

8 October 2024

MEDIA RELEASE

IFPA applauds breakthrough for retirees trapped in legacy pensions

The Institute of Financial Professionals Australia (IFPA) has praised the government's recent draft regulations that provide much needed flexibility for retirees with outdated pension products. The proposed changes will allow retirees to exit certain legacy retirement products and offer more options for handling reserve allocations.

Natasha Panagis, IFPA's Head of Superannuation and Financial Services, said these reforms will bring relief to retirees, particularly those stuck in non-commutable pensions for years.

"The draft regulations are a step in the right direction, but some minor amendments would ensure they work as effectively as possible," Panagis said.

IFPA recommends the following key changes:

1. **Extended timeframe:** the ability to commute legacy pensions should not be limited to a five-year window, allowing flexibility for future changes in retirees' circumstances.
2. **Allow partial commutations:** this would let retirees access their funds for essential expenses, such as healthcare, aged care, and other large expenses in retirement, without being forced to withdraw their entire pension.
3. **Exempt all reserve allocations:** all reserve allocations, not just those from winding up a legacy pension, should be exempt from the contribution caps, to avoid excess taxation.
4. **Inclusion of APRA-regulated funds:** legacy pensions in these funds should also be eligible for commutation.
5. **Grandfathering of social security exemptions:** ensuring this measure is not a barrier to commute legacy pensions.

"These changes would provide retirees with the flexibility to transition from outdated pension products into more modern and accessible income streams or make lump sum payments, offering greater control over their retirement savings. This can be achieved without any time pressure or potential tax implications of making such a decision," Panagis added.

More details on IFPA's recommendations are available in our submission on the IFPA [website](#).



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About Institute of Financial Professionals Australia

The Institute of Financial Professionals Australia (originally known as Taxpayers Australia, and more recently Tax & Super Australia) has been serving members for over 100 years and is a leading financial professionals association dedicated to fostering excellence and professional development in the tax, accounting, superannuation, financial planning, and advisor fields. With a membership and subscriber base of over 15,000 practitioners and a strong commitment to advancing knowledge, promoting ethical practices, and providing valuable resources, the Institute of Financial Professionals Australia empowers professionals to excel in their careers and make a significant impact in the financial industry.

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