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SuperGuardian in the Press

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Retire, access pension and go back to work

I turn 60 this year. My main employment is in my own business. I also have two other casual jobs. Next year, I intend to close my business and continue working casually. Does this allow me to access a lump sum from my do-it-yourself super fund? I want to contribute it back into super for estate-planning reasons. Or must I cease all employment? If I do retire, can I change my mind and restart work after two or three months?

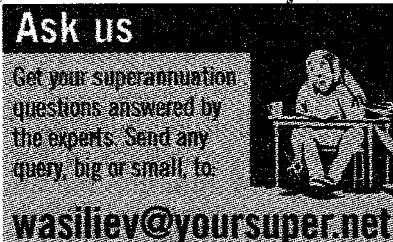
If you are over 60 and in two or more employment arrangements at the same time, stopping one of the arrangements is a condition that allows you to access all preserved super benefits accumulated up until that time, says Olivia Long, chief executive of accountants and DIY super administrator SuperGuardian.

So the answer is yes, you can access a lump sum and contribute it back into super for estate-planning purposes if you close your business – one of your employment arrangements – after you have turned 60. Changing jobs or ceasing a job where you were gainfully employed after the age of 60 is a condition of release that makes super savings accessible. It is regarded as a form of retirement. Once you have retired you are able to access all your preserved super benefits.

And were you over 60, the trustees (you and any other fund trustee) do not need to form an opinion on your future work intentions, which you are required to do if you are not yet 60. So if you change your mind and start working again this will be fine.

I am seeking clarification on the 40-hour and 30-day work test. I understand the requirement is 30 consecutive days to be worked before a contribution can be made. Does this mean that I need to work 30 straight days and then zero days for the remaining 11 months of the year and make the maximum contribution allowed?

I assume you are aged in the 65 to 74 area – bear in mind there is no contributions work test if you are under 65, says Darren Kingdon of financial planning group Planwealth. The requirement is, at the time of making any contribution, you must have previously worked in gainful employment (where you are paid to work) for at least 40 hours in a consecutive 30-day period in the financial year.



For example, if you do a 40-hour week in the first week of July, this will enable you to make contributions for the rest of the financial year, regardless of your current work status. But be careful of the contribution caps: currently $50,000 for concessional contributions and $150,000 for non-concessional contributions. Penalties can be harsh for exceeding these amounts.

Our do-it-yourself fund trust deed allows for the continuation of a deceased member's pension to be paid to the remaining spouse. Does the deceased member's balance continue to be calculated as if the person was alive? For example will there be a separate accrual of benefits less pension payouts?

Yes, the deceased member's account or the reversionary pension in this case, will continue to accrue benefits in the same manner as before the member's death, says Kevin Sudlow, accounting and tax manager with DIY super administrator Multiport. The method in which earnings or losses are allocated to members of a fund will not change on a member's death. The trustees of the fund should continue to allocate earnings or losses in a fair and equitable manner to the late member's account as was happening before the member's death. Sudlow explains when you inherit a member's account as a death benefit it just continues as before. Nothing should change. You get paid the late member's pension and face the tax consequences that come with it.

For example, if the member was over 60, the taxation of the inherited pension won't change. The beneficiary will continue to receive a tax-free benefit. But if the member was under 60 your age will become important. If you are over 60 the money will be tax free. If you are younger you will be subject to some tax until you turn 60. What won't be the same is the minimum required pension. The beneficiary can take the minimum applying to their age and not that of the deceased. So a beneficiary aged 60 with a minimum required pension of 4 per cent (2 per cent under the current entitlement that allows you to halve the pension this year) and the late member was 66 with a 5 per cent (or 2.5 per cent) minimum obligation, you can choose the 4 per cent (2 per cent) minimum.