

# Important change notice



The Australian Government has temporarily reduced the minimum annual payment required for account-based pensions and similar products by 50%. This reduction will be for financial years 2019/20 and 2020/21. This is being done to assist retirees during the financial market volatility caused by COVID-19. This notice explains the temporary change, and what it means for LGIAsuper members.

## Current status

LGIAsuper members with a Pension account can choose the frequency and amount of retirement income they receive throughout the year. There is a minimum amount that must be withdrawn in total each financial year, which is set by the Australian Government. This is called the minimum pension payment amount.

The calculation of a minimum pension payment amount uses a percentage factor that varies with a member's age. This is called the minimum pension factor.

## What is changing?



The Australian Government has passed legislation that temporarily reduces minimum drawdown requirements by 50% for account-based pensions and similar products. This reduction will be for financial years 2019/20 and 2020/21. This change has been made through reductions to the minimum pension factor, as listed below.

### TEMPORARY REDUCTION TO MINIMUM PENSION FACTOR FOR EACH AGE GROUP

YOUR AGE	DEFAULT MINIMUM PENSION FACTOR (% P.A.)	REDUCED MINIMUM PENSION FACTOR (% P.A.) FOR 2019/20 AND 2020/21
Under 65	4%	2%
65-74	5%	2.5%
75-79	6%	3%
80-84	7%	3.5%
85-89	9%	4.5%
90-94	11%	5.5%
95 plus	14%	7%

This information temporarily replaces the minimum pension factors listed in LGIAsuper's Pension accounts Product Disclosure Statement (PDS) issued 1 July 2019.



## Who is impacted?

This change applies to LGIAsuper members with these accounts: Allocated Pension; Term Allocated Pension; and Transition to Retirement Pension.

## Why is it changing?

The Government has made this temporary change to help retirees manage the impact of financial market volatility on their retirement savings.

This may benefit retirees with account-based pensions by reducing the need to sell investment assets within their superannuation to comply with the default minimum pension payment amount. Selling an asset when its value has dropped due to the market downturn would put retirees at a disadvantage. They can therefore leave more money in their superannuation account, where there is opportunity for future growth when the market upturns.

## What do you need to do?

The action you take depends on your current situation or account settings for pension payments. Guidance for different situations is listed below.

- **If you have chosen your account's option to receive the minimum pension payment amount:**  
Your minimum pension payment amount will automatically default to the Government's reduced rate for 2020/21, as noted in the table above. We will send you the updated details for the new financial year in July 2020.  
If you would like to update your pension payments for the remainder of 2019/20, you can do this online or over the telephone.
- **If you have not chosen your account's option to receive the minimum pension payment amount:**  
You will need to update your account if you want to use the Government's new rate. First, recalculate your new minimum pension payment amount. You can then update your account with your new pension payments for the remainder of 2019/20 and 2020/21.
- **If you have already received more than the new minimum pension payment amount for 2019/20:**  
You can choose not to receive any further payments this 2019/20 financial year. Your regular pension payments can continue again in the 2020/21 financial year, from 1 July 2020 onwards.
- **If you are restarting or opening a new Pension account:**  
Your minimum pension payment amount will automatically default to the Government's reduced rate (see table above).



All adjustments to pension payments can be made quickly and easily online by logging into your account at [memberonline.lgiasuper.com.au](https://memberonline.lgiasuper.com.au), or by calling us on **1800 444 396**.



### How to calculate your new minimum pension payment amount

Please refer to the table on page one to find the minimum pension factor for your age on **1 July** of the current financial year.

To calculate your new minimum pension payment amount, you can apply this percentage to your Pension account balance on **1 July** of the current financial year. If your Pension account was opened after **1 July** this financial year, use your opening account balance for this calculation.



### Further information

Information from the Australian Government about this change can be found on the websites below:  
[ato.gov.au/COVID-19](https://ato.gov.au/COVID-19) – follow links for individuals and employees.  
[treasury.gov.au/coronavirus](https://treasury.gov.au/coronavirus) – follow links for individuals and households.

Full details about LGIAsuper's Pension accounts are available in our Product Disclosure Statement (PDS). This is available on our website at [lgiasuper.com.au/pds](https://lgiasuper.com.au/pds).

## Want to know more?

If you would like to discuss the above changes and how they relate to your account, please contact us on **1800 444 396** or [info@lgiasuper.com.au](mailto:info@lgiasuper.com.au).

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