



This Guidance Note provides guidance on the changes to transition-to-retirement income streams that commenced from 1 July 2017, reflecting our commitment to providing you with reliable advice and guidance.

We are committed to providing you with accurate, consistent and clear advice and guidance to help you understand your rights and entitlements, and your obligations. If you follow our advice or guidance and it turns out to be incorrect, or you make a mistake because it was misleading, we will take this into account.

[Our commitment to you](#)

This Guidance Note contains general information and examples. It may omit details that could be significant in your personal circumstances.

This information is for people who are receiving or considering starting a transition-to-retirement income stream.

What has changed from 1 July 2017?

Before 1 July 2017, all [transition-to-retirement income streams](#) (TRIS) were eligible for exempt current pension income (ECPI); a tax exemption on the earnings from assets that support a superannuation income stream.

Since 1 July 2017, there have been changes to ECPI eligibility for assets supporting a TRIS.

The concept of 'retirement phase' is used to identify superannuation income streams that count towards the [transfer balance cap](#), and are eligible for ECPI. A TRIS will only be in the retirement phase if certain circumstances are met. This affects all TRIS, regardless of when they were first started.

If a TRIS is in the retirement phase:

- the earnings from the assets supporting the TRIS will be eligible for ECPI, and
- it will be counted towards the member's transfer balance cap.

If a TRIS is not in the retirement phase:

- the earnings from the assets supporting the TRIS will not be eligible for ECPI, and will be taxed at the relevant tax rate, and
- it will not count towards the member's transfer balance cap (until it goes into the retirement phase).

A TRIS counts towards a member's total superannuation balance whether it is in the retirement phase or not. For total superannuation balance purposes, a retirement phase TRIS counts towards the member's retirement phase value. A TRIS that is not in

retirement phase counts towards the member's accumulation phase value. For further information please see Super Guidance Note [GN 2017/8 Total superannuation balance](#).

When is a TRIS in the retirement phase?

A TRIS will move into the retirement phase when the member meets one of the following [conditions of release](#):

- age 65
- retirement
- permanent incapacity, or
- terminal medical condition.

A TRIS will move automatically into the retirement phase as soon as the member reaches age 65, or if the superannuation income stream starts to be paid to a reversionary beneficiary after the member's death. For the other conditions of release listed above, the member needs to notify their super provider for the TRIS to move into the retirement phase. In these cases the superannuation income stream will move into the retirement phase at the time the provider is notified.

A member does not need to commute and restart a TRIS for it to move into the retirement phase.

A member's age will affect whether or not 'retirement' has occurred. Where the member is 60 years old or over, they must have:

- ceased an arrangement under which they were gainfully employed when they were 60 years old or over, or
- ceased an arrangement under which they were gainfully employed at any other time, and the trustee must be satisfied they have no intention of becoming employed again in the future.

Where the member is under 60 years old, but has reached their [preservation age](#), they must have ceased an arrangement under which they were gainfully employed, and the trustee must be satisfied they have no intention of becoming employed again in the future.

The member may have ceased the employment arrangement prior to the member reaching their preservation age. However, 'retirement' cannot occur until the member reaches their preservation age.

Does a TRIS change into a different kind of superannuation income stream once it is in the retirement phase?

A TRIS does not convert into any other form of superannuation income stream when it moves into the retirement phase. It will continue to satisfy the definition of a TRIS, and will only be 'converted' to another kind of superannuation income stream if it is ceased and a new superannuation income stream is commenced.

The regulatory restrictions particular to a TRIS (the 10% maximum annual payment and commutation restrictions) fall away automatically once the member meets one of the conditions of release listed above, subject to the governing rules of the fund and/or the agreement or standards under which the TRIS is provided. Once those limitations are gone, the TRIS has the same restrictions and requirements as an account-based superannuation income stream.

What happens to a TRIS when the member dies?

The rules and conditions of a TRIS may provide for the TRIS to automatically revert (continue to be paid as a pension) to an eligible beneficiary on the death of the member.

If a TRIS is reversionary

When the TRIS is reversionary it does not cease when the member dies. It continues to be paid and the entitlement to the payments transfers to the reversionary beneficiary.

The TRIS will be in retirement phase once it starts to be paid to the reversionary beneficiary, irrespective of whether the reversionary beneficiary has personally met a condition of release.

The reversionary beneficiary will receive a credit to their transfer balance account. The amount of the credit and when it arises will depend on the date of death of the member. For further information see Super Guidance Note [GN 2017/7](#) *New transfer balance cap – death benefit income streams*.

If a TRIS is not reversionary

When a member receiving a TRIS that is not reversionary dies, the TRIS ceases.

Superannuation law stipulates that the member's superannuation needs to be paid to their beneficiaries as soon as practicable after the member dies.

The beneficiaries may be paid:

- a superannuation income stream, provided they are eligible under superannuation law (death benefit income stream)
- a superannuation lump sum, or
- a combination of both.

Death benefit income streams that are paid to eligible beneficiaries will be in the retirement phase.

