# Account Based Pension - STEP BY STEP APPROACH

1. Make a professional assessment as to the appropriateness of an account-based pension for your client. You may need the assistance of both a superannuation consultant and a financial planner to confirm this. Only licensed financial advisers can recommend the commencement of an income stream to a client.
2. Ensure superannuation monies are available to create the account-based pension and a superannuation fund is available from which to pay the pension. The fund may already hold the members benefit or you may have to establish a new fund.
3. Ensure the Trust Deed and Trustee requirements allow for pension payments.
4. Ensure the member has sufficient room under their Transfer Balance Cap to commence the pension (unless it is a TRIS – not in retirement phase).
5. Have the member request in writing that the Trustee pay the benefit.
6. Have the Trustee ensure the member is eligible to have the benefit paid to them.
7. Determine the minimum level of the pension and ensure pension requirements are met (ie minimum and maximum pension payments per annum).
8. Have the Trustee acknowledge receipt of the request to pay the benefit and advise the member of the minimum pension.
9. Decide whether the assets of the Fund are to be segregated. If so, segregate assets of the Fund between the pension member’s assets and those of the other members of the Fund. Note from 1 July 21017 segregation for tax purposes is not possible.
10. Ensure the pension is paid at least annually and that the fund is registered for PAYG withholding (if required), with appropriate withholding amounts being deducted and paid to the Australian Taxation Office (either quarterly or monthly).
11. Ensure the following administrative matters are attended to annually:
12. Transfer Balance Account Reporting is conducted within required timeframes;
13. annual financial statements are prepared;
14. the Fund is audited;
15. information is provided to all members;
16. obtain actuarial certificate in order to satisfy ATO requirement for the fund to obtain tax-free status (if required);
17. the ATO Annual Return is lodged, comprising the tax return and also the SIS compliance return, including financial data.