

Tax on super payouts

July 2025

When you withdraw your super, we may need to deduct tax, or an estimate of tax, from your payout from the Virgin Money Super. We are required to do this by law. Any difference between the tax we deduct and the actual tax you need to pay will generally be worked out as part of your annual tax assessment.

Who is affected?

We will generally deduct tax from your super payout if you are under age 60 (except terminal illness payouts) or if we pay a taxable component of your super to your non-Tax Dependant (see below) in the event of you passing away. Once you have reached age 60, super payouts we make to you will be tax-free. For temporary disability income benefits these will be taxed at the marginal tax rate.

The amount of tax you'll pay

Description	Tax Rate	Details
Lump sum withdrawals (if you're under 60)	Tax-free component <ul style="list-style-type: none">no tax payable Taxable component <ul style="list-style-type: none">20% tax (plus 2% Medicare levy)	You may also need to pay the Medicare levy surcharge when you submit your tax return. You may be taxed at a higher rate if you haven't provided your TFN.
Lump sum withdrawals if you're 60 and over	No tax payable	Cash lump sum withdrawal payments you receive will generally be tax-free.

*The tax payable on your payout is generally shown in the above table. This calculation depends on your age when we process your payout, the type of payout, whether we have your Tax File Number (TFN) and the components that make up your payout.

Note: This Fact Sheet does not cover the taxation of super withdrawals made under the First Home Super Saver Scheme (FHSSS). Tax on FHSSS withdrawals is determined and deducted by the Australian Taxation Office (ATO). Refer to the Contributions Fact Sheet from [virginmoney.com.au/superannuation](https://www.virginmoney.com.au/superannuation) for an outline of the FHSSS or go to ato.gov.au.

Super Components

Your super payout will be made up of a tax-free component (if you have one) and a taxable component.

Your tax-free component

This will generally be made up of any:

- Personal, after-tax contributions on which you have not obtained a deduction
- Spouse contributions, and
- An amount calculated at 1 July 2007 that represents your benefit before 1 July 1983

A higher tax-free amount may apply if you are totally and permanently disabled.

If you receive a lump sum terminal illness payout, your whole payout will generally be tax free.

Your taxable component

This is your super payout minus your tax-free component.

Temporary resident payouts

Generally, higher tax rates apply to your super payout if you are a temporary resident and we can only pay your super to you after you leave Australia. For more information on eligibility, refer to the ATO website ato.gov.au.

Death payouts (all ages)

Lump sum payouts to your Tax Dependants

Payouts to your beneficiaries who are dependants under tax law (Tax Dependants) will be tax free. This will include payouts to your Tax Dependants from super paid to your estate. Both the payouts to your estate and then to your Tax Dependants will be tax free.

Your Tax Dependants can be:

- Your spouse or former spouse (including your de facto or same sex spouse)
- Your child aged under 18, or
- A person you had an interdependency relationship* with just before you passed away, or anyone who was dependent on you just before you passed away

*An interdependency relationship is where you have a close personal relationship with another person (whether or not related by family), and:

- You and that person live together, and
- You, that person or both of you provide the other with financial support, and
- You, that person or both of you provide the other with domestic support and personal care

Lump sum payouts to your non-Tax Dependants

The taxable component of payouts we make to your beneficiaries who are not Tax Dependants will be taxed at special rates, ranging from 15% to 30% plus the 2% Medicare levy. Tax will not be deducted from any tax free component.

We do not deduct tax from super paid to your estate. The trustee of your estate will be responsible for deducting tax. The tax outcomes for beneficiaries who are not Tax Dependants may be different than if we made the payout directly to them.

Need help?

You should get advice from a licensed, or appropriately authorised, financial adviser if you are unsure of what tax you may have to pay on your super payout.

If you need more information

You can read more about tax on benefits at ato.gov.au.

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