Australian Government

Australian Taxation Office

Super Changes Webinar

Capped defined benefits

9 May 2017

Capped defined benefits

- The new transfer balance cap commences on 1 July 2017 and will limit transfers into retirement phase accounts
- Defined benefit income is a super income stream benefit that is paid from a capped defined benefit income stream
- Capped defined benefit income streams cannot, of themselves, result in an excess transfer balance for an individual
- Modifications therefore apply to the transfer balance cap rules for capped defined benefit income streams

Outline

Today we'll work through:

- What income streams are capped defined benefit income streams
- The modifications to the transfer balance cap for capped defined benefit income streams, in particular:
  - How the special value of these income streams is calculated for transfer balance cap purposes
  - What the defined benefit income cap is and the consequences of exceeding it
- What happens if you have a mix of capped defined benefit income streams and other income streams
- Some practical considerations if you are receiving capped defined benefit income streams

Capped defined benefit income streams

Regardless of when it is payable:

- Lifetime pension

If payable just before 1 July 2017:

- Lifetime annuity
- Life expectancy pension
- Life expectancy annuity
- Market-linked pension
- Market-linked annuity
- Market-linked RSA pension

Capped defined benefit income streams

On 13 April 2017 the Government released draft regulations for comment that would expand on this list to include:

- lifetime pensions provided under rules which are in existence at the time the proposed regulations are made that:
  - may be commuted in limited circumstances, or
  - where payments are ceased or varied for a child beneficiary
- public sector superannuation scheme funded invalidity pensions that can be varied, suspended or ceased in certain circumstances
- **BUT - no current plans to include Flexi pensions**

Capped defined benefit modifications

- A statutory formula applies to work out the value of your superannuation interest that supports a capped defined benefit income stream.
- This value is called the '**special value**' and gives rise to a credit in a member's transfer balance account.
- The law also sets out special rules to calculate the debit value when one of these income streams is commuted.
- A separate cap, the **defined benefit income cap**, affects the defined benefit income that is included in your assessable income. It also limits the tax offset available in respect of the untaxed element of certain benefits that are defined benefit income.

Special value of a defined benefit interest

- If a capped defined benefit income stream is payable to you, a credit arises in your Transfer Balance Account
- The credit amount is the special value of the superannuation interest
- Calculation of the special value depends on the type of product

Special value of a defined benefit interest

Total super balance

- The "special value" of your capped defined benefit income stream for transfer balance cap purposes will generally also be used to calculate your total super balance.
- However, for a **market linked pension**, the special value will be replaced with the 30 June account balance of that capped defined benefit income stream.
- This essentially means that a market linked pension is treated as a capped defined benefit income stream for transfer balance cap purposes, however will be treated as an account based pension when calculating your total super balance.

Special value – life products

- Life products (lifetime pension or annuity):

  special value = annual entitlement x 16

- 'Annual entitlement' is calculated by annualising the first superannuation income stream benefit you are entitled to receive
- This done with the following formula:

$$\frac{\text{First payment}}{\text{Days in period}} \times 365$$

Special value – life products

Annual entitlement calculation:

First superannuation income stream benefit you are entitled to receive:

- You must include the gross, or pre-tax, value of the first superannuation income stream benefit you are entitled to receive
- The first benefit you are entitled to receive includes all of its constituent components:
  - All tax-free and taxable components (taxable components consisting of taxed and/or untaxed elements)
  - It might include part of a benefit being paid for reasons in addition to retirement – for example, a partial invalidity loading

Divided by 'days in period':

- This will be the number of days to which the benefit relates to (for example, 7 for a weekly payment benefit)

Example 1 – special value of lifetime pension

- *Joanna is 65 on 1 July 2017 and has been receiving a lifetime pension since she was 62. The first superannuation income stream benefit Joanna is entitled to receive on or after 1 July 2017 is a fortnightly pension payment of $5,753.42*

- *Her annual entitlement is worked out as follows:*

$$\frac{\text{First payment}}{\text{Days in period}} \times 365$$

$$\frac{\$5{,}753.42}{14} \times 365 = \$149{,}999.88$$

- *The special value is worked out by multiplying her annual entitlement by 16:*

$$\$149{,}999.88 \times 16 = \$2{,}399{,}998.08$$

A credit will arise in her transfer balance account on 1 July 2017 for this amount.

