

WHAT ARE the superannuation withdrawal rules?

JULY 2026

Your superannuation savings can only be accessed if you have met a condition of release, such as retirement. Once a condition has been met, you will be able to choose to take your money as a lump sum or roll it over to start an income stream.

What should be considered before making a withdrawal?

If you plan to withdraw money from your superannuation you should be aware that you will need to meet a condition of release, and that in some situations, the withdrawal may be taxed.

What are the conditions of release?

You cannot access your superannuation until you have satisfied a condition of release. The withdrawal request needs to be in writing to the superannuation trustee and may need to be supported by a statement or evidence that you have satisfied a condition of release.

Some common conditions of release are discussed below. Your adviser can help you with other conditions of release that may be relevant to you.

i. Reaching age 65

You can fully access your superannuation once you reach age 65 even if you are still working.

ii. Retirement

If you have reached your preservation age and permanently retire (i.e. do not intend to work again for more than 10 hours in any week) you will meet a condition of release. The preservation age has gradually increased since 1 July 2015 and is now set at age 60.

If you stop a job after you reach age 60 you will meet the retirement definition to access your superannuation even if you intend to keep working in another job. Please note, you should inform the trustee of your superannuation fund immediately when you have ceased a gainful employment arrangement.

iii. Permanent incapacity

If you suffer an illness or injury and become permanently incapacitated, you may be able to access your superannuation. This will require assessment by your superannuation fund trustee to determine if the superannuation legislative requirements are met. You will need to provide medical evidence that you are permanently unable to work in any occupation that you are experienced or qualified to perform.

WHAT ARE
the superannuation withdrawal rules?

iv. Terminal medical condition

If you have a terminal medical condition, you may be able to access your entire super benefits, regardless of your age. A terminal medical condition exists if:

- Two registered medical practitioners have certified that you suffer from an illness that is likely to see you not surviving a period of 24 months from the date of the certificate.
- At least one of the registered medical practitioners is a specialist practicing in an area related to the illness or injury suffered by you.

v. Severe financial hardship

You will be able to withdraw some of your super if you have received a Centrelink income support payment continuously for 26 weeks, and are unable to meet reasonable and immediate family living expenses.

vi. Compassionate grounds

If you do not have the financial capacity to meet certain expenses, you may be able to apply to access some of your superannuation benefits to pay for those expenses.

Compassionate grounds include:

- Medical treatment and medical transfer for you or a dependant.
- Palliative care for you or a dependant.
- Making a payment on a mortgage to prevent foreclosure of your home.
- Modifying your home or vehicle, or buying disability aids, for you or a dependant because of a severe disability.
- Expenses associated with a death, funeral or burial of a dependant. You'll need to apply to the ATO with supporting documentation for approval and the amount that can be released is limited to what you reasonably need.

First Home Super Saver Scheme

You can withdraw eligible contributions to purchase your first home under the First Home Super Saver Scheme. For more information, refer to '**What is the First Home Super Saver Scheme?**' fact sheet.

What are the superannuation components?

The money in your superannuation fund is comprised of the following components:

- tax-free component
- taxable component – taxed element
- taxable component – untaxed element

The components depend on the underlying source of the funds.

Personal contributions for which you have not claimed a tax deduction will be included in the tax-free component. This also includes spouse contributions, the government co-contribution, downsizer contributions and amounts contributed under small business CGT rules.

Employer contributions, personal deductible contributions, insurance payouts and earnings generated within the fund are all included in the taxable component. An untaxed element is included if the fund is an unfunded scheme (i.e., contributions tax was not deducted) or you have received an insurance payout.

Each withdrawal you make is split proportionally across the components. The tax-free component is withdrawn with no tax payable. However, lump sum tax is payable on the taxable components.

What are the lump sum tax rates?

Lump sum taxation may be payable if you are under age 60 or your superannuation fund is an unfunded scheme. It is important to identify other lump sums previously withdrawn as these may affect the tax on the amount withdrawn now.

WHAT ARE
the superannuation withdrawal rules?

No tax is payable on the tax-free component.
The lump sum tax rates for 2025/26 on the taxable component are shown in the table below.

Age		
Under preservation age	Taxable component (taxed element)	20%* tax on the whole amount
	Taxable component (untaxed element)	30%* tax on the first $1.935 million; 45%* tax on the remaining balance
Age 60 and over	Taxable component (taxed element)	No tax
	Taxable component (untaxed element)	15%* tax on the first $1.935 million; 45%* tax on the remaining balance

* Plus Medicare Levy.

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