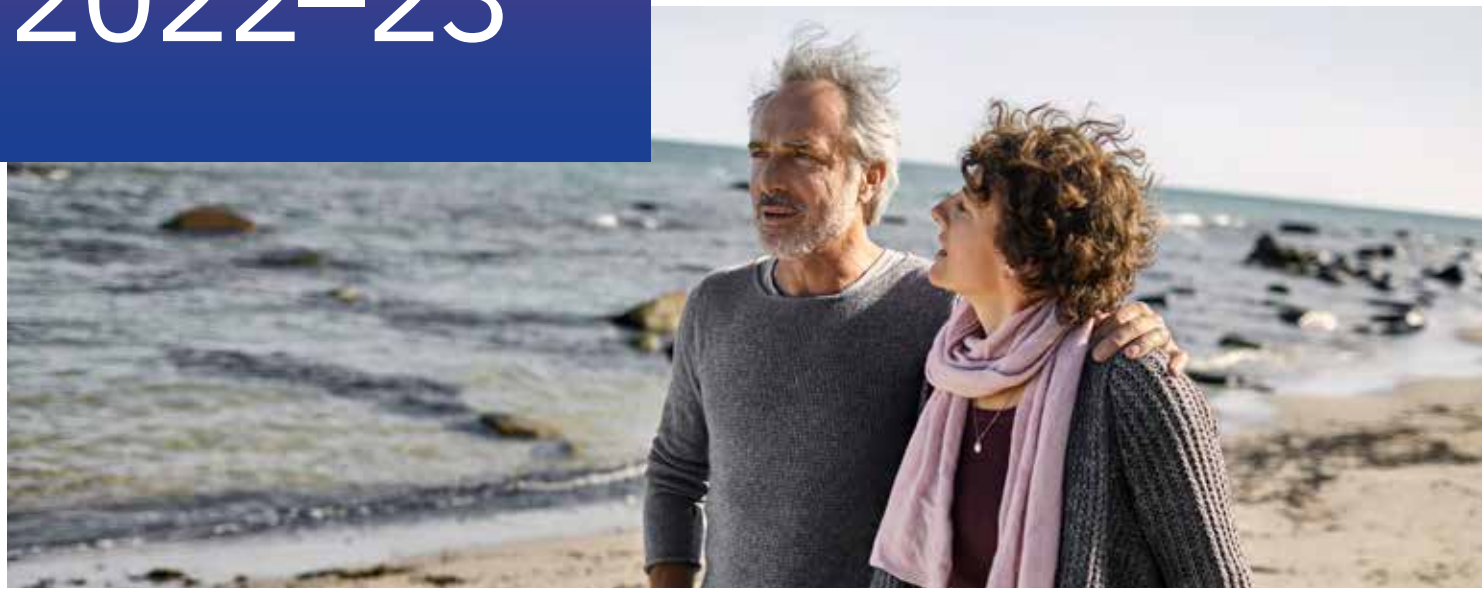
Tax Guide 2022–23

Colonial First State



This guide will help you to complete your 2022–23 tax return using your 2022–23 PAYG payment summary, and to also help you understand your 2023–24 Pension Information Statement from Colonial First State.

This guide helps you in three ways

Explains how to include income from your Colonial First State account-based pension (including pre-retirement pensions) in your personal tax return.

Explains how to understand the terms used in your Pension Payment Information Statement.

Provides you answers to some 'Frequently asked questions' that might save you a phone call. See page 4 of this guide. Please refer to the *Individual tax return instructions 2023* for further information on whether you may need to lodge a tax return.

To use this guide, you will need

- ☐ your PAYG payment summary, and the payment summaries from any other income sources
- ☐ a copy of the ATO Individual tax return instructions 2023
- ☐ a copy of the ATO Tax return for individuals 2023.

You may wish to give this guide to your accountant or tax agent. This guide is to be used for Australian resident individuals only.

This guide contains general information and is not tax advice. Please contact your tax agent or accountant about personal tax matters.

For general enquiries about your Colonial First State investments, please refer to 'Frequently asked questions' on page 4, or call Investor Services on 13 13 36, Monday to Friday, 8:30am to 6pm (Sydney time). Please note that Investor Services cannot provide tax advice, even if it is general in nature. You can view this guide by clicking on 'Find a Form' at cfs.com.au and selecting the 'Tax Guides' tab.

