

# MEDIA RELEASE

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AUSTRALIA



**DATE:** 16 September 2009  
**FROM:** Self-Managed Super Fund Professionals' Association of Australia (SPAA)  
**SUBJECT:** SPAA welcomes further relief for SMSF complying pension members...but argues the Government needs to do more.

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## For Immediate Release

### SPAA welcomes further relief for SMSF complying pension members ... but argues the Government needs to do more.

The Self Managed Super Funds Professionals' Association of Australia - SPAA -welcomes the Government's recent announcement that further relief will be granted to SMSF complying pensions which do not meet the high probability actuarial test.

SPAA's Technical Director, Peter Burgess, says the move is welcomed as a sensible concession, but argues the Federal Government still needs to reconsider the retrospective elements of the package.

As a result of this announcement, until 30 June 2010, asset test exempt pensions sourced from a SMSF before 20 September 2004 (or where commuted and rolled over between 20 September 2004 and 20 September 2007 from those income streams), will be permitted to be commuted to an account-based market-linked income stream without a Centrelink debt being raised.

This announcement effectively reverses the Government's previous announcement earlier this year which stated that no Centrelink debt would be incurred in situations where a 100% asset test exempt pension failed to meet the high probability actuarial test as long as the pension was not commuted to a market linked income stream.

The need to allow these pensions to be commuted to a market linked income stream without incurring a Centrelink debt has featured prominently in SPAA submissions and recent Government discussions.

"Removing the five year Centrelink clawback is a responsible concession which will now allow individuals to move to a simpler account-based style pension without a Centrelink debt being incurred. While non commutable, market linked income streams are simpler for individuals to understand and are not subject to annual actuarial reviews", said Mr Burgess.

However, asset test exempt pensions which fail the high probability test and are transferred to a market linked income stream will no longer be entitled to any form of asset test exemption both before and after transfer - an issue which SPAA still believes needs to be addressed.

Subject to certain transitional rules, with effect from 12 May 2004, a SMSF has been prohibited from commencing a new defined benefit pension, including the option of commuting and re-starting the defined benefit pension with a reduced pension payment to address solvency issues – an allowable feature of these pensions when they were first commenced.

SPAA applauds this recent Government announcement but considers more needs to be done to prevent the retrospective application of legislation which now denies these individuals the opportunity of taking appropriate remedial action to retain at least some level of asset test exemption.

Ends.

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