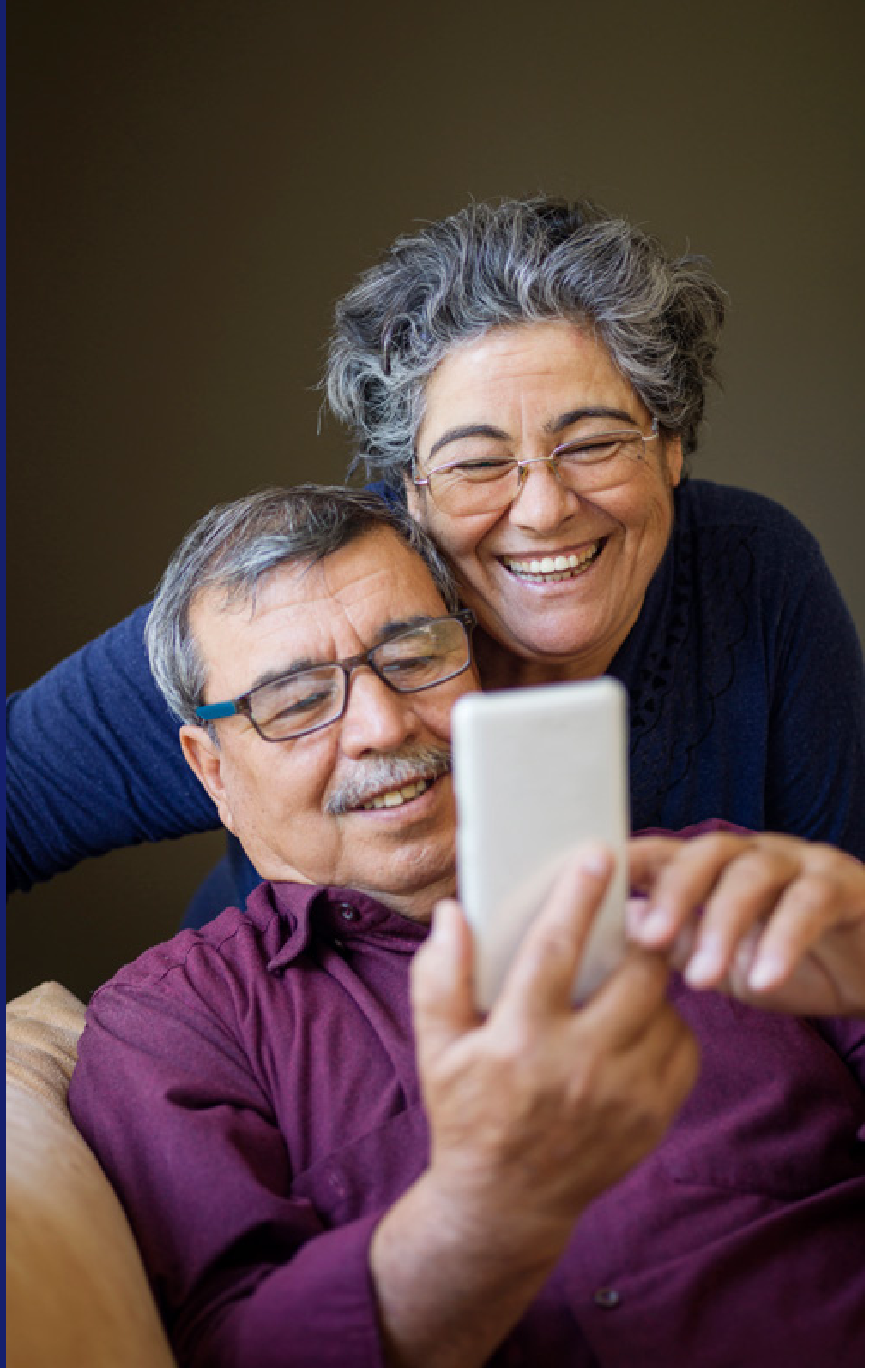
Help

Case study:
Receiving pension payments

John's story

Age	**John, 63, and wife, Jeanette, 65**
Goals	Income for life, for both John and his wife
Super	$500,000

On 1 July 2021, John purchases a Lifetime Pension with $250,000 of his superannuation money. He nominates his wife, Jeanette, to continue to receive payments if he passes away before she does. Using the Year 1 payment rates table, 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.



