



Minimum pension drawdown changes

Reduction to the minimum payment limits for retirement income streams by 50% for the 2019/20 and 2020/21 financial years.

Minimum Payment Drawdown limits by age

In accordance with the Government's temporary reduction to the minimum payment limits for retirement income streams by 50% for the 2019/20 and 2020/21 financial years, the statutory minimum payment limit for this period will reduce as follows:

Age at start of retirement income stream (and 1 July each year)	New minimum limit (for 2019/20 & 2020/21 financial years)	Standard minimum limit
Under 65	2%	4%
65-74	2.5%	5%
75-79	3%	6%
80-84	3.5%	7%
85-89	4.5%	9%
90-94	5.5%	11%
95+	7%	14%

Calculating the new minimum payment amount limits

From 25 March 2020, the statutory minimum payment limit for the 2019/20 and 2020/21 financial year has been reduced and can be calculated using the new reduced minimum payment factors based on the member's age. This means that the minimum amount the member must withdraw from their retirement income stream account for the financial year is:

The member's account balance at 1 July *multiplied by* the new minimum payment limit based on their age (rounded to the nearest \$10).

The table below shows the new minimum age-based payment for the 2019/20 and 2020/21 financial years for an account balance of \$200,000 at 1 July of those years.

Age	New minimum limit (percentage)	New minimum amount each year	Equivalent monthly payment
55-64	2%	\$4,000	\$333.33
65-74	2.5%	\$5,000	\$416.67
75-79	3%	\$6,000	\$500.00
80-84	3.5%	\$7,000	\$583.33
85-89	4.5%	\$9,000	\$750.00
90-94	5.5%	\$11,000	\$916.67
95 or over	7%	\$14,000	\$1,166.67

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Here's an example

- Jane is 60 years of age on 1 July 2020 and her retirement income stream balance is \$200,000.
- Her reduced minimum pension limit is now 2% of her account balance
- Therefore, the new minimum amount Jane can withdraw for the full financial year will now be \$4,000.
- Jane can choose to receive any amount as long as it's at least \$4,000.