

QUPDATE

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Voluntary Early Retirement Schemes

In this article we will discuss some of the areas to consider regarding early retirement schemes.

Under a voluntary early retirement scheme you will be entitled to a lump sum payment from your employer which, up until the age of 65, will have a tax-free component. This tax-free component is based on a formula determined by the ATO. Generally, most people will find that their severance payment is either completely or predominantly tax-free. At Q Invest we can assist you with working out how to best use your lump sum payment, whether that be contributing to super or reducing your debts.

Your accrued leave, along with any long service leave entitlements, will also be available as a lump sum. You will have to pay tax on this payment and it cannot be salary sacrificed, although you may be able to make a post-tax contribution to super.

If you are under 55 you will have limited access to your super. Where you can withdraw super, the tax rates will be at their highest. If you're aged between 55 and 59 you will need to retire to access all of your super, or you can consider a transition to retirement strategy. If you're over 60, your super is generally available tax-free under early retirement scheme rules as long as you do not return to work with the same employer.

An offer of voluntary early retirement requires serious consideration, such as how you are going to support yourself without your regular income, and whether or not you will need to seek new employment. You will also need to consider what your Centrelink options are (e.g. Newstart or Age

pension), if you can use existing investments for income and whether you can rely on your partner's. Leaving employment may also affect the insurance you hold through your super fund.

Accessing super early

With the recent devastation caused by the Queensland floods and Tropical Cyclone Yasi, people who have been affected may be looking at how they can gain early access to their super.

Early release conditions include severe financial hardship and compassionate grounds, each of which has different eligibility criteria and rules. Another way to access super early is to consider a transition to retirement strategy.

Accessing super early can be complicated and you will need to consider the long term effect on your super. Our over the phone advice team can provide specific advice on the implications of accessing your super early

New Advisers in regional areas

In December last year we appointed a number of new Advisers to service our regional offices throughout Queensland including Chermside, Sunshine Coast, Robina and Townsville.

Q Invest Seminar Series

Q Invest is holding a range of seminars in the Brisbane CBD on Monday 7th March. Topics will include transition to retirement, super strategies to help you get the most from your super and the financial considerations around voluntary early retirement schemes. To register visit www.qinvest.com.au/qupdateseminar.

For more info on all of these topics visit www.qinvest.com.au/qupdate