The adjustment to Lifetime Pension payments will be:	Pool financial result	John's annual amount in the following year	John's fortnightly Lifetime Pension payments
Poll financial results for the prior year (net of fees and costs) minus 5%	10%	Increase by 5%	$598.70 ($28.51 more)
	5%	Stay the same	$570.19
	0%	Decrease by 5%	$541.68 ($28.51 less)

Starting age	Single	Spouse protection
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

Case study:

Spouse protection

Jason's story

Age	**Jason, 60, and wife, Louise, 60**
Goals	**Providing an ongoing income for his wife if he passes away**
Super	**$750,000**

At age 60, Jason starts a Lifetime Pension using his superannuation money.

When he sets up his Lifetime Pension, Jason nominates his wife, Louise (also age 60), to continue to receive payments in the event of his death as he wants the confidence of knowing that she will be provided for in his absence.

Jason passes away at age 81. However, as he has a Lifetime Pension and has chosen the spouse protection option, Louise continues to receive income payments until she passes away at age 96.

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Ben's story

Age	**60**
Goals	**Ongoing income and flexibility to make withdrawals**
Super	**$500,000**

Ben retires at 60 with $500,000 in super. He decides he wants the certainty of receiving payments from his super for the rest of his life, as well as the flexibility of being able to withdraw extra money at any time.

He transfers $250,000 to a Lifetime Pension and $250,000 to a Retirement Income account. Because Ben is over 60, his payments will be tax-free throughout his retirement.

While Ben's Retirement Income account allows him to take extra money out whenever he needs, it runs out when he reaches age 85. Ben's Lifetime Pension then continues to provide him with an ongoing income until he passes away at age 95.

Help

Case study:
Money-back protection

Elisha's story

Age	60
Goals	A lump sum for her beneficiaries, if she passes away prior to receiving her purchase price in payments.
Super	$500,000

At age 60, Elisha purchases a Lifetime Pension using $200,000 of her retirement savings.

Unfortunately, Elisha passes away several years later, having received total income payments of $70,000.

A total of $130,000 is then paid to Elisha's beneficiaries. This represents the difference between the amount she used to purchase her Lifetime Pension, and the total income payments she received.

Case study:

Certainty of income for life

Sue's story

Age 70

Goals To have the certainty of income for life

Super $450,000

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 being 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. If Sue purchased a Lifetime Pension for $200,000 and keep $250,000 in a Retirement Income account, she could have the best of both worlds.

Based on current Lifetime Pension 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 as long as she lives and 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 large, 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 from the RIA (as Sue is withdrawing the minimum). **$22,500 Total**	$12,500 from the RIA $15,058 from the LP **$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.

1 Assumes Sue has opened the Lifetime Pension on 1 July, her 70th Birthday.

Case study:
Qualify for the Age Pension

Betty & Geoff's story

Age	Both 67
Goals	Qualify for Age Pension benefits
Super	$1,100,000

Betty and Geoff are both 67-year-old retired teachers with a combined $1,100,000 in super.

