

Will I pay tax on my super when I retire?

By Perpetual

2 July 2025



Tax is often the last thing on our minds when we're planning for retirement. But it's important to understand how your retirement income will be taxed, so you can make the most of your savings.

The good news is that super is a tax-effective way of building wealth for your retirement, and the tax benefits become even more pronounced when you retire.

The tax treatment of payments from superannuation depends on factors such as your age and circumstances at the time they are received.

On or after age 60

No tax is payable on either lump sum payments or account-based pension payments received on or after age 60.

By converting your super account to an account-based pension account, investment earnings – including realised net capital gains – are generally tax-free within your pension account.

Before reaching 60

There are limited circumstances in which you can access your super before reaching 60 including financial hardship and compassionate grounds.

The tax treatment of payments made from super before reaching your preservation age are:

Income payments from your account-based pension

| | |
|--------------------|----------|
| Tax-free component | Tax-free |
|--------------------|----------|

| | |
|-------------------|--|
| Taxable component | Taxable at your marginal tax rate (plus Medicare levy) |
|-------------------|--|

Tax on lump sum payments

| | |
|--------------------|----------|
| Tax-free component | Tax-free |
|--------------------|----------|

| | |
|-------------------|-----------------------------------|
| Taxable component | Taxed at 20% (plus Medicare levy) |
|-------------------|-----------------------------------|

Tax on disability super benefit

A tax offset of 15% is generally available on disability super benefits paid as a pension to members under age 60.

Tax on terminal illness benefits

Generally no tax is payable on benefits that are paid to you under the 'terminal medical condition' condition of release.

Further information

For further information please speak to your financial adviser or call us on 1800 011 022 during business hours (Sydney time).

However, as a general starting point, you can use the [Money Smart calculator](#) to estimate:

- Your super balance at retirement
- How fees affect your final super balance

Read more retirement articles [here](#).

This information has been prepared by Perpetual Investment Management Limited ABN 18 000 866 535 AFSL 234426 (PIML) and Perpetual Trustee Company Limited ABN 42 000 001 007 AFSL 236643 (PTCo) as promoters of the Perpetual WealthFocus Superannuation Fund (ABN 41 772 007 500) and Perpetual's Select Superannuation Fund (ABN 51 068 260 563). It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. Any tax information contained in this article is not tax advice (and should not be relied on as such) and is believed to be accurate at the time of compilation. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

The Product Disclosure Statement (PDS) for your superannuation fund or investment product should be considered before deciding whether to acquire or hold units in any of the options. The PDSs and Target Market Determinations issued by Equity Trustees Superannuation Limited ABN 50 055 641 757 AFSL 229757 RSE L0001458 (ETSL) can be obtained by calling 1800 011 022 or visiting www.perpetual.com.au. Neither PIML, PTCo, ETSL nor any of their related parties guarantee the performance of any fund/option or the return of an investor's capital.