Please refer to the ATO *Tax return for individuals 2023*, and follow the instructions below. For your Colonial First State account-based pension you generally only need to complete questions 7, 8, T1 and T2.

Question 7

Did you receive income from any Australian annuity and/or superannuation income stream?

If yes go to **Action** below. If you did not receive any such income, go to the next question in the Tax return.

Action

From your PAYG payment summary, enter the total tax withheld (if this amount is zero write '0'), in the '**Tax withheld**' box at Question 7.

Enter the amount of **Taxable component – Taxed element** from your PAYG payment summary in box J at Question 7 if you were under the age of 60 during 2022–23 and not in receipt of a **capped defined benefit income stream**.[1]

Enter the amount of **Taxable component – Untaxed element** from your PAYG payment summary in box N at Question 7 (if you have more than one superannuation pension you will need to combine these amounts).

If you were aged 60 or over for all of 2022–23 and receiving a **capped defined benefit income stream**[1], you will need to add up all of your taxed elements, tax free components and lump sum in arrears, and subtract $106,250[2] (your defined benefit income cap). If the answer is less than or equal to '$1', then write 0 in box M at Question 7, otherwise divide the answer by 2 then write the answer in box M at Question 7.

Enter the amount of **Lump sum in arrears – taxable component (taxed element)** from your PAYG payment summary in box Y at Question 7.

Enter the amount of **Lump sum in arrears – taxable component (untaxed element)** from your PAYG payment summary in box Z at Question 7.

Refer to the *Individual tax return instructions 2023* published by the ATO on how to calculate this reduction, or seek advice from your Tax Adviser.

Question 8

Did you receive any Australian superannuation lump sum payments or super death benefit payments while under age 60?

If yes, go to **Action** below. If you did not receive any lump sum payments, go to the next question in the Tax return.

Action

You will need your PAYG payment summary – superannuation lump sum sent to you at the time of your withdrawal. If you no longer have this, contact the payer.

Using your **PAYG Payment Summary – superannuation lump sum**, record the date of payment, Payer's ABN, total Tax Withheld and Taxable Component-Taxed element or Untaxed element in the relevant sections of Question 8 of your Tax return.

Question T1

If applicable to you, record the appropriate Seniors and Pensioners tax offset code in box N at Question T1 or appropriate veteran code in box Y Question T1. You may also need to complete the spouse details of your tax return.

Action

Follow the instructions in the *Individual tax return instructions 2023* in order to claim any available seniors and pensioners tax offset (SAPTO).

1 Capped defined benefit income streams includes lifetime pensions, lifetime annuities that existed prior to July 2017, life expectancy pensions and annuities that existed prior to 1 July 2017 and term allocated pensions and annuities that existed prior to 1 July 2017.

2 This cap reduces if you were:

- Age 60 or older for all of 2022–23 and you started a capped defined benefit income stream part way during the year;
- Receiving a capped defined benefit income stream and you turned 60 during 2022–23; or
- Under 60 years old and have a capped defined benefit income stream which is a death benefit income stream where the deceased died aged 60 or over.

Question T2

Did you receive income from an Australian superannuation income stream?

If so, you may be entitled to a tax offset. This will only be available if pension payments were received before you reached the age of 60.

The amount of tax offset to which you are entitled depends on:

- your age
- whether you have a taxed element or an untaxed element of any taxable component (refer to your PAYG payment summary – superannuation income stream) and
- if you are totally and permanently disabled, or whether the pension was commenced due to the death of another person.

Action

We have calculated this figure for you. It is shown in the PAYG payment summary as **'Tax offset amount'**. This should be entered into box **S** at Question **T2** of your tax return.