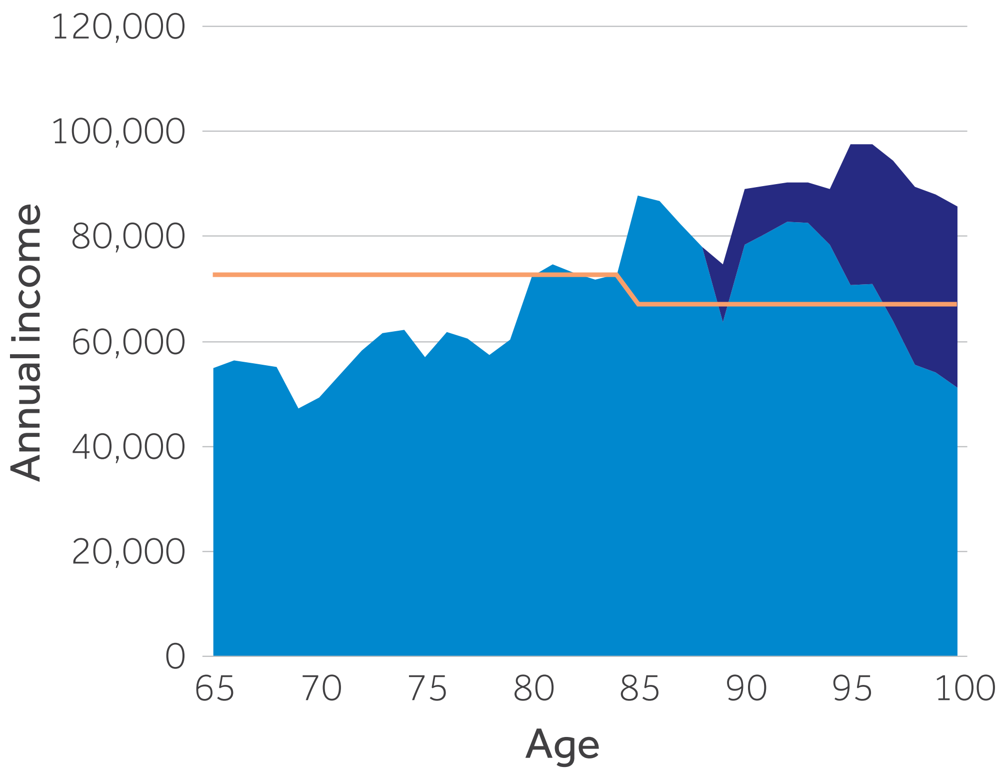
They may qualify for some Age Pension in years where there is a market downturn, but generally they are not eligible for Age Pension benefits. As the graph shows, even with a balance of this size, if they withdraw the minimum from their Retirement Income accounts, they will not achieve the ASFA Retirement Standard 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 split their balance between the Retirement Income account and the Lifetime Pension, they would be able to target a significantly higher level of income.

They will also qualify for the Age Pension and therefore benefit from the Pensioner Concession Card. In addition, they will be less affected by market movements and experience a more stable income stream in retirement.

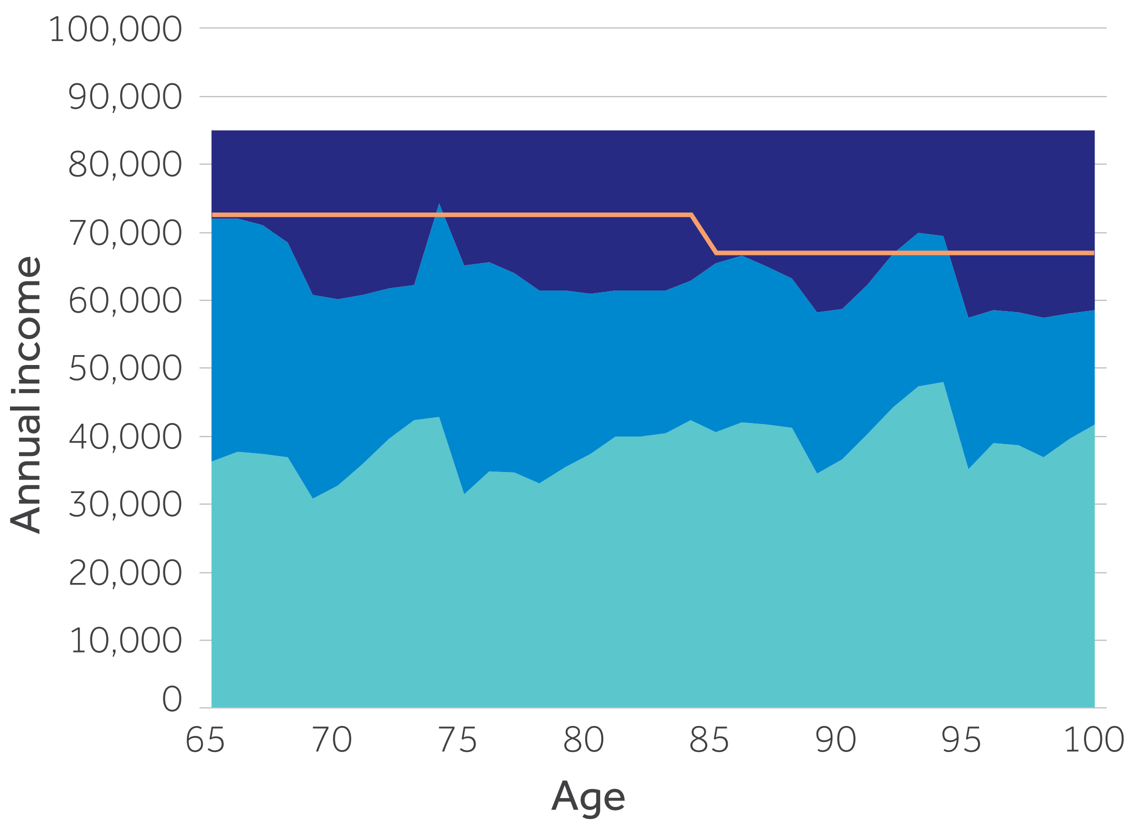
This is a stronger outcome for Betty and Geoff, as they gain additional income in their early, more active years, and receive the additional benefits of the Pensioner Concession Card.

