

Can I stop my Superannuation Pension?



Under certain circumstances a Pension may be stopped, there are however, consequences which need to be considered.

Under the law a Pension ceases when a member fully forgoes their entitlement to an Income Stream in return for an entitlement to a lump sum (commutation).

A commutation may be partial or full.

A full rolling back of benefits to Accumulation will result in the loss of the Exempt Current Pension Income (ECPI) status for the Fund. Any pension that is then re-started will have a new start date which may result in adverse treatment if the member is eligible for Centrelink Age Pension, due to the change in assessment methods for Pensions commencing post 1 Jan 2015.

Points to note :-

A partial commutation counts towards minimum annual Pension payments. However, from 1 July 2017 this ceases.

A full commutation of a member balance constitutes the end of a Pension and is therefore not counted towards minimum annual Pension payments. So before a full commutation is made, ensure minimum Prorated payments are made to ensure ECPI status is retained to the point of commutation.

Under Superannuation law, a commutation can be made via an in-specie (non-cash payment), if allowed by the Fund's Deed.

For Transition to Retirement Pensions, commutations can only be made under limited circumstances, for example a lump sum withdrawal only of unrestricted benefits, or rollback into the Accumulation phase of Superannuation.

For a more detailed discussion around commuting your pension please speak to one of our Superannuation specialists at Brown Macaulay & Warren.