

Government Stimulus Measure: Temporary early access to superannuation

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What is the stimulus/relief?

Eligible individuals 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 late September 2020, being six months after the law receives royal assent.

What is aimed to do?

The aim is to provide individuals that are significantly financially affected by the Coronavirus access to funding from their superannuation fund.

Who is eligible?

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 under the Social Security Act; or
- eligible to receive the farm household allowance under Farm Household Support Act 2014; 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.

There are no applicable income or assets tests.

There is no requirement that the individual is already receiving Commonwealth income support payments and there is no waiting period. The payment can be requested from mid-April once the new rules come into effect .

The requirements about reductions in a person's working hours or in their turnover as a sole trader are determined by reference to changes that have occurred since 1 January 2020. This requires a comparison of a person's working hours or turnover at the time they make the application and their usual hours prior to 1 January 2020.

It is expected that individuals will self-assess their eligibility to apply for a determination.

Individuals are restricted to a single application in a financial year but can nominate more than one account from which the amounts are to be released.

How do I get it?

The ATO will have sole responsibility for administering payments from super under the new compassionate grounds – coronavirus condition of release. There will be no need for a member to contact their super fund directly during the process.

Apply directly to the ATO through the myGov website: www.my.gov.au. You will need to certify that you meet the above eligibility criteria.

Applications will be able to be made from mid-April 2020.

After the ATO has processed your application, they will:

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

During the application process (via MyGov), the person will provide their bank account details for payment to be made. This information will be passed on to the super fund, together with the determination, for payment to be sent to the nominated account.

You cannot simply withdraw the money from your SMSF, you must go through the right process.

Who can use this stimulus?

Individuals that need financial assistance after a drop in income.

How are these amounts taxed

Amounts released under this new round for early release will be paid tax free and will not affect Centrelink or Veterans' Affairs payment eligibility.

Closing comment

The government is moving quickly and things are changing daily with regards to the response to COVID-19. Should you have any queries regarding this measure or any Government measure announced in relation to COVID-19, please contact your Brentnalls Superannuation Specialist.