If the TRIS was in the retirement phase when the member died, and the member's superannuation is paid to their beneficiaries as soon as practicable, the fund will continue to be eligible for ECPI for certain investment earnings from assets supporting the TRIS in the interim period between:

- the death of the member, and
- the payment of the superannuation to beneficiaries (whether by paying a superannuation lump sum or commencing a death benefit income stream).

If a beneficiary starts receiving a death benefit income stream, they will receive a credit to their transfer balance account. For further information see [GN 2017/7](#).

Taxation of TRIS payments

Whether a TRIS is in the retirement phase or not does not change an individual's eligibility to commence a TRIS and the other regulatory restrictions imposed on TRIS (the 10% maximum annual payment, and commutation restrictions).

Generally, the tax treatment for payments from a TRIS in the hands of the recipient has not changed. For an individual who is 60 years old or older and is receiving a TRIS, their payments from that TRIS will generally continue to be tax-free.

However, note that since 1 July 2017 the ability of recipients to make an election to treat TRIS payments as superannuation lump sums for tax purposes has been removed. For further information see Super Guidance Note [GN 2017/14](#) *Removal of election to treat super income streams as lump sums*.

Examples – TRIS moving to retirement phase

<p>Wendy:</p> <ul style="list-style-type: none">• 58 years old and still working• receiving a TRIS that is not in the retirement phase at 30 June 2017	<p><i>Wendy started a TRIS valued at \$1.1 million on 1 January 2015. This is her only superannuation income stream. Wendy's superannuation fund is able to claim ECPI in respect of the TRIS until 30 June 2017.</i></p> <p><i>From 1 July 2017, as Wendy's TRIS was not in the retirement phase it was no longer eligible for ECPI. As Wendy had no retirement phase superannuation income streams she did not have a transfer balance account created on 1 July 2017.</i></p> <p><i>Wendy decided to retire from her job on 1 September 2018 and she meets the retirement conditions of release. Wendy did not notify her fund that she has met this condition of release until 30 June 2019.</i></p> <p><i>On 30 June 2019 (the date Wendy notifies her fund), Wendy's TRIS moves into the retirement phase. Her TRIS is valued at \$1 million on this date.</i></p> <p><i>From 30 June 2019, as the TRIS is in retirement phase:</i></p> <ul style="list-style-type: none">• <i>Wendy's fund can claim ECPI on the earnings from assets supporting her TRIS, and</i>• <i>Wendy begins to have a transfer balance account, and her account is credited with \$1 million.</i>
<p>Gerard:</p> <ul style="list-style-type: none">• 63 years old and still working at 1 July 2017• turning 65 on 5 November 2018• receiving a TRIS that is not in the retirement phase at 30 June 2017	<p><i>Gerard started a TRIS valued at \$1.5 million on 1 January 2010. This is his only superannuation income stream. Gerard's superannuation fund is able to claim ECPI in respect of the TRIS until 30 June 2017.</i></p> <p><i>From 1 July 2017, as Gerard's TRIS is not in the retirement phase it will not be eligible for ECPI. As Gerard has no retirement phase superannuation income streams, he does not have a transfer balance account created on 1 July 2017.</i></p> <p><i>On 5 November 2018, Gerard turns 65. There is no requirement to notify his fund he has turned 65, and his TRIS moves automatically into the retirement phase. His TRIS is valued at \$1.7 million at this time.</i></p> <p><i>On 5 November 2018, as the TRIS is in retirement phase:</i></p> <ul style="list-style-type: none">• <i>Gerard's fund can claim ECPI on the earnings from assets supporting his TRIS, and</i>• <i>Gerard begins to have a transfer balance account and his account is credited with \$1.7 million.</i> <p><i>To avoid having an excess transfer balance Gerard will need to commute at least \$100,000 of his TRIS to remove the excess above his transfer balance cap (which was \$1.6 million).</i></p>
<p>Bridget:</p> <ul style="list-style-type: none">• 61 years old• receiving a TRIS that is not in the retirement phase at 30 June 2017• retires on 1 August 2018• commences a new job on 1 January 2019	<p><i>Bridget started a TRIS valued at \$1.7 million on 11 November 2016. This is her only superannuation income stream. Bridget's superannuation fund is able to claim ECPI in respect of the TRIS until 30 June 2017.</i></p> <p><i>From 1 July 2017, as Bridget's TRIS is not in the retirement phase it will not be eligible for ECPI. As Bridget has no retirement phase superannuation income streams, she does not have a transfer balance account created on 1 July 2017.</i></p> <p><i>On 1 August 2018, Bridget retires and notifies her fund of her retirement the same day. Bridget's TRIS moves into the retirement phase. Her TRIS is valued at \$1.5 million on that day.</i></p> <p><i>On 1 August 2018, as the TRIS is in retirement phase:</i></p> <ul style="list-style-type: none">• <i>Bridget's fund can claim ECPI on the earnings from assets supporting her TRIS, and</i>• <i>Bridget begins to have a transfer balance account and her account is credited with \$1.5 million.</i>

On 1 January 2019, Bridget accepts a new job offer and returns to work. Any new contributions from her new job are made to an accumulation account.

