

# Balance Booster

For advisers

## What is Balance Booster?

When your client moves their AustralianSuper super account or TTR Income account to a Choice Income account, they could be eligible to receive an additional credit to their account balance (a Balance Booster).



## How does it work?

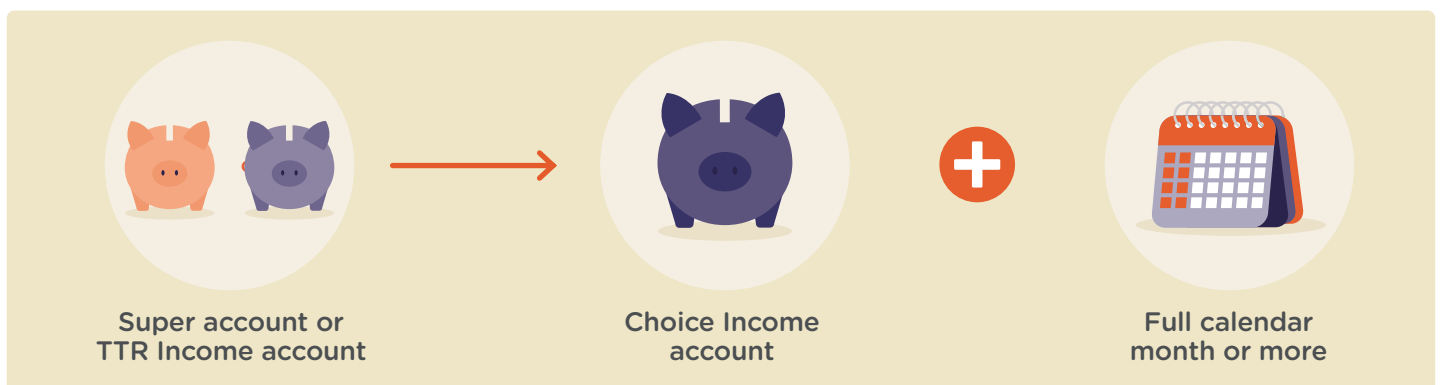
Balance Booster is actually a tax saving. If your client meets the eligibility requirements, we'll pass this tax saving on to them. When your client has a super account or TTR Income account, AustralianSuper sets money aside to pay for future capital gains tax when investment assets are sold.

If your client moves from a super or TTR Income account to a Choice Income account (account based pension), their balance is transferred to a tax free environment. Assets sold in retirement phase are not taxed, so the amount set aside in their super or TTR Income to cover a future capital gains tax liability can be passed to your client as a credit - their Balance Booster payment.

## Who is eligible for the Balance Booster?

Your client may be eligible for a Balance Booster payment if a tax saving is available to AustralianSuper and:

- they move their existing AustralianSuper super account or TTR Income account to a Choice Income account, and
- they've been a super or TTR Income member for a full calendar month or more, and



- they've invested in one of these investment options:

 High Growth	 Balanced	 Socially Aware	 Index Diversified
 Conservative Balanced	 Stable	 Australian Shares	 International Shares

Your client doesn't need to apply for Balance Booster - it's automatically assessed when they move to a Choice Income account. If eligible, payments are credited the day their Choice Income account is opened.

If they move from a super account to Choice Income, the Balance Booster amount will be credited to their new Choice Income account the day it's opened.

If they move from a TTR Income account to Choice Income, the Balance Booster amount will be credited to their Choice Income account the day we change their account type.

## How is the Balance Booster calculated?

The Balance Booster payment will vary based on your client's investment circumstances, and in some circumstances could be zero.<sup>1</sup> The Balance Booster is calculated based on several factors, including:

- AustralianSuper's tax position over time
- your client's balance history over time
- your client's chosen investment option/s, their performance and tax position, and
- how long they've been invested in the investment option/s, and timing of any switches between options.

<sup>1</sup> In some situations, although the eligibility criteria may be satisfied, the Balance Booster will reduce to zero depending on market performance, but it will never be negative.

## What can affect the value of a Balance Booster payment?

### Amount of time invested

One of the factors that may influence the value of a potential Balance Booster payment is the amount of time your client has been invested in the option in a super or TTR Income account, as this may impact the capital gains made and also the money set aside for applicable capital gains tax.

### Changing investment options

If your client changes investment options prior to moving to Choice Income, their accrued Balance Booster amount may be reduced to zero as some of the money that was set aside is now used to pay the applicable capital gains tax for the assets sold during the switch.

### Cash-out and re-contribution strategy

If your client approves a cash-out and re-contribution strategy, their accrued Balance Booster amount may also be reduced to zero as some of the money that was set aside is now used to pay the applicable capital gains tax for the assets sold on withdrawal. The funds re-contributed would need to be in the account for at least a month for any Balance Booster to accrue, and it will only accrue from the time of the re-contribution.

### Withdrawals within the first financial year

Once your client moves to Choice Income, if they withdraw 50% (or more) of their starting account balance within the first financial year, there'll be a clawback of the entire Balance Booster. The 50% withdrawal threshold

could be made up of any combination of income payments, additional withdrawals and rollovers out to a super account or to another superannuation fund.

### Investment markets

Balance Booster payments come from money set aside to pay capital gains tax (CGT) when investment assets are sold in the future. In positive markets, this money grows and the available Balance Booster increases. When investment assets experience capital losses, the amount available as a Balance Booster decreases. This lower provision for tax (Balance Booster) is offset in the investment options and is reflected in the crediting rate. It's possible for the overall available Balance Booster to reduce to zero, regardless of your client's account history.

## Will my client's Balance Booster be counted towards the transfer balance cap?

If your client receives a Balance Booster payment, it will count towards the transfer balance cap of up to \$1.9 million (as at 1 July 2023). This is the limit on the total amount of super that can be transferred into the retirement phase.

Your client will need to make sure the amount they transfer to their Choice Income account, plus their Balance Booster and any other money they hold in other account based pensions doesn't exceed the cap.

If their Balance Booster is higher than they expect and they exceed their transfer balance cap, they can fix their account by withdrawing the excess amount as a lump sum or rolling it over to their super account.

The ATO calculates their transfer balance cap. To find out their personal transfer balance cap, your client can log into their **myGov** account or visit the **ATO website** for details.

### How can I get a Balance Booster estimate for my client?

Simply contact the Adviser Services team on **1300 362 453** weekdays AEDT/AEST or email us at **adviserservices@australiansuper.com**

Please note that the estimate will be based on the balance the day it's calculated and not based on the date the Choice Income account application is processed. Therefore, there's likely to be a difference between the estimate and final amount, since the daily crediting rates change.

### We're here to help

Call **1300 362 453** (8am to 8pm AEST/AEDT weekdays) Web **australiansuper.com/AdviserResources**

Email **adviserservices@australiansuper.com**



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