Special value – term products

Term Products (Life expectancy and Market-linked)

- Life expectancy or market-linked pensions or annuities:

  special value = annual entitlement x remaining term

- The 'annual entitlement' will correspond to the amount required to be paid during the year in accordance with the agreement under which the life expectancy or market linked pension is provided and the regulatory provisions
  - The 'superannuation income stream you are entitled to receive' again comprises all of its constituent components (for example, all of its tax free component and taxable component (taxed elements and/or untaxed elements)
- The 'remaining term' is the number of years remaining in the period that benefits are payable but rounded up to the next whole number

Example 2 – special value of term product

- *Just before 1 July 2017, Victoria has a market linked pension. The first benefit she is entitled to receive from her pension just after that time is her fortnightly payment of $2,301.37 due on 4 July 2017.*
- *The current account balance of the pension in $550,000.*
- *The remaining term in Victoria's pension just before 1 July 2017 is 9.75 years.*

Example 2 – special value of term product

- *Victoria's annual entitlement just before 1 July 2017 is $60,000, which is worked out as follows:*

  $$\frac{\text{First payment}}{\text{Days in period}} \times 365$$

  $$\frac{\$2{,}301.37}{14} \times 365 = \$60{,}000$$

- *The remaining term in Victoria's pension just before 1 July 2017 is rounded up from 9.75 years to 10 years (being the next whole number) when determining the pension's special value.*
- *The special value of Victoria's pension just before 1 July 2017 is $600,000 ($60,000 x 10 years). A credit arises in her transfer balance account on 1 July 2017 for this amount.*
- *Note that when calculating Victoria's total super balance, Victoria's pension will be valued as $550,000.*

Existing income streams at 1July

Special Note:

- If you are currently receiving a capped defined benefit income stream, the credit that arises in your transfer balance cap will occur on 1 July 2017
- This value will be calculated by your fund based on the first superannuation income stream benefit you are entitled to receive on or after 1 July 2017

Defined benefit income cap

- Ordinarily, if an individual exceeds their transfer balance cap, they will need to remove the excess, plus notional earnings from retirement phase, and pay excess transfer balance tax
- As capped defined benefit income streams can't be commuted in the same way, different consequences apply
- The taxation treatment of these pensions will change if:
  - you exceed your defined benefit income cap; and
  - you're over 60 years of age or
  - under 60 years of age and a death benefits dependent, where the deceased died at 60 years of age or over

Defined benefit income cap

- The defined benefit income cap is an annual cap that is reset each year
- Your defined benefit income cap is the general transfer balance cap for the financial year divided by 16
  - As the general transfer balance cap for the 2017–18 financial year is $1.6 million, the defined benefit income cap will commence at $100,000
- The defined benefit income cap is not increased for proportional indexation but it will increase over time because it is based on the general transfer balance cap, which is indexed
- Your defined benefit income cap will be reduced where:
  - you first become entitled to concessional tax treatment part way through a financial year, (for example, because you turn 60 during the year) or
  - you receive defined benefit income that is not subject to concessional tax treatment

Defined benefit income cap

- There will be no change to the taxation treatment of your capped defined benefit income stream if:
  - you are under 60 and not a death benefit dependant of someone who died aged over age 60; or
  - you receive superannuation income stream benefits that are ‘defined benefit income’ to which concessional tax treatment applies

Concessional tax treatment and **part-year cap reductions** will be discussed in more detail later in the webinar.

Exceeding the defined benefit income cap

- The consequences of you exceeding your defined benefit income cap are that:

  a) additional amounts of defined benefit income that would otherwise be non-assessable, non-exempt income, may be included in your assessable income, and/or

  b) the tax offsets otherwise available to you, in respect of any untaxed element of your defined benefit income, may be reduced

- To understand the consequence of exceeding the defined benefit income cap, you will need to understand the elements of your income stream

