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Approved early retirement schemes

An approved early retirement scheme is a scheme that an employer puts into place to encourage certain groups or classes of employees to retire early or resign.

Early retirement scheme payments are tax free, up to a limit based on the number of years the employee has worked for their employer. Any amount over the tax-free limit is treated as an employment termination payment. The tax-free limit is a flat dollar amount, plus an amount for each year of completed service with that employer. Indexation changes the tax-free limit on 1 July each year. For employees to be entitled to get the special concessional tax rates, the Commissioner of Taxation must approve the scheme before payments are made.

Beware of people offering to help you gain access to your super savings before you reach your preservation age. Many of these schemes are illegal and heavy penalties apply if you participate.

See also:

- [Illegal super schemes – beware of offers to withdraw your super early \(/Individuals/Super/In-detail/Withdrawing-and-paying-tax/Illegal-super-schemes---beware-of-offers-to-withdraw-your-super-early/\)](#)
- [Taxation of termination payments \(/Business/Your-workers/In-detail/Taxation-of-termination-payments/\)](#)
- [Super \(/Individuals/Super/\)](#)
- [Preservation age \(/Individuals/Super/In-detail/Withdrawing-and-paying-tax/Withdrawing-your-super-and-paying-tax/?page=2#Preservation_age\)](#)

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If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

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