

**JOINT MEDIA RELEASE WITH
THE TREASURER**

**TREASURER AND MINISTER FOR SUPERANNUATION
ANNOUNCE PENSION DRAWDOWN RELIEF FOR RETIREES**

Treasurer Wayne Swan and Senator Nick Sherry, Minister for Superannuation and Corporate Law, today announced relief from minimum account-based pension draw down requirements.

The measure responds to concerns that meeting the minimum draw down amount in 2008-09 will mean having to sell investments assets and realise losses in a depressed market.

"The Government recognises that the significant downturn in global financial markets has had a negative effect on retirees' superannuation capital in account-based pensions," the Treasurer said.

"In response to these legitimate concerns, the Government will suspend the minimum drawdown requirement for account-based pensions for the second half of 2008-09," Minister Sherry said.

"This will occur through a 50 per cent reduction in the minimum payment amount for 2008-09," Minister Sherry said.

The temporary relief also addresses the concern that the minimum draw down requirement was set based on asset values as at 1 July 2008, when equity values were higher.

For those people who have already taken half of the current minimum payment for 2008-09, the annual nature of the minimum payment rules means that a further payment will not be required until the end of the 2009-10 year.

"The Government will continue to closely monitor market conditions and examine options for a longer term solution to this issue following the Australia's Future Tax System Review," the Treasurer said.

Currently, it is a requirement that minimum payments be made from a superannuation account-based pension at least annually. Minimum payments are determined by age and the value of the account balance as at 1 July each year. The minimum annual payment rule is designed so that retirees draw down on their superannuation capital over their retirement. This rule recognises that superannuation is designed as a retirement savings vehicle with substantial tax concessions.

The temporary suspension of the minimum payment requirement will apply to account-based annuities and pensions (payable since 1 July, 2007); allocated annuities and pensions (pre-dating the Better Super changes); account-based and allocated pensions payable from Retirement Savings Accounts, and market-linked (term allocated) annuities and pensions.