Example 3 – taxation consequences

Tax free component and taxed element only

- *Sally is 67 during the 2017-18 financial year and is receiving a life expectancy pension which commenced before 1 July 2017.*
- *The pension qualifies as a capped defined benefit income stream, and is comprised entirely of a tax free component and a taxed element.*
- *Sally's defined benefit income cap for the 2017-18 year is $100,000*
- *For the 2016–17 financial year, Sally's pension income is non-assessable, non-exempt income.*
- *For the 2017–18 financial year, Sally receives $150,000 under the pension. The sum of the benefits comprising the tax free component and taxed element exceeds her $100,000 defined benefit income cap. Therefore, Sally includes in her assessable income 50% of the defined benefit income that exceeds her defined benefit income cap.*
- *As $50,000 of her pension exceeds her defined benefit income cap, she includes $25,000 in her assessable income for the 2017–18 financial year. Sally is not entitled to a tax offset in relation to this income. Sally needs to declare this income by lodging an individual income tax return, and she may have an income tax liability for the 2017–18 financial year.*

Taxation consequences: reduced tax offset

- A 10% tax offset generally applies in relation to any untaxed element of a superannuation income stream
- From 2017-18, the offset is not available for capped defined benefit income that exceeds the defined benefit cap
- If the sum of **all of the components** of your capped defined benefit income stream exceeds your defined benefit income cap, the available tax offset will be reduced to account for this by 10% of the excess (but not below zero)
- This means that for the 2017-18 income year, the superannuation income stream offset will be limited to $10,000 for capped defined benefit income streams (10% of the defined benefit income cap)

Example 4 – taxation consequences

Untaxed element of a taxable component

- *Ged, aged 65, is a retired public servant who receives a lifetime pension entirely from an untaxed source. His lifetime pension is $140,000 per annum.*
- *Ged's pension is a capped defined benefit income stream and is comprised completely of an untaxed element of a taxable component.*
- *Ged's defined benefit income cap for the 2017-18 year is $100,000.*

2016-17:

- *Ged includes the $140,000 untaxed element of his pension in his assessable income and claims a 10% tax offset ($14,000).*

2017-18:

- *Ged includes the $140,000 untaxed element of his pension in his assessable income. The total amount of Ged's defined benefit income exceeds his defined benefit income cap of $100,000. Accordingly, his $14,000 tax offset is reduced by $4,000 (being 10% of the $40,000 excess). Ged's tax offset for the 2017-18 financial year is therefore $10,000.*

Taxation consequences- component ‘stacking’

- Superannuation providers may pay their members income streams which contain a combination of taxed and untaxed components.

- Where an income stream contains a mix of components, the untaxed element is always considered last – after any tax free component and taxed element (this is sometimes referred to as stacking).

Example 5 – taxation consequences (stacking)

Tax free component and untaxed element of a taxable component

- *Alastair is 68 and is receiving a lifetime pension of $160,000 per annum. The pension is a capped defined benefit income stream and is comprised of:*
  - *a tax free component of $60,000, and*
  - *an untaxed element of $100,000.*

2016-17 year:

- *Alastair includes the $100,000 untaxed element of his pension in his assessable income and claims a 10% tax offset ($10,000).*
- *The $60,000 tax free component of Alastair's pension is non-assessable, non-exempt income*

Example 5 – taxation consequences (stacking)

2017-18 year:

Considering tax free component & taxed element first-

- *Alastair's defined benefit income cap for the 2017-18 year is $100,000.*
- *The sum of the benefits comprising any tax free component and taxed elements ($60,000) does not exceed Alastair's defined benefit income cap.*
- *The $60,000 tax free component of Alastair's pension is non-assessable, non-exempt income*
- *Alastair has no additional amount included in his assessable income.*

Then 'stacking' any untaxed element-

- *Alastair includes the $100,000 untaxed element of his pension in his assessable income. The total amount of Alastair's defined benefit income ($160,000) exceeds his defined benefit income cap of $100,000.*
- *His $10,000 tax offset is reduced by $6,000 (being 10% of the $60,000 excess). Alastair's tax offset for the 2017-18 financial year is therefore $4,000.*

Defined benefit income- concessional taxation

Concessional tax treatment:

- Reference in this webinar to 'concessional tax treatment' of defined benefit income refers to concessional taxation of income streams where:
  - You are over 60 years of age; or
  - You are under 60 years of age and in receipt of a death benefit, where the deceased died at 60 years of age or over
- The applicable concessional tax treatment in these circumstances is as follows:
  - The tax free component is non-assessable, non-exempt income;
  - The taxed element is non-assessable, non-exempt income; and
  - The untaxed element in included in your assessable income and subject to a 10% tax offset.

