



5 July 2011  
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## **Getting rich slowly: Retire on the pension you deserve**

CANSTAR CANNEX releases inaugural Account Based Pensions star ratings

If retirement is on the horizon, now is the time to work out how to manage your superannuation to get the most from your fund in the years ahead.

Irrespective of the size of your nest egg, planning your investment options is essential to your financial comfort in retirement, said financial services research company CANSTAR CANNEX.

“At retirement time, the superannuation you have accumulated over your working life can be taken as a lump sum or drawn down as an account-based pension,” CANSTAR CANNEX Head of Research Steve Mickenbecker said.

Account based pensions, previously known as allocated pensions, are a means of rolling over superannuation upon retirement to provide a regular income stream. Account based pensions are an increasingly important method of funding retirement living and all super funds can arrange this – it’s just a matter of filling in a form.

“The added advantage of rolling over your super into an account based pension concerns tax,” Mr Mickenbecker said.

“For most people aged 60 and over, these pension payments have been tax-free since 2007. An account based pension is a tax-effective income tool at the time of retirement.”

According to CANSTAR CANNEX if you make a lump sum withdrawal from your super fund and make investments outside through, say, a term deposit or managed investment, the income you receive from these investments is taxed. However, if you roll over your super balance into an account based pension the income you earn from your investments through your pension fund is tax free.

To help people compare account based pensions, CANSTAR CANNEX has undertaken an extensive research exercise to determine five-star funds in each of three profiles determined according to average super balances ranging from low to high.

“We strongly believe the value of a pension product depends largely on how the consumer uses it and that’s what makes our comparison different – it guides you through the steps to the pension products that may suit your individual investment need at different investment balances,” Mr Mickenbecker said.

There are over 350 superannuation funds and the majority of these offer an account based pension product. However, CANSTAR CANNEX compared 77 pension funds, eliminating those with restricted entry such as corporate, industry and employer funds.

“Our number one criterion was to compare only those funds which any one of us could join without going through an intermediary such as a financial planner,” Mr Mickenbecker said.

The funds that triumphed and achieved five star ratings were:



CANSTAR CANNEX congratulates the 10 funds that achieved five-star status.

The full CANSTAR CANNEX *account based pension star ratings report* can be downloaded on

[www.canstar.com.au/account-based-pensions/](http://www.canstar.com.au/account-based-pensions/)

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### About CANSTAR CANNEX:

Founded in 1992, CANSTAR CANNEX Pty Limited is Australia and New Zealand's premier researcher of retail finance information for over 350 institutions such as Banks, Building Societies, Credit Unions, Finance Companies, Brokers, Mortgage Originators, Life Companies and finance related Internet Portals.

CANSTAR CANNEX customers use the extensive database for competitor analysis as well as a means of disseminating their product range. This information is also distributed to print and electronic media for publication and to Agents, Accountants, Brokers and Internet Portals for use in advising their clients.

### What are the CANSTAR CANNEX star ratings?

CANSTAR CANNEX researches, compares and rates the suite of banking and insurance products listed below. Results are freely available to consumers who use the star ratings as a guide to product excellence. The use of similar star ratings logos also builds consumer recognition of quality products across all categories. Please access the CANSTAR CANNEX website at [www.canstarcannex.com.au](http://www.canstarcannex.com.au) if you would like to view the latest star ratings reports of interest.



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