In this example, Betty and Geoff chose to put half of their balance into a Lifetime Pension. This enables Betty and Geoff 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 remains consistent. Historic average investment performance has been used for illustrative purposes and may not be to scale.[2]

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
Lifetime Pension
Age Pension
ASFA comfortable

1 ASFA Retirement Standard, December quarter 2023. For more information see superannuation.asn.au/resources/retirement-standard
2 Past performance is not a reliable indicator of future performance

Case study:
More enjoyable early years

Gita & Vijay's story

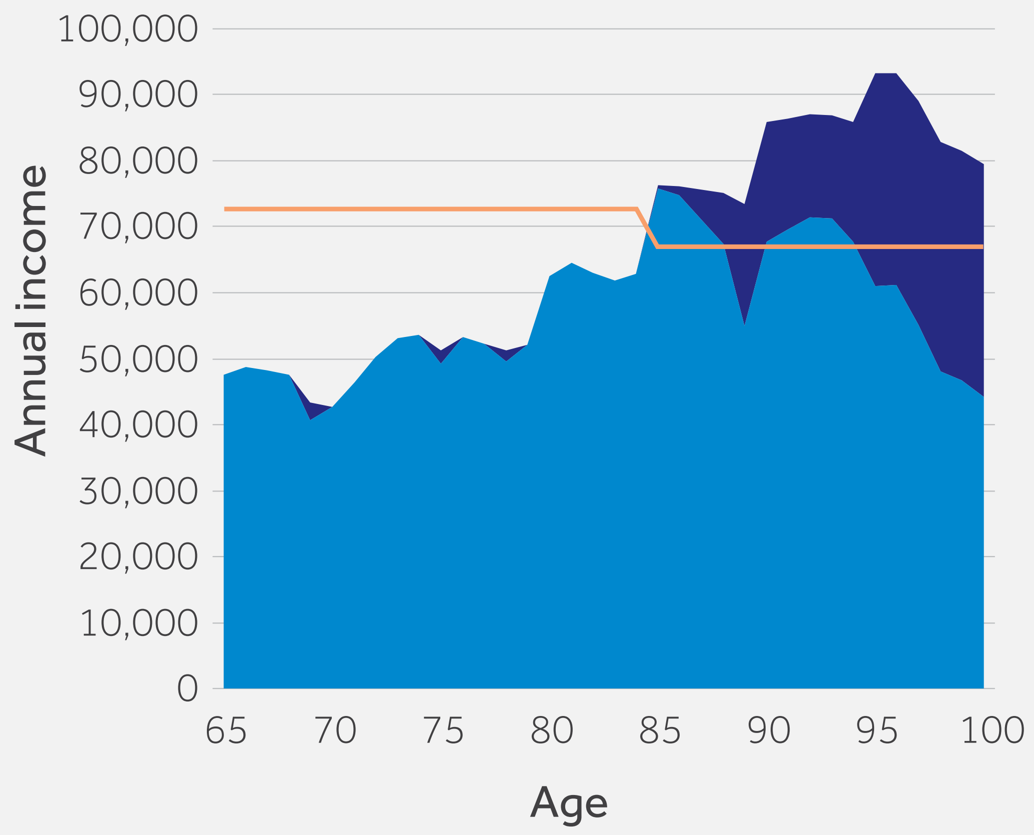
Age	**Both 67**
Goals	**To have more enjoyable early years**
Super	**$950,000 combined**

