Quick Facts…

Allocated Pension or Annuity

An allocated pension/annuity is a retirement income stream purchased with an eligible termination payment (ETP) lump sum. Regular pension/annuity payments continue to be paid until the allocated pension/annuity account runs out. Payments may comprise both the original capital invested and the net interest earned on that capital.
Some differences between an allocated pension and an allocated annuity are summarised below:

	Allocated pension	Allocated annuity
Paid by	Superannuation fund	Life company
Governing documents	Trust deed and/or contract	Contract of insurance
On death	Beneficiary (Retirement income)	

Terms of Payments

The length of time over which payments continue depends on several factors:

- The amount of pension/annuity payments received each year

Allocated pension/annuity products require at least one payment to be made each year. Pension/annuity payments can usually be made on a monthly, quarterly, half-yearly or annual basis.

- The amount of investment earnings added to the account from year to year

Investment earnings are added to the account balance on a regular basis (normally accruing daily). Unlike lifetime or fixed term income streams, allocated pensions/annuities have a transparent account balance.

- Upon death

On the death of the pensioner, the pension may only be transferred to a dependant or cashed out as a lump sum to the pensioner's estate.

Minimum & Maximum Pension

The minimum factors are the following percentages as at 1 July in the relevant year (or commencement):

Age	**Percent**
55 – 64	4%
65 – 74	5%
75 – 79	6%
80 – 84	7%
85 – 89	9%
90 – 94	11%
95 +	14%

For individuals who have satisfied a condition of release, there will be no maximum amount – it will be limited to the withdrawal value of the client's pension. For transition to retirement pensions (where the individuals have not retired), the maximum will be 10% of the superannuation balance at 1 July (or commencement).