



# SUPERANNUATION STIMULUS

COVID-19 RESPONSE



FEDERAL

## TEMPORARY EARLY ACCESS TO SUPERANNUATION

### Summary

While superannuation helps people save for retirement, the Government recognises that for those significantly financially affected by the Coronavirus, accessing some of their superannuation today may outweigh the benefits of maintaining those savings until retirement.

Eligible Australian and New Zealand citizens and permanent residents will be able to apply online through myGov to access up to \$10,000 of their superannuation before 1 July 2020. They will also be able to access up to a further \$10,000 from 1 July 2020 until 24 September 2020.

Eligible temporary visa holders can also apply for a single release of up to \$10,000 before 1 July 2020.

People accessing their superannuation will not need to pay tax on amounts released and the money they withdraw will not affect Centrelink and Veterans' Affairs payments, or the JobKeeper Payment.

### Eligibility

#### Australian and New Zealand citizens and permanent residents

To apply for early release, you must satisfy any one or more of the following requirements:

- ▶ You are unemployed; or
- ▶ You are eligible to receive a job seeker payment, youth allowance for jobseekers, parenting payment (which includes the single and partnered payments), special benefit or farm household allowance; or
- ▶ On or after 1 January 2020:
  - you were made redundant; or
  - your working hours were reduced by 20 per cent or more; or
  - if you are a sole trader — your business was suspended or there was a reduction in your turnover of 20 per cent or more.



02 9970 5267



paul.bailey@northernbeachesaccountants.com.au



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## Temporary Visa Holders

To apply for early release, you must satisfy any one or more of the following requirements:

Student visa holders (Subclasses 500, 570-576):

- ▶ You have held your student visa for 12 months or more; and
- ▶ You are unable to meet your immediate living expenses.

Temporary skilled work visa holders (Subclasses 457 and 482)

- ▶ On or after 1 January 2020, you had your working hours reduced to zero by your employer; and
- ▶ You are still employed by that employer.

All other temporary visa holders (including Working Holiday Maker visa holders and other working visas)

- ▶ You are unable to meet your immediate living expenses.

## Timing

You will be able to apply for early release of your superannuation from 20 April 2020.

## HOW TO APPLY

If you are eligible for this new ground of early release, you can apply directly to the ATO through the myGov website: [www.my.gov.au](http://www.my.gov.au). You will need to certify that you meet the eligibility criteria relevant to your circumstances.

After the ATO has processed your application, they will issue you with a determination. The ATO will also provide a copy of this determination to your superannuation fund, which will advise them to release your superannuation payment. Your fund will then make the payment to you, without you needing to apply to them directly.

Separate arrangements will apply if you are a member of a self-managed superannuation fund (SMSF).

Further guidance on the application process is available on the ATO website: [www.ato.gov.au](http://www.ato.gov.au).



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## FAQS

### What are the eligibility requirements?

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## Is this different to existing early release provisions?

Yes, the new early access to super payment announced as part of the Government's response to COVID-19 is in addition to existing early release options such as severe financial hardship, etc. It's also temporary, applying only to the 2019/20 and 2020/21 financial years.

## What impact will early release have on my final super balance?

This will depend on your personal circumstances, especially your current super balance and your age. A financial adviser can help you work out the best approach.

## Do I have to pay tax on any amounts I withdraw under the early access provision?

No, amounts you withdraw under the Covid-19 early access provisions will be tax free.

## Can I withdraw from more than one super fund?

Yes, if you have several super accounts, you can withdraw from more than one, up to a combined amount of \$10,000 for the 2019/20 financial year and a further \$10,000 for the 2020/21 financial year.

## Can I access all of my super?

No, these early release provisions only allow for withdrawal of up to \$10,000 in the 2019/20 financial year and up to a further \$10,000 in the 2020/21 financial year.

## Do I have to access the full \$10,000 in both financial years?

No, \$10,000 is the maximum amount you can access in each year. You can apply to access up to that amount.



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## TEMPORARY REDUCTION IN SUPERANNUATION MINIMUM DRAWDOWN REQUIREMENTS

### Summary

The Government is temporarily reducing superannuation minimum drawdown requirements for account-based pensions and similar products by 50 per cent for the 2019-20- and 2020-21-income years.

The Government is also reducing both the upper and lower social security deeming rates by a further 0.25 percentage points in addition to the 0.5 percentage point reduction to both rates announced on 12 March 2020.

This measure will benefit retirees with account-based pensions and similar products by reducing the need to sell investment assets to fund minimum drawdown requirements.

The reduction applies for the 2019-20- and 2020-21-income years.

Your Age	Standard Percentage Factors	Reduced percentage factors applicable for 2019-20 and 2020-21
Less than 65	4%	2%
65-74	5%	2.5%
75-79	6%	3%
80-84	7%	3.5%
85-89	9%	4.5%
90-94	11%	5.5%
95 or older	14%	7%

This measure will have no impact on the underlying cash balance for 2019-20 and a negligible impact in 2020-21.

### Changes to social security deeming rates

As of 1 May 2020, the upper deeming rate will be 2.25 per cent and the lower deeming rate will be 0.25 per cent. The reductions reflect the low interest rate environment and its impact on the income from savings. The change will benefit around 900,000 income support recipients, including around 565,000 people on the Age Pension who will, on average, receive around \$324 more from the Age Pension in the first full year that the reduced rates apply.



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The changes will be effective from 1 May 2020. This measure is expected to have a cost of \$876 million over the forward estimates.

## FAQS

### How do I work out my reduced minimal annual payment?

Use the percentage factors in the table below to calculate your minimum annual payment amount, using your age at 1 July of the financial year (or at the date your income account commenced, if later).

Your Age	Standard Percentage Factors	Reduced percentage factors applicable for 2019-20 and 2020-21
Less than 65	4%	2%
65-74	5%	2.5%
75-79	6%	3%
80-84	7%	3.5%
85-89	9%	4.5%
90-94	11%	5.5%
95 or older	14%	7%



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