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

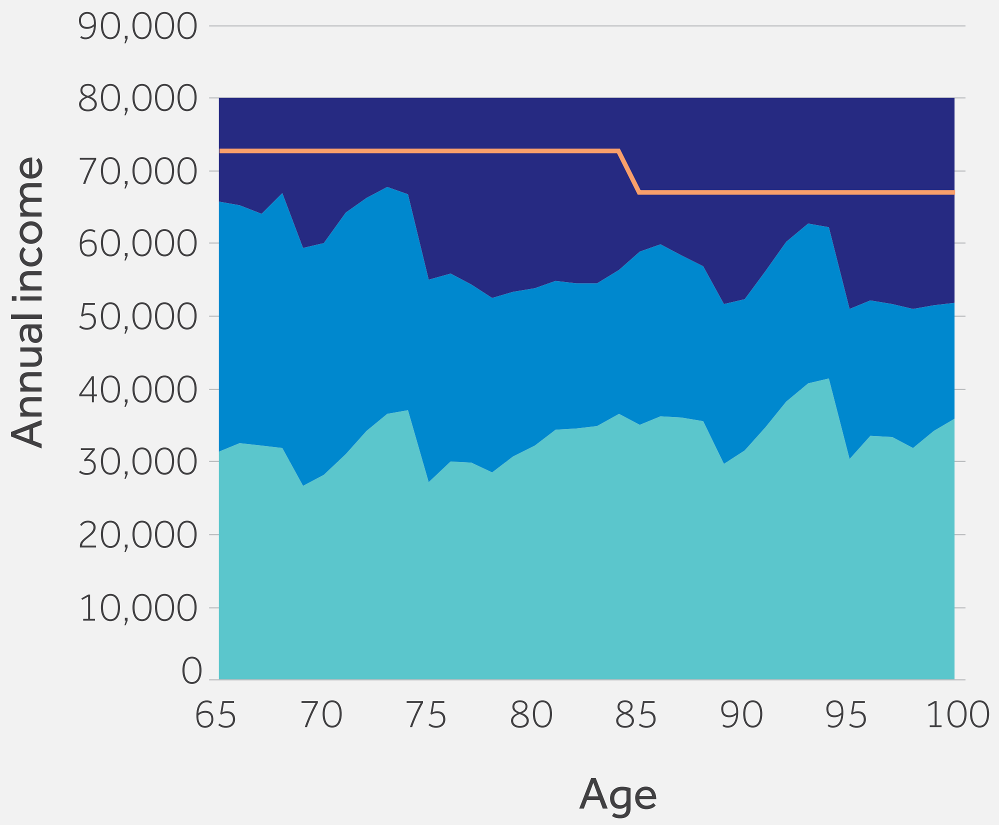
As the graph to the right shows, if withdrawing the minimum from their Income account, and with their part pension included, they will not achieve the ASFA Retirement Standard[1] for a comfortable level of income in their early retirement years However, if they're considering purchasing a Lifetime Pension with a proportion of their balance, they would be able to target a significantly higher level of income and could quality for a greater Age Pension entitlement. By doing so they also achieve a far more stable income stream in retirement.

In the example in the graph below, Gita and Vijay purchased a Lifetime Pension using half of their balance. By doing so they can 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 over time. Historic average investment performance has been used for illustrative purposes[2] 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 superannuation.asn.au/resources/retirement-standard
2 Past performance is not a reliable indicator of future performance.

Case study:
Peace of mind in later years

Margaret's story

Age	62
Goals	Security of income for life
Super	$420,000

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 that 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, Margaret understands that by purchasing a Lifetime Pension, she can have peace of mind that her income won't 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.

Help

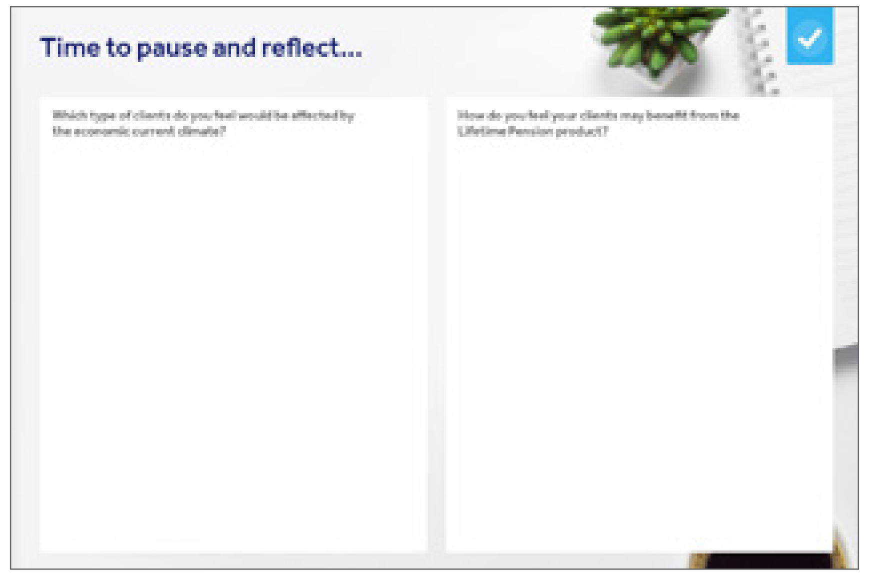
Module resources

This site map acts a quick reference for all topics.

