nesssuper
Industry Super for Trades

Transition-to-Retirement (TTR) Pensions

Your superannuation is money set aside for your retirement. However, a Transition-to-Retirement pension allows you to access some of your super while you're still working.

How it works

Your superannuation savings are preserved for your retirement and therefore generally it can't be accessed until you are fully retired or have met superannuation conditions of release.

However, once you have reached your preservation age, currently age 60, you are able to have limited access to your super by converting a portion of your super savings into a TTR pension.

What is my preservation age?

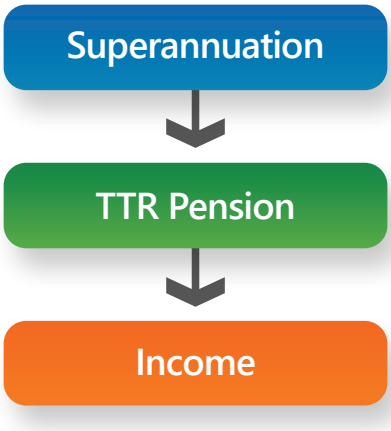
Your preservation age is generally the age that you can access your superannuation benefits. It depends on your date of birth as follows:

Date of Birth	Preservation Age
Before 1 July 1960	55
From 1 July 1960 to 30 June 1961	56
From 1 July 1961 to 30 June 1962	57
From 1 July 1962 to 30 June 1963	58
From 1 July 1963 to 30 June 1964	59
On or after 1 July 1964	60

How much money can I access?

Once you commence a TTR pension you must draw a minimum income of 4% per annum, but you are restricted to a maximum amount of 10% of the account balance each year.

You may wish to take this pension income as a lump sum yearly payment or as regular income payments depending on the frequency offered by your super fund.



How is a TTR pension taxed?

Just like your super, the money you converted into a TTR pension is also invested into different investment options.

The investment earnings within your TTR pension is taxed at a rate of up to 15%, in line with your superannuation tax rate.

Age	Tax Rate
Age 60 and over	Your entire pension income is received tax-free.

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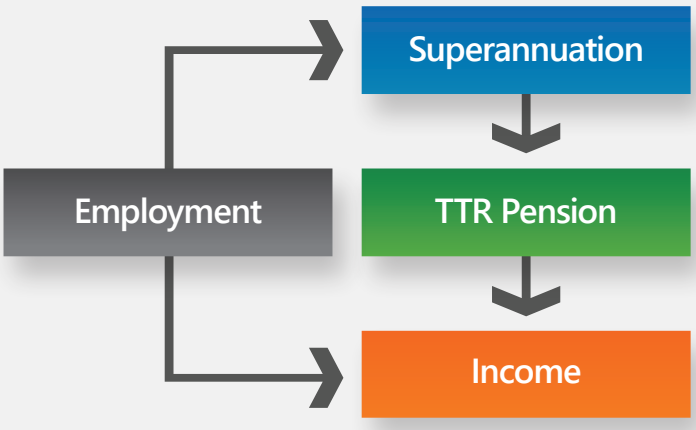
What is the benefit of TTR pension?

- **Reduce your working hours**
  If you choose to reduce your work hours, a TTR pension can help you to top-up your part-time income. Essentially you could maintain your lifestyle by receiving the same net income.
- **Pay expenses or debts**
  You are also able to use a TTR pension to access some money to fund expenses, such as bills or renovation expenses, or even to pay off debts.

Please note that by drawing down on your superannuation early you may run the risk that your super capital may not last throughout your retirement.

Boost your superannuation capital

A more tax-effective way of using the TTR strategy is by redirecting the pension income to make additional contributions into super, specifically through salary sacrifice. The combined benefits from the more tax effective TTR pension income and the concessionally taxed salary sacrifice contributions may potentially provide significant tax savings.



Case Study

Meet Jane, she:

- is 60 years old,
- works full-time, earning $60,000 per annum
- has a super balance of $250,000, and
- wishes to maintain her take-home pay

	Current	With TTR
Gross Salary	$60,000	$60,000
Plus TTR Pension Income	$0	$16,242
Less Salary Sacrifice	$0	($23,100)
Less Estimated Income Tax Payable	$9,888	$3,030
Net Income	**$50,112**	**$50,112**
Tax Savings (net of contributions tax on salary sacrifice)		$3,393*
Additional Super Contributions (net of pension income)		$6,858

Jane can add $6,858 into her superannuation while saving $3,393 in tax payable by starting a TTR pension and salary sacrificing $23,100. By drawing a pension income of $16,242, Jane is also able to maintain her take-home pay of $50,112.

* There is 15% contributions tax on additional salary sacrifice made. In this case it is 15% of $23,100 that is $3,465.

Note: there is a maximum amount that you can contribute into superannuation on a pre-tax basis. This includes your employer Superannuation Guarantee Contributions and salary sacrifice contributions. This amount is called the concessional contributions cap, and it is $32,500 for the 2026/27 financial year. Any amounts contributed over this cap will be taxed at your marginal tax rate and you may also be charged penalty interest by the ATO.

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