

# Receiving your Total & Permanent Disablement payment

This fact sheet explains the different ways you can receive your Total & Permanent Disablement (TPD) payment when it gets approved and the possible tax consequences.

## What are your payment options?

There are a number of ways you can receive your TPD payment. You can:

- withdraw your entire benefit (your insurance payment plus your super balance) as a lump sum
- keep all or part of it in your AustralianSuper account
- roll over all or part of your benefit to another super fund, or
- start an income stream with a Choice Income account (account-based pension).

For more on Choice Income, visit [australiansuper.com/ChoiceIncome](http://australiansuper.com/ChoiceIncome).

## Withdraw your entire benefit

You can choose to withdraw both your TPD payment and super balance as a lump sum and have it paid to your bank account by completing the *Application for payment of benefit - Disablement* form. If you're under your preservation age (the minimum age you can access your super) and withdraw your payment, some of the payment will be subject to tax. See the *How will my payment be taxed* section below.

If your age is between your preservation age and 60, a reduced rate of tax applies. If you're over 60, your payment will be tax free.

The below table shows what your preservation age is.

If you were born	Your preservation age is
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
After 30 June 1964	60

Withdrawing your entire benefit will close your super account and cancel any insurance cover you have.

## Keep all or part of your payment in your super account

You can choose to keep all or part of your benefit in your AustralianSuper account. But to keep your account open, you'll need to ensure you keep a minimum of \$6,000 in your account once the payment has been processed.

If you decide to keep a portion of your payment with us, we'll send you a letter when the payment is finalised so you know what the taxable and tax-free components are.

## Withdrawing your payment later

Your insurance benefit payment will be unrestricted non-preserved, as will any money already in your super account – this means you can withdraw it.

Any investment earnings you receive while it remains in your super account will be fully preserved until you meet a condition of release. This includes earnings on both your unrestricted non-preserved amount and on any contributions you make in the future.

When you're ready to withdraw your money, there may be tax implications depending on your age and how you withdraw it.

For example, if you're under age 60, you might be eligible to receive concessional tax treatment if you withdraw it as a lump sum disability benefit. However you may need to provide new medical certificates if:

- you are making a withdrawal more than 18 months after your medical certificates were signed by your doctor, or
- your certifying doctor is no longer registered to practice.

A statutory declaration may also be required confirming you are no longer working.

## How your payment will be invested

If you keep all or part of your payment with AustralianSuper, the insurance payment will be automatically invested in a low risk investment option, such as a Cash, Diversified Fixed Interest, Stable or Conservative Balanced option. Any money already in your super account will remain invested in your most recent investment choice.

You can review and change your current investment options anytime by logging into your account or calling us on **1300 300 273**.

## Rollover your payment to another fund

You can choose to transfer your benefit to another super fund by completing the *Application for payment of benefit - Disablement* form enclosed with your *Benefit payment notification* letter. If you need another form, please call us on **1300 667 387**.

## What happens when my TPD claim is approved?

If your TPD claim has been approved, your TPD and/or Income Protection (IP) cover will end. Any TPD and IP costs you've paid from your date of disablement<sup>1</sup> will be refunded into your super account.

Costs for any Death cover you held will also be refunded to your super account from the date of disablement<sup>1</sup>.

If your Death cover is higher than your approved TPD benefit, the difference in cover will replace your current Death cover amount from the date of disablement<sup>1</sup>. The cost of this cover will be deducted monthly from your super account unless you cancel it. You'll need to review your cover and decide if this is right for you. Please refer to your Claim Approval letter for more information.

<sup>1</sup> Date of disablement is determined by the insurer. Only applicable to insurance costs paid to AustralianSuper's current insurer TAL.

## What happens if you continue to make contributions into your super?

If you or your employer make any contributions into your AustralianSuper account before your TPD claim is approved, this money and any earnings earned on it will be fully preserved. This means that you can't access it until:

- you retire on or after your preservation age
- you cease employment on or after the age of 60, or
- you meet another condition to access your super early.

Visit [australiansuper.com/early](https://australiansuper.com/early) to learn more.

## How will my payment be taxed?

This table shows how the various components of your payment may be taxed if you've given us your tax file number. If you haven't provided it, we may have to withhold tax on your payment at 47%<sup>2</sup>. You may be taxed differently if your certificates of release of benefit are completed by an overseas based doctor.