To have a thorough understanding of Lifetime Pension we recommend you view all topics in the order they appear.

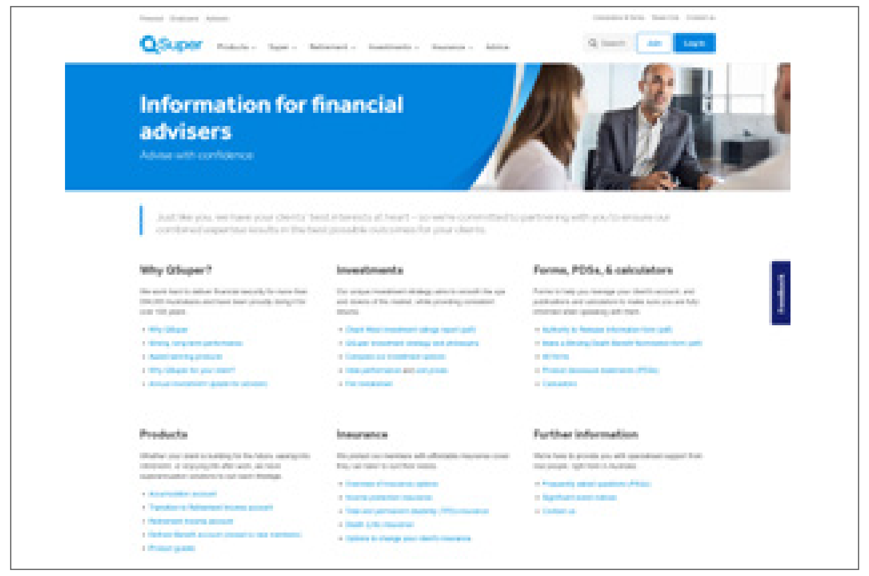
Site map

Help



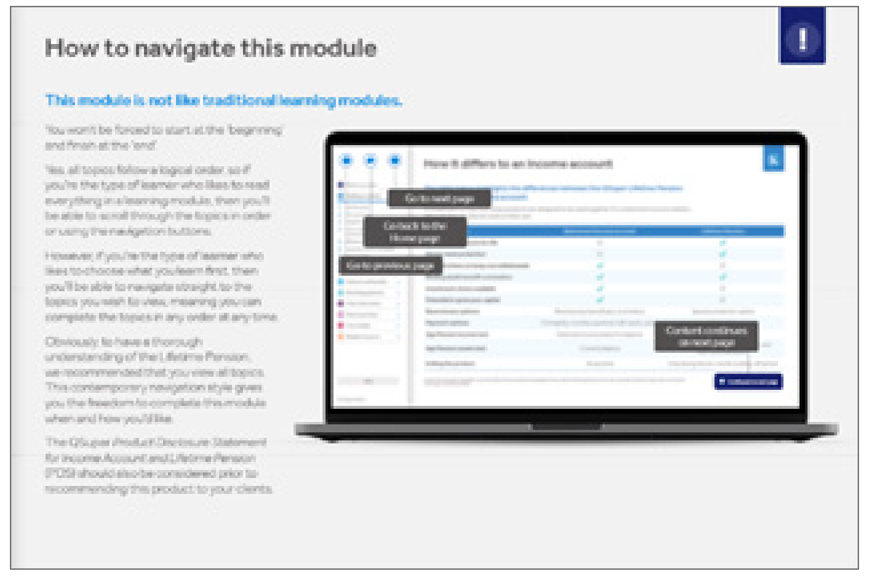
Reflection activities

To be able to edit the blank fields in the reflection activity pages, you may need to download and save this document.



QSuper website

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



Navigating this module

The How to navigate this module page provides information to help you get around this learning module and topics.

Dedicated adviser support

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

Quick navigation

The site map contains an overview of all topics for quick reference.