

REDUCTION OF THE MINIMUM PENSION CONTINUES INTO 2021/22

PRODUCT AND PDS UPDATE | 30 JUNE 2021

In response to the economic impact of COVID-19 in 2020, the Government provided temporary relief to pension members by halving the minimum amount they must receive as a pension for the 2019/20 and 2020/21 financial years. The Government has recently extended this relief for another year.

Why has this relief been extended for another year?

The Government relief provides account-based pension members, including allocated pension, with the choice to protect their capital in a time when losses in the financial markets as a result of the COVID-19 crisis are still having a negative effect on their account balances.

By reducing the minimum amount of pension that must be paid (for 2019/20, 2020/21 and 2021/22 financial years), the risk of investment losses when markets are down is minimised by pensioners who elect to take up the minimum payment option.

What is your minimum annual pension for 2021/22?

The minimum pension drawdown rates for your ANZ Smart Choice Pension are halved for 2021/22 and are detailed in the table below.

From 1 July 2022, the minimum drawdown rates will revert back to the Standard rates which applied before the Government relief was provided (refer below).

Age at 1 July	Reduced minimum drawdown rates for 2021/22 (p.a.)	Standard minimum drawdown rates for 2022/23 (p.a.)
Under 65	2.0%	4.0%
65 to 74	2.5%	5.0%
75 to 79	3.0%	6.0%
80 to 84	3.5%	7.0%
85 to 89	4.5%	9.0%
90 to 94	5.5%	11.0%
95 or more	7.0%	14.0%

You can estimate your minimum annual pension payment for 2021/22 by multiplying your account balance on 1 July 2021 by the applicable reduced minimum drawdown rate for your age at 1 July 2021 (refer to the table above).

What happens from 1 July 2021?

From 1 July 2021, the following automatically applies for your ANZ Smart Choice Pension, but you can request a change:

- if you nominated to receive the minimum pension for 2020/21, then for 2021/22 you will continue to receive the minimum pension calculated at 1 July 2021 (using the reduced minimum drawdown rate for your age – refer to the table on the previous page), or
- if you nominated to receive a particular amount of pension for 2020/21, then for 2021/22 you continue to receive the same amount of pension (unless it is below the minimum annual pension required to be taken for 2021/22, in which case it would be brought up to this amount).

We will write to you to confirm your annual pension for 2021/22.

How do I change my annual pension for 2021/22?

You can phone or email Customer Services with your full name, member number and instructions to:

- apply the temporary minimum drawdown rate, or
- pay a fixed dollar amount of pension, or
- suspend pensions payments until 2022/23 (if you have already received the minimum pension for 2021/22).

Is the Product Disclosure Statement (PDS) amended for the extension of the pension relief?

This Update also amends the ANZ Smart Choice Super and Pension Additional Information Guide (AIG) dated 31 March 2021 for the extension of the pension relief into 2021/22. The AIG forms part of the ANZ Smart Choice Super and Pension PDS dated 31 March 2021.

Updated PDS information

From 1 July 2021, the AIG on page 11 is updated by replacing the footnote text under the table in the 'Minimum pension payments' section with the following (we have bolded this):

Your age at 1 July	Minimum payment percentages* (p.a.)
Under 65	2.0%
65 to 74	2.5%
75 to 79	3.0%
80 to 84	3.5%
85 to 89	4.5%
90 to 94	5.5%
95 or older	7.0%

***Based on government legislation, these are reduced percentages applying for the 2021/22 financial year and previously also for the 2019/20 and 2020/21 financial years. From 1 July 2022, these percentages are expected to revert back to the standard rates which are double the amount of these percentages.**

Further information

For further information about the AIG being updated, please refer to the ANZ Smart Choice Super and Pension Additional Information Guide (AIG) dated 31 March 2021. This document forms part of the ANZ Smart Choice Super and Pension Product Disclosure Statement (PDS).

You can access the AIG from our website at anz.com/smartchoicesuper under the 'Downloads – important documents' section or request a copy free of charge by calling Customer Services.

Any questions?

If you have any questions or require further information, please:

- speak to your financial adviser
- call Customer Services on **13 12 87**, or
- email anzsmartchoice@anz.com

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