Reduced defined benefit income cap

Part-year reduction of the defined benefit income cap

- Your defined benefit income cap will be reduced where:
  - you first become entitled to concessional tax treatment part way through a financial year, (for example, because you turn 60 during the year) or
  - you receive defined benefit income that is not subject to concessional tax treatment (for example, death benefits where the members was less than 60 years of age)

- Where an individual starts to receive concessionally taxed defined benefit income part way through a financial year, the defined benefit income cap is pro-rated for the remaining part of the financial year using the following formula (rounded up to the nearest dollar):

$$\frac{\text{The general transfer balance cap for the financial year}}{16} \times \frac{\text{1+ number of days remaining in the financial year after that day}}{\text{Number of days in the financial year}}$$

Example 6 – reduced defined benefit income cap

Defined benefit income cap – part-year reduction

- *Greg is receiving a lifetime annuity which commenced before 1 July 2017. The annuity has an initial, annual entitlement of $150,000 and is sourced entirely from a taxed element. Greg turns 60 on 1 January 2018, and receives an annuity payment on that date.*

- *Greg first becomes entitled to concessional tax treatment on 1 January 2018. His defined benefit income cap is pro-rated for the 2017-18 financial year, in accordance with the formula above, as follows:*

$$\frac{\$1.6 \text{ million}}{16} \times \frac{1 + 180 \text{ days}}{365}$$

- *Greg's defined benefit income cap will be $49,590 for the 2017–18 financial year*

Reduced defined benefit income cap

Reduction where some defined benefit income is not subject to concessional tax treatment

- The defined benefit income cap is also reduced, where you receive **both** of the following types of defined benefit income during a financial year:

  i. defined benefit income that is subject to concessional tax treatment, and

  ii. defined benefit income that is not subject to concessional tax treatment

- If you receive both these types of income during a financial year, you reduce your defined benefit income cap for the year. The cap is reduced by the defined benefit income that is not subject to concessional tax treatment. This reduction is made after any part-year reduction of the defined benefit income cap.

Example 7 – reduced defined benefit income cap

Example: Cap reduction for non-concessional income

- *Brian, aged 57, receives $90,000 of defined benefit income in the 2017-18 year.*
- *This consists of:*
  1. *$75,000 of superannuation income stream member benefits; and*
  2. *$15,000 of dependent death benefits from an entitlement to the superannuation interests of his late wife, Samantha, who was 61 when she died.*
- *Both superannuation income streams are fully from taxed source components (tax free component and taxed elements)*
- *Brian's death benefit income is subject to concessional tax treatment, as the deceased member died aged over 60.*
- *However, Brian's member benefits are not subject to concessional tax treatment.*

Example 7 – reduced defined benefit income cap

Cap reduction for non-concessional income

- *The general defined benefit income cap for 2017-18 is $100,000*
- *Brian's defined benefit income cap for the 2017-18 financial year is consequently reduced by $75,000 (his defined benefit income not subject to concessional tax treatment) to $25,000.*
- *His dependent death benefit income of $15,000 does not exceed his adjusted defined benefit income cap.*

Case study – defined benefit income

Capped defined benefit income stream and a concessional reversionary death benefit income stream

- *Ann turns 59 on 1 July 2017, and has been receiving a life expectancy pension of $130,000 per annum. Her life expectancy pension is a capped defined benefit income stream that is comprised of a tax free component of $60,000, a taxed element of $40,000, and an untaxed element of $30,000. Ann receives 80% of her life expectancy pension for the 2017-18 financial year after 12 September 2017.*

- *Ann's spouse David dies on 12 September 2017 aged 65. She begins receiving a reversionary pension on 12 September 2017 of $75,000 per annum. It is a capped defined benefit income stream, with a tax free component of $50,000, and an untaxed element of $25,000. From 12 September 2017 to 30 June 2018, Ann received $60,000 in reversionary pension payments, of which $40,000 constituted a tax free component, and $20,000 was an untaxed element.*

Case study – defined benefit income

Treatment of Ann's life expectancy pension: 2016-17 & 2017-18 financial years when she is under age 60

- *The income Ann receives from her life expectancy pension before turning 60 years of age, but above her preservation age, is treated as follows:*
  - *the $60,000 tax free component is non-assessable, non-exempt income*
  - *the $40,000 taxed element is included in her assessable income and Ann is entitled to a tax offset of 15% of this income ($6,000), and*
  - *the $30,000 untaxed element is included in her assessable income and there is no tax offset in relation to this income.*
- *This treatment applies for both the 2016–17 and 2017–18 financial years.*
- *None of this income receives the relevant concessional tax treatment.*