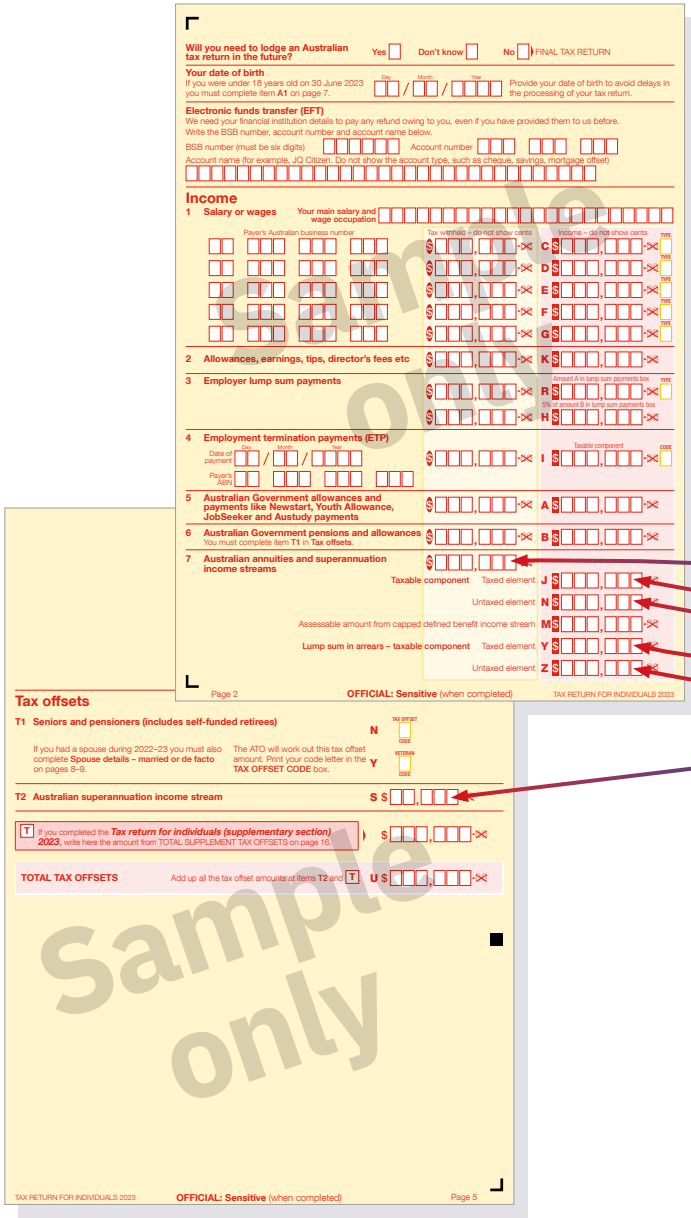
If you have more than one superannuation pension you will need to combine these amounts.

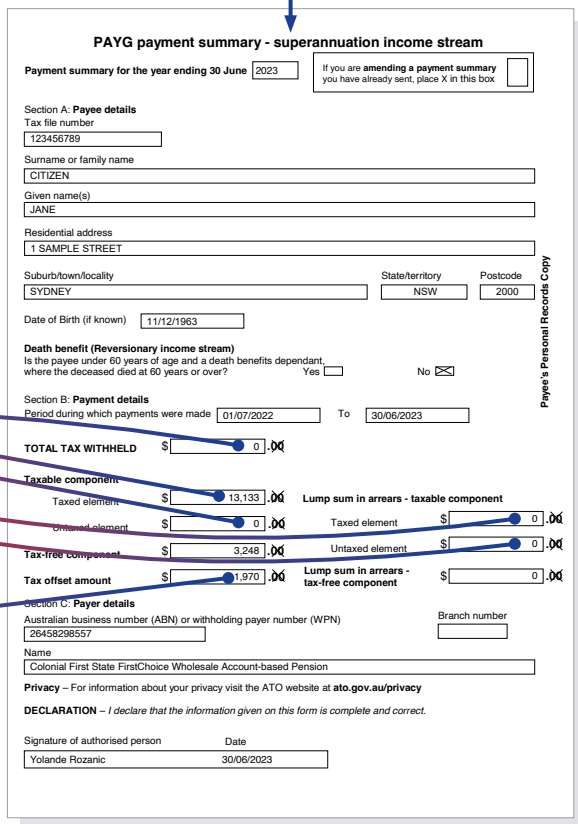
For your information, the tax offset calculation procedure is explained in Question **T2** in the *Individual tax return instructions 2023*.

