

## From the Trustee

Changes were made to superannuation as part of the *Coronavirus Economic Response Package Omnibus Bill 2020* which received Royal Assent on 24 March 2020. The two measures impacting superannuation were the Temporary Early Access to Superannuation (Early release) and Superannuation Drawdowns.

### Early release of super

#### What are the details, how will it work?

- A. From 20 April 2020, members will be able to apply for an early release of up to \$10,000 of their super. Members will also be able to apply for an additional release of \$10,000 from 1 July 2020 up until 24 September 2020 when the measure ceases.
- To be eligible, members must satisfy one or more of the following requirements at the time of the application:
    - Be unemployed, or be
    - 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:
    - Were made redundant, or
    - Had working hours reduced by 20% or more, or
    - Were a sole trader – and their business was suspended or there was a reduction in their turnover of 20% or more.
  - There is no minimum documentation/evidence required for meeting the above requirements.
  - The application can be assessed in one of two ways:
    - Member can apply through myGov at myGov.au, or
    - For those unable to access myGov, they can call the ATO on 131020, confirm their identity and complete the application over the phone.
  - Members can specify the amount they wish released, and from which super account they want the funds released from. There are no limitations on the amount from each account, only that the total amount doesn't exceed \$10,000.
  - The ATO will collect the required information, assess the application, and collect bank account details for making the payment. Approval of the application is determined by the ATO.
  - Notification of approved applications will be provided to super funds electronically, who will process the payments as soon as practicable and without the need for any further documentation.
  - Amounts paid for this early release of super will be tax free and will not affect Centrelink or Veteran's Affairs payments.
  - The amounts will be treated as non-assessable non-exempt income, will not be counted as income and will not be considered under any income or means test.
  - Members can only apply once in each financial year, so can make two applications at most per person.

- In addition, members who satisfy a financial hardship or compassionate condition of release can still apply for these in addition to the early release of super. The current requirements, including customer identification verification as part of the assessment and payment process still apply.
- Full details are available in the Factsheet available at [https://treasury.gov.au/sites/default/files/2020-03/Fact sheet-Early Access to Super 2.pdf](https://treasury.gov.au/sites/default/files/2020-03/Fact%20sheet-Early%20Access%20to%20Super%20.pdf)

### **Will a completed and signed withdrawal form still be required under the early release of super?**

- A. No, a withdrawal form will not be required.  
On receipt of the ATO determination for the member, the super fund will pay the funds to the member based on the information provided on the ATO determination, that is, the stated amount, and to the bank account (your bank account details as advised by the ATO).

### **When will my payment for early release from super be made?**

#### *A. Pooled Investment Options*

Your super account investments are unit priced. The unit price that will be applied to the payment of your early release from super will be the unit price on your super account investments on the day of receipt of the ATO determination.

Your withdrawal will be processed when the applicable unit price for your investment becomes available, and generally paid within 3 business days of receipt of your ATO determination and any other required information.

### **What if I have insurance in my super?**

- A. If your balance is under \$20,000, and you are considering making an application to the ATO under early release of super, you should consider any insurance cover you might have, including with other super accounts. For information on how to keep track of your super, you can visit the ATO website at <https://www.ato.gov.au/Individuals/Super/Growing-your-super/Keeping-track-of-your-super/>.

### **Can I still lodge a Notice of Intent to claim a deduction (NOI) if I access the temporary early release of super?**

- A. The super fund will be processing the ATO determinations for member accounts temporary early release of super without checking with members whether they intend to lodge a NOI. If you wish to claim a tax deduction for a contribution to super, you should consider lodging an NOI prior to making an application to the ATO for the temporary early release of super.

## **Are temporary residents eligible for the early release of super payment?**

- A. The current eligibility criteria for the temporary early release of super under compassionate grounds does not apply for temporary residents. That is, to apply, and meet the eligibility criteria, the member must either be a citizen or permanent resident of Australia or New Zealand.

## **Will a withdrawal form be required if I also make a withdrawal for general compassionate release of super or financial hardship claims?**

- A. Yes, along with any other information required by the fund, a withdrawal form will still be required. In order to process the payment as soon as practicable, the fund will also require the following information:
- The members' current details such as address, contact details,
  - Tax File No (if not previously provided),
  - Original certified copies of identification documents, and
  - Payment instructions i.e. Bank account details – name, BSB, and Account details.

## **If I also make a general financial hardship or compassionate release of super, do I still need to provide original certified copies of identification documents?**

- A. Yes. There is currently no change to existing identification requirements. The Identifications Requirements Factsheet provides further details on obtaining original certified copies of identification suitable to supply with the withdrawal form.

Should this change, we will provide an update for our members.

## **What if it is difficult to get copies of identification documents certified in this period of self-isolation?**

- A. The Trustee is aware of this and understands that it will be more challenging in the current environment, however no relief has been provided other than for the early release of super.

No changes have been made to the AML/CTF Act or regulations relating to the provision of identification to enable the Trustee to provide relief from meeting this obligation for financial hardship or compassionate release of super other than for the early release of super. If relief be provided by the Government in the future, the Trustee and Administrator will implement this as soon as it can.

## **Superannuation Drawdowns**

**How will the changes to the minimum pension amounts paid from my superannuation account affect me?**

- A. The changes to superannuation drawdowns starting were effective from 25<sup>th</sup> March the day after the Bill was passed by Federal Parliament, to provide support for retirees to manage market volatility. Full details are available in the Factsheet available at [https://treasury.gov.au/sites/default/files/2020-03/Fact\\_sheet-Providing\\_support\\_for\\_retirees\\_to\\_manage\\_market\\_volatility.pdf](https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Providing_support_for_retirees_to_manage_market_volatility.pdf)

### **What are the changes to pensions?**

- A. For the remainder of the 2019/20 financial year, and for the full 2020/21 financial year, the pension payment minimum amounts (pension minimums) have been halved for:
- Account based annuities and pensions including transition to retirement income streams,
  - Allocated annuities and pensions, and
  - Market-linked annuities and pensions also known as term allocated pensions.

### **What options are available for me as a pension member?**

- A. Continue to draw-down at the pre-existing level. i.e. make no change to the pension amount to be paid until the end of the financial year, or
- Amend your current drawdown instructions to the new pension minimum – noting that where you have already been paid the pension minimum, you may choose not to receive any further pension payments for the remainder of this financial year, or
  - Submit new instructions to vary your pension drawdown amounts.

If we do not receive any new instructions from you to amend your pension payments, the Trustees' default position is for the administrator to continue to drawdown at the pre-existing level. This means the new pension minimums will be applied on an opt-in basis for the remainder of the financial year.

### **Do I need to provide an opt in instruction if I am being paid the minimum pension?**

- A. Yes. If you wish to amend your pension payment for the remainder of the financial year, you will need to provide a new pension payment instruction. However, this request can be arranged in a number of ways including:
- Forwarding in a letter request by email, so long as it is clear what you are asking for, e.g. reduce my pension payments for the remainder of the financial year to XXX per month, or
  - For certain digital super funds, completing an amendment to the pension payment online, or
  - Forwarding in a completed and signed pension payment request form.

### **Do these changes apply to Transition to Retirement Pensions (TTR)?**

- A. Yes. TTR are a form of an account-based pension, and have both minimum and maximum payments to consider.