

HOT OFF THE PRESS

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Change to Minimum Pension Withdrawal Rules

The Federal Government today announced a change in the superannuation rules for the current year which may be of significant benefit to you.

The significant downturn in global financial markets has generally had a massive negative effect on superannuation capital and the Government has finally acted to change the superannuation rules which currently exacerbate the effect of depressed investment values on people drawing pensions.

The key points are:-

- The Federal Government has made a temporary ruling on pension accounts that will help protect superannuation capital from being diluted in a depressed market.
- The Government is reducing by 50 per cent the minimum drawdown requirement for account-based pensions for 2008/09.
- The new measure responds to concerns that:-
 - meeting the minimum drawdown amount in 2008/09 may mean having to sell investment assets and realise losses in a depressed market; and
 - the minimum drawdown requirements were generally based on asset values as at 1 July 2008 when equity values were higher.
- The Government will continue to monitor market conditions and examine options for a longer-term solution following the Henry review into taxation.

This ruling has only just been announced. When the details have been confirmed we shall be contacting clients who are directly affected to advise on specific situations.

If you have any queries please contact us.

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