

Can I add to my super pension?



A common question that is often asked is whether amounts can be added to a superannuation pension account once it has commenced.

The short answer

Unfortunately, the answer is no. Although your pension account can continue to increase due to investment earnings, such as interest and dividends, any further capital cannot be added to the current pension account. As such, once a pension (usually an “account-based pension”) has commenced, you cannot add any more contributions or money to that same pension account.

To recap, an account-based pension is a regular income stream bought with money from your superannuation when you retire. It is the most common type of superannuation pension as they offer regular, flexible and tax-effective income from your superannuation benefits.

The benefit of commencing an account-based pension is that investment earnings are tax free and once you turn 60, your pension payments will also be tax free. However the main trade-off for these tax concessions is that you have to withdraw a fixed amount of your pension balance each year based on your age.

The alternative solution

If you want to make additional contributions or consolidate an existing superannuation benefit with an account-based pension that you have already commenced, you will need to close your existing pension account and commence a new pension account.

Once you stop your pension, you can then add to it by making further contributions or combine it with any other existing superannuation benefits you may have in accumulation (ie, non-pension) phase. Once

all amounts have been consolidated, you can then commence a new, larger account-based pension.

Alternatively, you can start another pension account with any new contributions that may come from your existing savings or from your existing account-based pension income that you haven't spent. Taking this approach will ensure that no changes occur to your existing pension account.

Be aware of the transfer balance cap

As the name suggests, the transfer balance cap (TBC) limits the total amount of superannuation that can be transferred into a pension where there is no tax on investment earnings. The current TBC limit is \$1.9 million as of 1 July 2024.

However, if you started your pension before 1 July 2023, your personal TBC will be somewhere between \$1.6 to 1.9 million, depending on your circumstances. So if you are thinking about transferring more money into a pension account, note that this amount will towards your personal TBC.

It's also worth noting that if you want to hold more than \$1.9 million in your pension account, you will need to keep the remainder in accumulation phase. Penalties apply for exceeding your TBC and you will also be required to withdraw the excess amount from your pension account to bring it back within your TBC limit.

Last word

If you are considering adding more money to your pension account, or want to learn more about how to make the most of your pension account, let us know and we can help guide you in the right direction. 💰