

Temporary changes to superannuation due to coronavirus

The Commonwealth Government has released the second stage of its economic plan to cushion the economic impact of the coronavirus and help build a bridge to recovery. This includes some temporary changes to superannuation.

Early release of superannuation on compassionate grounds

The Government will allow individuals who have been impacted by the adverse effects of the Coronavirus access up to \$10,000 of their superannuation in the 2019-20 tax year and a further \$10,000 in the 2020-21 tax year. Any applications must be made within six months of 25 September 2020.

Eligible individuals will need to apply online through **myGov** to access up to \$10,000 of their superannuation before 30 June 2020, and up to a further \$10,000 from 1 July 2020. They will not need to pay tax on amounts released and the money withdrawn will not affect Centrelink or Veterans' Affairs payments.

If you have already applied for a payment from your superannuation account on the basis of compassionate grounds in the same financial year, you will not be eligible to apply again.

The ATO will determine if you are eligible and advise both your super fund and yourself in writing.

NOTE: You should be aware that there may be impacts on your insurance cover should your balance fall below \$6,000.

Important information about low balance accounts

The Federal Government's Protecting Your Super (PYS) Package is designed to protect Australians' super savings from unnecessary erosion by fees and insurance costs. This includes the transfer of inactive low-balance accounts to the Australian Taxation Office (ATO) and cancelling insurance for inactive members.

Insurance

Superannuation accounts that have been inactive (meaning no contributions or rollovers have been received into the account) for 16 months or more, or accounts with balances lower than \$6,000, may have their insurance cancelled as part of the Protecting Your Super legislation.

Inactive low-balance accounts

Under PYS legislation your account will be considered inactive and will be transferred to the Australian Taxation Office (ATO) if your account balance is below \$6,000 and within the last 16 months:

- we haven't received a contribution to your account; and
- you haven't changed your insurance cover, switched your investments, made or amended a binding beneficiary nomination on your account or told us in writing that you don't want to be transferred.

For further information about how this, please contact us on bankfirst@cupssuper.com.au.

Temporarily reduce superannuation minimum drawdown rates

The Government is temporarily reducing superannuation minimum drawdown requirements for account based pensions and similar products by 50 per cent for 2019-20 and 2020-21 financial years. This measure is designed to assist retirees by providing them with more flexibility as to how they manage their superannuation assets following on from economic losses that may have been experienced as a result of the Coronavirus.

If you are unsure about whether or not you should be taking action, we encourage you to seek your own advice.

Want to know more?

For more information about the support available to you during this time, check out the government's **Money Smart website** and the Treasury's **factsheet on early access to superannuation**.

Our team are here to help.

If you'd like to know more about Bank First Superannuation, speak with our team by email bankfirst@cupssuper.com.au.

The information contained within this document is general advice only and does not take into consideration your personal or financial needs and objectives. You should seek personal financial advice where appropriate.

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