

Media Release

30 October 2006

WEALTH, PROTECTION & TAXATION

“Benefits For Allocated Pension To Cash In Now”

Tens of thousands of allocated pensions have been established in retail, industry and self managed superannuation funds over the past decade. The allocated pension rules see many pension recipients receiving far too much income for their needs and consequently paying too much income tax.

According to Cameron Reed, leading superannuation and SMSF adviser from IPS Superannuation Pty Ltd, “Recent changes to the superannuation laws allow an allocated pension member to transfer part or their entire allocated pension into a lump sum superannuation account thereby reducing their allocated pension account. This means that income can be tailored to a client’s existing needs. In our view there may be three important benefits in changing an allocated pension.”

1. Benefit One: Delivering real income needs - The amount of actual income that the client desires can now be delivered to the exact dollar by a superannuation adviser using a mix of allocated pension and lump sum accounts. For clients there is now no need to pay more out than is required, thereby leaving valuable money to grow in a concessional tax environment.
2. Benefit Two: Paying less tax - In the current income year the allocated pension member with too much income may be paying an unnecessary income tax burden. This can be fixed quickly and easily by an expert superannuation adviser.
3. Benefit Three: Leaving more tax free for dependants – With more left in a concessional tax fund, more can be left tax free to dependants when the allocated pension member dies.

“All allocated pension members need to see a superannuation expert to determine whether their existing allocated pension should be changed,” says Mr Reed, “but it should be done quickly. IPS Superannuation can be contacted on 5581 3200 or cameronr@ips.com.au to access more important information on allocated pension changes.”

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