You have now completed all the questions relevant to your Colonial First State account-based pension.

Please ensure you have included the relevant details for any other Australian annuities or pensions you hold.

Please note if you are aged 60 or over for the full financial year you will not receive this summary.





PAYG payment summary - superannuation income stream

Payment summary for the year ending 30 June 2023

If you are amending a payment summary you have already sent, place X in this box

Section A: Payee details

Tax file number: 123456789

Surname or family name: CITIZEN

Given name(s): JANE

Residential address: 1 SAMPLE STREET

Suburb/town/locality: SYDNEY | State/territory: NSW | Postcode: 2000

Date of Birth (if known): 11/12/1963

Death benefit (Reversionary income stream)
Is the payee under 60 years of age and a death benefits dependant, where the deceased died at 60 years or over? Yes ☐ No ☒

Section B: Payment details
Period during which payments were made: 01/07/2022 To 30/06/2023

TOTAL TAX WITHHELD $ 0 .00

Taxable component
Taxed element $ 13,133 .00
Untaxed element $ 0 .00

Tax-free component $ 3,248 .00

Tax offset amount $ 1,970 .00

Lump sum in arrears - taxable component
Taxed element $ 0 .00
Untaxed element $ 0 .00

Lump sum in arrears - tax-free component $ 0 .00

Section C: Payer details
Australian business number (ABN) or withholding payer number (WPN): 26458298557
Branch number:
Name: Colonial First State FirstChoice Wholesale Account-based Pension

Privacy – For information about your privacy visit the ATO website at ato.gov.au/privacy

DECLARATION – I declare that the information given on this form is complete and correct.

Signature of authorised person: Yolande Rozanic
Date: 30/06/2023

Payee's Personal Records Copy

Frequently asked questions – Account-Based Pensions (including pre-retirement pensions)

What tax (if any) is deducted from my pension payments?

Colonial First State deducts PAYG withholding tax from your Account-Based Pension (ABP) in a similar way as an employer would deduct tax from an employee's salary. The amount of tax deducted depends on information you provided in your Application form and Tax Declaration form, such as:

- notification of a valid TFN
- your country of residence for tax purposes
- the level of pension payment chosen
- whether the tax-free threshold is claimed
- whether there is a tax-free amount and
- entitlement to a tax offset on the taxable component.

Please note that if you do a lump sum commutation (withdrawal), the lump sum benefits tax may apply unless you have reached age 60.

Can I claim a tax deduction for the management fees and expenses of the funds?

You can't claim a tax deduction for management fees as they are paid by the fund and not you personally.

How much income can I get paid from my ABP each year?

You are required to be paid a minimum pension amount each year from your ABP, which is calculated by multiplying your pension's account balance on 1 July by the minimum annual percentage that relates to your age at that date.

For example, if you were age 63 on 1 July 2023 you must be paid at least 4% of the pension's account balance. The adjacent table shows the minimum annual payment (as a percentage of your account balance) that you are required to be paid for the 2023–24 financial year.

If you commence your pension on or after 1 June of the financial year no minimum pension is required to be paid for the financial year. If you commence your pension account during the financial year, we will pro rata your minimum pension payment amount for the number of days remaining in the financial year.

There is no maximum pension limit that applies. However, if you have a pre-retirement non-commutable pension, the maximum amount you can draw-down is limited to 10% of your account balance.

Age	Minimum annual percentage for 2023–24
Under age 65	4%
65–74	5%
75–79	6%
80–84	7%
85–89	9%
90–94	11%
95 and over	14%

I am turning 60 during the coming year – how does this affect my ABP?

Pension payments up until you turn 60 will have PAYG withholding tax deducted by Colonial First State depending if you receive pension income or lump sum commutation (withdrawal).

If you receive a pension income amount, PAYG withholding tax and a pension tax offset may apply to the taxable component.

Payments made on or after you turn 60 will have no tax deducted by Colonial First State as your pension payments from age 60 are tax-free.

How is my ABP taxed?