Case study – defined benefit income

Treatment of Ann's reversionary pension: 2017-18 financial year when she is under age 60

- *The income Ann receives from her reversionary pension is treated as follows:*
  - *the $40,000 tax free component is non-assessable, non-exempt income, and*
  - *the $20,000 untaxed element is included in her assessable income, and she is entitled to a tax offset of 10% of this income ($2,000).*

- *If Ann had received the reversionary pension during the 2016–17 financial year, this would have been the tax treatment that applied.*

- *Although Ann is not yet aged 60, the defined benefit income she received from her reversionary pension was subject to concessional tax treatment for the 2017–18 financial year. Therefore, the defined benefit income cap applies to the defined benefit income she received for that year.*

Case study – defined benefit income

- **Treatment of Ann's reversionary pension: 2017-18 financial year when she is under age 60**

- *The defined benefit income cap for the 2017–18 financial year is $100,000. However, Ann's defined benefit income cap is reduced because the 2017-18 financial year was the first year she became entitled to concessional tax treatment (the reversionary pension). She also received income that was not subject to concessional tax treatment (the life expectancy pension). The reduction reflects:*
  - *the period in the 2017–18 financial year that her reversionary pension was subject to concessional tax treatment, and*
  - *the life expectancy pension she received that was not subject to concessional tax treatment.*
- *Ann commenced receiving her reversionary pension on 12 September 2017, so her reduced defined benefit income cap is $80,000. However, Ann also received defined benefit income that was not subject to concessional tax treatment in the 2017–18 financial year. This means that Ann's defined benefit income cap is further reduced as follows:*

$80,000 –	*(the amount of Ann's $130,000 life expectancy pension received after 12 September 2017)*
$80,000 –	*(80% x $130,000)*
$80,000 –	*$104,000*
	negative $24,000

- *The effect of Ann having a reduced defined benefit income cap that is negative is that her defined benefit income cap is nil for the 2017–18 financial year.*

Case study – defined benefit income

- **Treatment of Ann's reversionary pension: 2017-18 financial year when she is under age 60**

- *The amount of Ann's reversionary pension excluding the untaxed element is $40,000 for the 2017–18 financial year. This exceeds her defined benefit income cap for the year (nil). She will need to include an additional $20,000 in her assessable income for the 2017–18 financial year (being 50% of the $40,000 excess).*

- *Ann's total reversionary pension receipts for the 2017-18 financial year ($60,000) exceed her defined benefit income cap (nil) for the year. Therefore, she must reduce her $2,000 tax offset by $6,000 (being 10% of that excess). The reduction exceeds Ann's tax offset, so she is not entitled to any tax offset for the 2017–18 financial year.*

Case study – defined benefit income

- **Treatment of Ann's income streams for the 2018-19 financial year when she is 60**
- *Ann turns 60 on 1 July 2018. Before any adjustments under the changes, Ann's life expectancy pension is treated as follows for the 2018-19 financial year:*
  - *the $60,000 tax free component is non-assessable, non-exempt income*
  - *the $40,000 taxed element is non-assessable, non-exempt income, and*
  - *the $30,000 untaxed element is included in her assessable income and Ann is entitled to a tax offset of 10% on this income ($3,000).*
- *Ann's reversionary pension is treated as follows for the 2018–19 financial year, before any adjustments under the changes:*
  - *the $50,000 tax free component is non-assessable, non-exempt income, and*
  - *the $25,000 untaxed element is included in her assessable income, and she is entitled to a tax offset of 10% of this income ($2,500).*
- *Ann's defined benefit income cap for the 2018–19 financial year is $100,000. The cap is not reduced because all of her defined benefit income is subject to concessional tax treatment.*

