



Client Alert – Early Release of Superannuation Benefits

As part of the second stimulus package announced recently by the Federal Government, if you meet certain eligibility criteria you may be able to access up to \$20,000 from your accumulated Superannuation Benefits, sooner than would otherwise be the case.

In our view, this should very much be considered a last resort, however, we are rapidly seeing that this is potentially a viable option for many of our personal clients, businesses and indeed the employees of our business clients.

In Summary

Early Release of Superannuation Benefits

The Coronavirus Economic Response Package Omnibus Bill, passed by the Australian Parliament on 23 March 2020, introduced a new superannuation condition of release which allows for superannuation money to be paid to a person on compassionate grounds relating to the Coronavirus.

This **new condition of release** allows, in some circumstances, for preserved money that would otherwise be inaccessible to be paid to superannuation fund members. Eligible members can make two applications for the release of money.

The **first application must be made before 30 June 2020** and the **second must be made between 1 July 2020 and 23 September 2020**.

Each application can be for the release of up to \$10,000 meaning the total amount accessible is \$20,000.

For each application, If you apply for less than \$10,000, you cannot make a subsequent application for a top up payment. For example, if in May 2020 you apply for \$5,000 you cannot apply for a further \$5,000 in period to 30 June 2020. However, if circumstances require, you are still able to apply for the next \$10,000 between 1 July 2020 and 23 September 2020.

Payments received from superannuation under this measure are not taxable.

Eligibility Criteria

To be eligible to withdraw money under this new condition of release **you must meet at least one of the following criteria at the time you make the application:**

- You are unemployed;
- You are eligible to receive one of the following Government social security payments (regardless of if you are actually receiving them when you make the application);
 - Jobseeker payment;



- Parenting payment;
 - Youth allowance for jobseekers;
 - Farm household allowance;
- You were made redundant on or after 1 January 2020;
- Your working hours were reduced by 20% or more on or after 1 January 2020;
- You are a sole trader whose business has been suspended or suffered a reduction in turnover of 20% or more on or after 1 January 2020.

The Australian Taxation Office has indicated the application process will be available from mid-April. To apply, **an application will need to be submitted through myGov.**

At this stage it is expected that applicants will self-assess their eligibility and no documentation or evidence will need to be submitted, however, like all things at present, this may in fact change.

Once an application has been processed, the applicant will be issued with a determination which they will then give to their superannuation fund. Once a superannuation fund receives the determination, they will release the money to the member.

Importantly, if you are a member of an SMSF, you must not withdraw money from the SMSF until the determination has been issued by the ATO. At this stage, we have no guidance on the timeframe between making the application and the receipt of funds.

Financial Hardship

In addition to the new condition of release specifically relating to Covid-19, **those experiencing financial hardship may also be eligible to access a further \$10,000 per year** under the existing Severe Financial Hardship condition of release. However, you must have been receiving government income support payments for a continuous period of 26 weeks before you can apply.

END