Your ABP is taxed according to whether you receive a pension payment or a lump sum commutation (withdrawal) amount:

- If you are aged 60 or over, the whole amount of your pension is tax-free.
- If you are under age 60, the taxable portion of your pension income will be taxed at marginal tax rates and the 15% tax offset will generally apply from preservation age. If you are under preservation age, the tax offset may apply if you are totally and permanently disabled, or if the pension is commenced due to the death of another person.
- If the amount received is the taxable component of a lump sum commutation (withdrawal), super lump sum benefits tax may apply.

Why has the level of tax deducted from my pension payments changed?

The tax deducted from your pension payments may be different due to changes in:

- the level of pension payments received
- any notification of change in your country of residence for tax purposes
- the information you supplied in your Tax File Number Declaration form and/or
- the Pay As You Go withholding tax legislation.

If I want to make a partial withdrawal from my pension, is it treated as a lump sum or a pension payment?

When you make a partial withdrawal from your pension, you need to advise us before the payment is processed whether it is to be treated as a lump sum commutation (withdrawal) or an additional pension payment. If you don't advise us, Colonial First State is required to treat the withdrawal as a lump sum commutation. Please note, depending on which payment type is selected and your personal situation, different tax treatment, transfer balance cap treatment, and social security treatment may apply. For further information, please ask your tax adviser or financial adviser.

Colonial First State FirstChoice Wholesale Account-based Pension
Pension Payment Information Statement for 2023/24

Colonial First State

Jane Citizen **Account Number: 051 000000000**

Information relating to your 2023/24 pension payment

Your **new** allowable minimum	$	6,580.00
Your **selected** annual pension	$	17,747.34

None of your pension payments are subject to tax.

Projected schedule of pension payments

Frequency of pension payments	Fortnightly
First payment date	14/07/2023

Gross pension $	PAYG tax*$	Net amount $
682.59	0.00	682.59

** PAYG tax includes any applicable offsets and levies*

Your net pension amounts were calculated taking into account your current tax arrangements with us.

Drawdown on pension payments

Your pension payments will be drawn from the following investment options, as you nominated previously.

FSI Strategic Cash 100.00%

If you have selected an amount below the required minimum pension payment, this will be adjusted to the legislated minimum. The following table shows the relevant percentage based on your age at the beginning of the financial year or at commencement of your account-based pension if your payments began part-way through the year.

Age	Minimum annual percentage 1 July 2019 - 30 June 2023	Minimum annual percentage from 1 July 2023
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%

If you would like to change your pension payment amount, please speak with your financial adviser or call us on 13 13 36 Monday to Friday 8:30am to 6pm Sydney time.

Sample only

Definitions – Account-Based Pensions

A **The new allowable minimum** is the minimum income you are required to receive for the 2023–24 financial year.

B **Selected annual pension** is the income you have elected to receive for the 2023–24 financial year.

C **PAYG tax** is a tax we withhold from your pension payment.

D **Your investment options for pension payments** tells you the investment options from which your pension will be drawn.

Want more information?

For enquiries about your personal tax matters, please talk to your financial adviser or accountant.

For general enquiries about your Colonial First State account, please call Investor Services on 13 13 36, Monday to Friday, 8:30am to 6pm, Sydney time.

Avanteos Investments Limited ABN 20 096 259 979, AFSL 245531 (AIL) is the trustee of the Colonial First State FirstChoice Superannuation Trust ABN 26 458 298 557 and issuer of FirstChoice range of super and pension products. This document may include general advice but does not take into account your individual objectives, financial situation, needs or tax circumstances. The Target Market Determinations (TMD) for our financial products can be found at www.cfs.com.au/tmd, which include a description of who a financial product might suit. You should read the relevant Product Disclosure Statement (PDS) and Financial Services Guide (FSG) carefully, assess whether the information is appropriate for you, and consider talking to a financial adviser before making an investment decision. You can get the PDS and FSG at www.cfs.com.au or by calling us on 13 13 36. Tax considerations are general and based on present tax laws and may be subject to change. You should seek independent, professional tax advice before making any decision based on this information. Avanteos Investments Limited is not a registered tax (financial) adviser under the Tax Agent Services Act 2009 and you should seek tax advice from a registered tax agent or a registered tax (financial) adviser if you intend to rely on this information to satisfy the liabilities or obligations or claim entitlements that arise, or could arise, under tax law. 29170/FS835/0623