Bridget's existing TRIS stays in the retirement phase. She can choose to start a new TRIS with any super she has in accumulation if she wants to. However, the new TRIS will not be in the retirement phase until she reaches age 65, or notifies her fund that she has satisfied one of the following conditions of release:

- retirement (if she subsequently retires again)
 - permanent incapacity, or
 - terminal medical condition.
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Examples – reversionary TRIS

<p>Kate:</p> <ul style="list-style-type: none">• 60 years old• receiving a TRIS that is not in the retirement phase	<p>On 1 July 2015, Kate started a TRIS valued at \$800,000. This is her only superannuation income stream. Kate's superannuation fund is able to claim ECPI in respect of the TRIS.</p> <p>From 1 July 2017, as Kate's TRIS is not in the retirement phase it will not be eligible for ECPI. As Kate has no retirement phase superannuation income streams she does not have a transfer balance account created on 1 July 2017.</p> <p>On 30 August 2019, Kate dies. The rules of her TRIS state that it is to automatically revert to her husband Jim. Her TRIS is valued at \$700,000 on that date.</p>
<p>Jim:</p> <ul style="list-style-type: none">• married to Kate• 65 years old• is not receiving a superannuation income stream, and does not have a transfer balance account	<p>As Jim is the reversionary beneficiary, the TRIS reverts to him, and moves into the retirement phase.</p> <p>On 30 August 2019, as the TRIS is in retirement phase:</p> <ul style="list-style-type: none">• the fund can claim ECPI on the earnings from assets supporting the TRIS, and• Jim starts to have a transfer balance account. Jim's account will be credited with \$700,000, but this credit will not arise until 30 August 2020.
<p>Roger:</p> <ul style="list-style-type: none">• over 65 years old at 1 July 2017• 68 years old at death• receiving a TRIS which is in the retirement phase	<p>On 1 July 2012, Roger started a TRIS valued at \$600,000. This is his only superannuation income stream.</p> <p>On 1 July 2017, as Roger is over 65, his TRIS is in the retirement phase and continues to be eligible for ECPI.</p> <p>On 2 February 2019, Roger dies. The rules of his TRIS state that it is to automatically revert to his wife Mary.</p> <p>The TRIS reverts to Mary and continues to be in the retirement phase. This is the case even though Mary has not met a condition of release.</p>
<p>Mary:</p> <ul style="list-style-type: none">• married to Roger• 50 years old and is still working• does not have a transfer balance account	<p>On 2 February 2019, as the TRIS is in retirement phase:</p> <ul style="list-style-type: none">• the fund can continue to claim ECPI on earnings from the assets supporting the TRIS, and• Mary starts to have a transfer balance account. Mary's account will be credited with \$600,000, but the credit will not arise until 2 February 2020.

Example – non-reversionary TRIS

Despina:	<p>On 1 September 2018, Despina started a TRIS valued at \$600,000. This is her only superannuation income stream. She also has \$100,000 in the accumulation phase in her superannuation fund.</p>
<ul style="list-style-type: none">• 59 years old• receiving a non-reversionary TRIS which is in the retirement phase at her death• has an accumulation account	<p>As Despina's TRIS is not in retirement phase her fund is not able to claim ECPI for the TRIS. There is no amount credited to her transfer balance account at this stage.</p> <p>On 20 December 2018, Despina retires from her job and notifies the fund of her retirement on the same day. Despina's TRIS moves into retirement phase. The TRIS is valued at \$620,000 on this date.</p> <p>From 20 December 2018, as the TRIS is in retirement phase:</p>
Con:	<ul style="list-style-type: none">• the fund can claim ECPI on earnings from the assets supporting the TRIS, and• Despina starts to have a transfer balance account and her account is credited with \$620,000.
<ul style="list-style-type: none">• married to Despina• 65 years old• already receiving a super income stream, transfer balance account has a credit of \$800,000	<p>On 30 April 2019, Despina dies. The TRIS is valued at \$630,000 on this date. The TRIS is non-reversionary and the trustee determines that Con is Despina's spouse and only beneficiary. The trustee can pay Con a death benefit income stream using all of Despina's superannuation interests.</p> <p>Con starts a death benefit income stream on 1 June 2019 for the total amount of \$730,000, comprising the \$630,000 formerly from Despina's TRIS and the \$100,000 from her accumulation account.</p> <p>Between 30 April and 1 June 2019 the fund continues to be eligible to claim ECPI on the earnings from the \$630,000 in assets that were supporting the TRIS.</p> <p>On 1 June 2019:</p> <ul style="list-style-type: none">• the fund can claim ECPI on the earnings from the assets supporting the \$730,000 superannuation income stream, and• Con's transfer balance account is credited with \$730,000. The total balance in his transfer balance account is \$1.53 million (his previous credit of \$800,000 plus the new credit of \$730,000) which remains below his transfer balance cap (which was \$1.6 million).

More information

For more information, see:

[GN 2017/7](#) New transfer balance cap – death benefit income streams

[GN 2017/8](#) Total superannuation balance

[GN 2017/14](#) Removal of election to treat super income streams as lump sums

[SMSF – transition to retirement income streams](#) on ato.gov.au

References:

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