

Important information about your HESTA Income Stream

Significant event notice

22 August 2017

In last year's Federal Budget, a number of reforms to superannuation were proposed, which came into effect on 1 July 2017. We have set out below how they may impact your HESTA Income Stream Account.

Transfer balance cap

From 1 July 2017, the Federal Government limited the amount you can transfer from your super into the retirement phase (an income stream), for example, the HESTA Retirement Income Stream. This limit is known as the 'transfer balance cap' and for the 2017/18 financial year, this is set at \$1.6 million. This is the maximum combined amount you can have in your HESTA Retirement Income Stream and any other account based income stream accounts. This will be reassessed annually in \$100,000 increments in line with movements in the consumer price index. You can check your transfer balance cap at mygov.gov.au.

Members who exceed their transfer balance cap may have to pay an excess transfer balance tax and be required to withdraw the excess from their income stream account(s). Special but comparable rules exist in relation to 'capped defined benefit income streams' such as lifetime pensions paid from a defined benefit fund.

If your total retirement income stream balance exceeds the transfer balance cap, the Australian Taxation Office (ATO) will send you a request to withdraw the excess from your account. If you do not respond, the ATO may request HESTA to withdraw an amount on your behalf. If we receive a notice, we will attempt to contact you within 60 days. If we are unable to contact you, HESTA is required to comply with the commutation request, and we will transfer the amount into a HESTA Personal Super account. Your transferred funds will be invested in investment options that as closely as possible resemble your retirement income stream investment options.

For the 2017/18 year of income, members with a transfer balance cap of more than \$1.6 million but less than \$1.7 million as at 30 June 2017 have until 31 December 2017 to dispose of any excess without incurring any excess transfer balance cap tax.

For the 2017/18 year of income, the excess transfer balance cap tax is 15%. From 1 July 2018 onwards, the excess transfer balance cap tax is set at 15% for the first breach, and 30% for second and subsequent breaches.

More information about these changes is available by visiting our website www.hesta.com.au/knowitall

Contact us on 1800 813 327 Monday to Friday, 8am - 8pm AEST. For HESTA Income Stream enquiries contact us on 1300 734 479.

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