Case study – defined benefit income

Treatment of Ann’s income streams for the 2018-19 financial year when she is 60

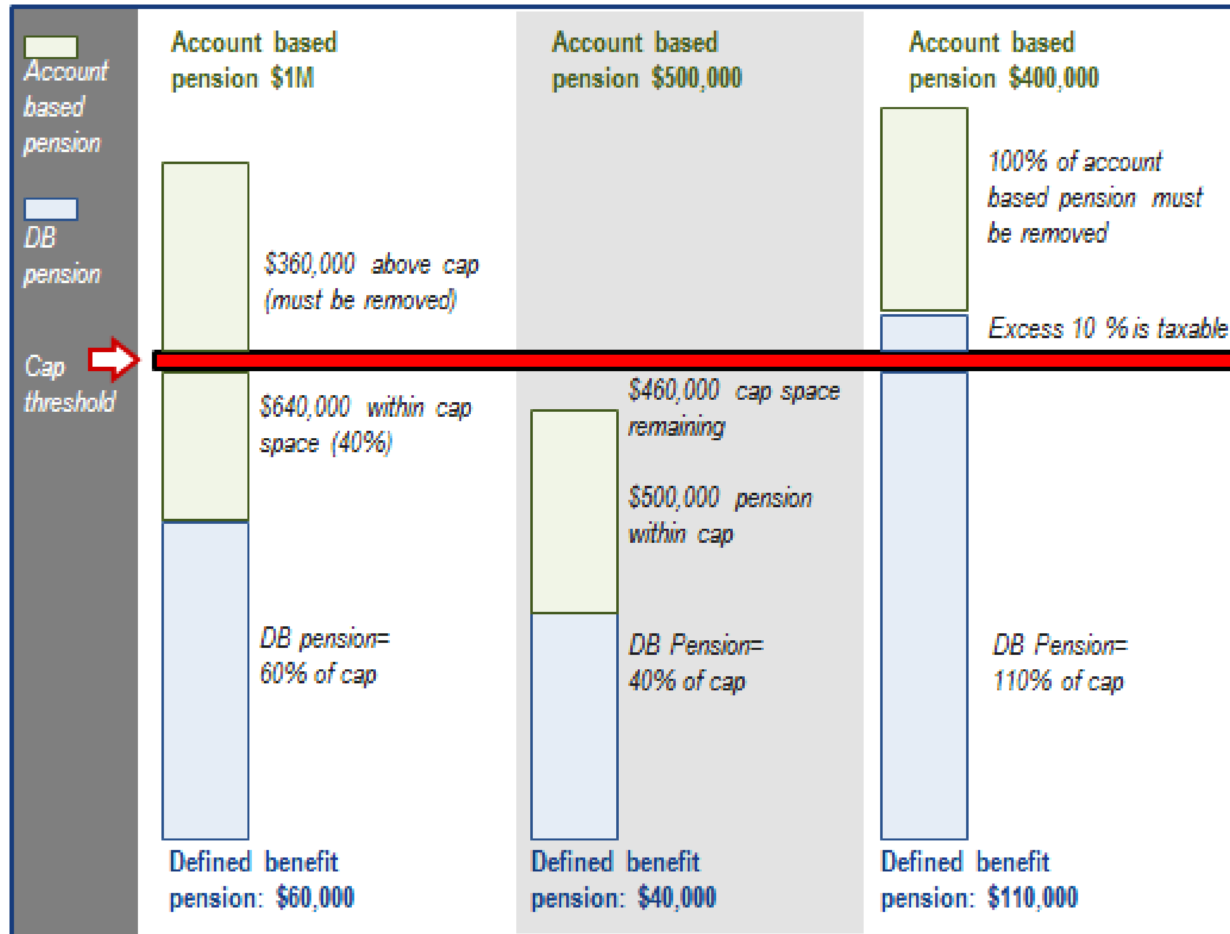
- *The sum of Ann’s defined benefit income excluding the untaxed elements she receives is $150,000 ($60,000 + $40,000 + $50,000). This exceeds her cap by $50,000. The changes to the law result in Ann having to include an additional $25,000 in her assessable income for the 2018–19 financial year (being 50% of the $50,000 excess).*

- *Ann’s tax offsets for the untaxed elements of her pensions, before any adjustment, total $5,500 for the 2018–19 financial year ($3,000 + $2,500). However, her tax offset entitlement is reduced. This is because the sum of Ann’s defined benefit income that is subject to concessional tax treatment for the 2018-19 financial year is $205,000 ($130,000 + $75,000), which exceeds her defined benefit income cap for the year by $105,000. Her tax offsets will be reduced by $10,500 (being 10% of the $105,000 excess). Ann’s tax offsets totalling $5,500 will be reduced to nil for the 2018–19 financial year.*

