WHAT IS

A Transition to Retirement Income Stream (TRIS)?

JULY 2026

The Government's 'Transition to Retirement' rules are designed to provide Australians with flexibility as they move from full-time work into retirement, by allowing access to preserved superannuation money to top-up their income. Other strategic opportunities are discussed in this fact sheet.

The key to this rule is that pre-retirees who are currently age 60 or over may be able to gain access to some or all of their accumulated superannuation balances through a non-commutable income stream. This is known as a Transition to Retirement Income Steam (TRIS).

How does a TRIS work?

A TRIS is an account-based pension (ABP) which uses preserved superannuation savings to pay you a regular and tax-effective income. The TRIS pays you a regular income comprised of interest and capital.

The minimum income you choose from a TRIS must be at least equal to 4 percent of the account balance as at commencement and then on 1 July each year.

The differences between a TRIS and normal account- based pension are:

- Until you meet a retirement 'condition of release', you can only draw an income up to a maximum of 10 percent of the account balance from a TRIS[1].
- Earnings are generally taxed at 15 percent within the TRIS but are often tax-free within a retirement phase ABP[2]. Both TRIS and ABP accounts are included when calculating Division 296 tax.
- A TRIS does not count towards your $2.1 million transfer balance cap whereas ABPs do.

Once you reach a full condition of release you can convert the TRIS into a normal ABP. Your TRIS will automatically convert to an ABP once you reach age 65.

What are the tax advantages of a TRIS?

You cannot start a TRIS until you reach your preservation age. The preservation age has gradually increased since 1 July 2015 and is now set at age 60, therefore, all income payments are tax-free[3].

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How can pre-retirees use the rule?

There are three main ways pre-retirees can benefit from a TRIS:

- If you want to wind down your career by moving to part-time employment a TRIS could enable you to top-up your income using your superannuation. The income payments from a TRIS can be used to replace your forgone salary – so your net income remains the same, even though you are working less.
- Use superannuation to reduce/eliminate debt prior to retirement. If you want to accelerate debt repayments when you are approaching retirement, you can start a TRIS and use the income to make additional repayments to debt.
- If still working full-time, top-up your superannuation without forfeiting net income.

Case study

Peter is 60 years old and works full time earning an annual salary of $80,000. He decides to salary sacrifice $22,900 of his salary on top of his employer SG contribution of $9,600. This allows him to utilise the maximum concessional contributions cap[4].

Net of 15 per cent contribution tax, he increases his super by $19,465 in the first year. With income tax savings of $6,528, Peter's take home salary reduces by just $15,429, despite salary sacrificing $22,900.

Peter uses his superannuation to start a TRIS with $300,000. He draws a nominated amount of $13,872 from his TRIS to replace the reduced salary. Overall, Peter boosts his retirement savings by $3,468.

Situation	Full-time employment without TRIS	Full-time employment with TRIS and salary sacrifice
Employer salary	$80,000	$80,000
Salary sacrifice	-	$22,900
Employer salary after salary sacrifice	$80,000	$57,100
TRIS	-	$15,429
Tax	$16,120	$8,649
Net income	$63,880	$63,880

Based on 2026-27 tax rates including LITO and the Medicare Levy. TRIS is paid as an account based pension.

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This strategy has created a benefit through higher accumulation in superannuation. This is due to no tax on the pension income compared to marginal tax rates on salary. You should consult your tax adviser to discuss your individual situation.

To make this strategy work you can choose to either salary sacrifice or make personal deductible contributions to superannuation. It is important to note that employer superannuation contributions (superannuation guarantee), salary sacrifice, and personal deductible contributions all count towards your concessional cap – currently $32,500 per year.

Things you need to know before commencing a Transition to Retirement Strategy

- You must be at least your preservation age (currently 60) before you can start a TRIS.
- TRIS income is tax free.
- Earnings within your TRIS are taxed at up to 15 percent.
- You cannot withdraw lump sums from a TRIS, drawdowns are limited to 10 percent of the account balance.
- Drawing down your superannuation as a TRIS before you permanently retire increases the possibility that you will run out of money in retirement, unless used in conjunction with other strategies designed to boost your retirement savings.

1. By definition of "transition to retirement income stream" in SIS Regulation 6.01
2. ATO website – Transition to retirement income stream
3. ATO website – Schedule 13 – Tax table for super income stream
4. ATO website – concessional contributions cap