

Table 18: Tax on your lump sum benefit

Age	Rate of tax
Aged 60 and above	Tax free
Preservation age (see Table 12 on page 61) to age 59	Tax free component – Nil
	Taxable component: <ul style="list-style-type: none"> <li>&gt; tax up to low rate cap (currently \$150,000, but indexed) – 0%</li> <li>&gt; any amount above the low rate cap – 16.5%*</li> </ul>
Below preservation age (see Table 11 on page 61)	Tax free component – Nil
	Taxable component – 21.5%*

\* Including Medicare levy and, if appropriate, Medicare levy surcharge.

### Tax on your PSSap death benefits

The benefit payable on your death (that is, the combined value of your insured amount plus your accumulation balance) is paid as a lump sum.

No tax will be payable on a death benefit paid to your dependant(s).

Your dependants include your spouse (including same-sex or opposite-sex de facto), your children under the age of 18 (including adopted, step, ex-nuptial, children of your spouse, or children within the meaning of the *Family Law Act 1975*) and any person with whom you have an interdependency relationship.

In the event that a death benefit is paid to a person who is not your dependant, the benefit is subject to a tax at 16.5%.

A death benefit cannot be rolled over.

### Tax and your income protection

If you are in receipt of income protection payments from AIA Australia, these payments will generally be taxed in a similar way to your salary. That is, the insurer will deduct pay-as-you-go (PAYG) tax at the applicable marginal tax rate.