Both types of income streams

Having capped defined benefit income streams and other income streams

Examples: These individuals have account based pensions and defined benefit pensions. This is how their cap position would be calculated



Example 8 – combined income excess

- *June is currently receiving both a capped defined benefit income stream (estimated special value of $2 million) and an account-based income stream (estimated value of $500,000)*
- *June calculates that the combined value of her interests in retirement phase on 1 July 2017 will be $2.5 million, and will therefore exceed her transfer balance cap.*
- *Before 1 July 2017, June transfers her account-based income stream, valued at $500,000, back to an accumulation account*
- *On 1 July, the special value of her capped defined benefit income stream ($2 million) will count towards her transfer balance cap*
- *June will still exceed her transfer balance cap by $400,000, but as this excess is solely from a capped defined benefit income stream, she does not have an excess transfer balance*
- *As June's benefits in 2017–18 exceed her defined benefit income cap, she may need to include amounts in her assessable income and her entitlement to a superannuation income offset may also be affected*

Practical considerations

- Individuals aged over 60:
  - may start to receive payment summaries in relation to their pension or annuity income (even those who have not received a payment summary for some time).
  - who may not have had to lodge an income tax return for some time may now need to do so. If you will need to include more income in your assessable income, it may affect your eligibility for other tax and social security entitlements.
- Individuals who have two or more capped defined benefit income streams:
  - Where each income stream in itself is less than the defined benefit income cap, the appropriate tax may not be withheld during the year, meaning a person may need to pay more tax when they lodge their return.
  - If this is the case, you may wish to consider talking to your fund/s about an upward withholding variation to ensure an appropriate rate of tax.

Practical considerations

- As your income stream provider may need to start withholding tax from your income stream, they may be contacting you to ensure that they have your TFN. If your income stream provider has not contacted you, you may wish to consider contacting them to determine if they will need your TFN to avoid having additional tax withheld from your income stream.

- If you start to receive a capped defined benefit income stream that is also a reversionary death benefit, you need to be aware that although the credit will not arise in your transfer balance account until 12 months after the death of the member, the taxation consequences will begin to apply from the date you begin to receive the income stream payments.

Example 9 – Practical considerations

A reversionary lifetime pension

- *Lillian is 65 and starts to receive a reversionary lifetime pension of $150,000 p.a. after the death of her spouse, Richard. The pension is made up entirely of a tax free component and taxed element of the taxable component.*
- *Lillian has her own account based income stream and a balance of $0.4M in her transfer balance account.*
- *Richard's date of death was 1 July 2018.*
- *The income stream provider will withhold tax on the $25,000 of the taxable income stream from the time they start making payments to Lillian.*
- *The credit of $2.4m will not come into effect until 1 July 2019, so Lillian will have until 1 July 2019 to commute her account based pension so that she does not have an excess that will need to be removed from retirement phase (along with the notional earnings) and to avoid paying excess transfer balance tax.*

Summary

Key points:

- Only certain defined benefit income stream meet the definition of a 'capped defined benefit income stream'- check with your provider if you are unsure
- There are legislated rules for calculating the special value of these income streams under the transfer balance cap
- From 2017-18, defined benefit income will be subject to a defined benefit income cap
- The tax consequences for exceeding your defined benefit income cap will depend on the elements that make up your income stream. You may be subject to additional tax, and/or you entitlement to a tax offset may be affected
- If you receive both defined benefit and account-based income, your defined benefit income will be considered first towards your transfer balance cap
- Recipients of income streams aged under 60 years (not receiving a death benefit), and recipients of account-based pensions, will not experience changes to the taxation of their income streams
- If you receive a capped defined benefit income stream, your provider will now issue you a payment summary to help you manage your affairs

More information

The ATO is seeking to help you understand capped defined benefit income streams and the transfer balance cap

- There are a number of resources available. These include:
  - ATO Web Content on defined benefits under the transfer balance cap (Search: QC 51807)

- The following Law Companion Guides have also been published:
  - LCG 2016/9 *Superannuation reform: transfer balance cap*
  - LCG 2016/10 *Superannuation reform: defined benefit income streams – non-commutable, lifetime pensions and lifetime annuities*
  - LCG 2017/1 *Superannuation reform: defined benefit income streams – pensions or annuities paid from non-commutable, life expectancy or market-linked*

How did you hear from us?

More information

Australian Government
Australian Taxation Office

ato.gov.au/superchanges