What	Tax rate	Details
<b>Income streams (pensions) and lump sum withdrawals from AustralianSuper if you're 60 and over</b>	No tax payable	Both cash lump sum withdrawals and any retirement income payments you receive will generally be tax-free.
<b>Lump sum withdrawals from AustralianSuper (if you're under 60)</b>	<b>Tax-free component</b> > No tax payable <b>Taxable component<sup>3</sup></b> Under your preservation age: 22% tax <sup>2</sup> > Between your preservation age and age 59: the first \$235,000 <sup>4</sup> is tax-free. The balance is taxed at 17% <sup>2</sup>	Cash lump sum withdrawals (where you're eligible to receive your super benefit) are divided into a tax-free and a taxable component. These components are calculated from the type of contributions that have been made to your account. To find out how much of your super is tax-free and how much is taxable, call us on <b>1300 300 273</b> for a benefit quote.
<b>Income streams (pensions) from AustralianSuper (if you're under 60)</b>	<b>Tax-free component</b> > No tax payable <b>Taxable component<sup>3</sup></b> > Under your preservation age: marginal tax rate <sup>5</sup> > Between your preservation age and age 59: marginal tax rate <sup>6</sup> less a 15% tax offset	Income stream withdrawals (where you're eligible to receive your super benefit) are divided into a tax-free and a taxable component. These components are calculated from the type of contributions that have been made to your account. To find out how much of your super is tax-free and how much is taxable, call us on <b>1300 300 273</b> for a benefit quote.

<sup>2</sup> Includes Medicare levy.

<sup>3</sup> If your taxable component includes an untaxed element, additional tax may be applied to that element.

<sup>4</sup> This amount is reduced by any amount previously applied to this threshold.

<sup>5</sup> A tax offset of 15% may be available if you are receiving a disability super benefit.

<sup>6</sup> Plus Medicare Levy.

If you're under age 60 and you make a partial withdrawal, the funds will be drawn from the tax-free and taxable components in the same proportion as your total account balance is split.

Where a Permanent Incapacity or TPD payment has been approved and it's being withdrawn as a lump sum or rolled over to another fund, we'll calculate an additional amount of the tax-free component. This is subject to the fund being satisfied that two legally qualified medical practitioners have certified you as meeting the permanent incapacity definition.

Please note the ATO doesn't allow this additional tax-free component amount to be calculated if you transfer your benefit into an AustralianSuper Choice Income (income stream) account. If you're planning on opening a Choice Income account, a financial adviser<sup>7</sup> can help you understand all your options. Go to [australiansuper.com/advice](https://australiansuper.com/advice) to find out more.

### Need advice?

Getting paid a lump sum and planning for the future can be overwhelming, so you might want to talk to a financial adviser to help you decide what to do. A financial adviser can discuss your personal circumstances and help develop a financial plan to suit you<sup>7</sup>.

If you'd like to know more, you can ask your case manager to arrange for a financial adviser to contact you or you can call **1300 300 273** to arrange an appointment.



<sup>7</sup> Personal financial product advice is provided under the Australian Financial Services Licence held by a third party and not by AustralianSuper Pty Ltd. Some personal advice may attract a fee, which would be outlined before any work is completed and is subject to your agreement. With your approval, the fee for advice relating to your AustralianSuper account may be deducted from your AustralianSuper account subject to eligibility criteria.

### We're here to help

Call **1300 667 387**

(8.30am to 5pm AEST/AEDT weekdays)

Email [claims@australiansuper.com](mailto:claims@australiansuper.com)

Web [australiansuper.com](https://australiansuper.com)

Mail AustralianSuper Insurance  
GPO Box 1901, MELBOURNE VIC 3001



This document was prepared and issued in November 2023 and is subject to change. This information may be general financial advice which doesn't take into account your personal objectives, financial situation or needs. Before making a decision about AustralianSuper, you should think about your financial requirements and refer to the relevant Product Disclosure Statement, available at [australiansuper.com/PDS](https://australiansuper.com/PDS) or by calling **1300 667 387**. A Target Market Determination (TMD) is a document that outlines the target market a product has been designed for. Find the TMDs at [australiansuper.com/TMD](https://australiansuper.com/TMD) AustralianSuper Pty Ltd ABN 94 006 457 987, AFSL 233788, Trustee of AustralianSuper ABN 65 714 394 898. Benefits will only be paid in accordance with the Trust Deed and Rules of AustralianSuper and the Group Life Policy in force at the relevant time.