

Guiding you now,  
and for the long run

# Superannuation Update

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# Accessing super

- Reaching preservation age
- COVID-19 early release of super
- Compassionate grounds
- Severe financial hardship
- Taxation

# Preservation age

When you were born	Preservation age
Before 1 July 1960	55
1 July 1960 to 30 June 1961	56
1 July 1961 to 30 June 1962	57
1 July 1962 to 30 June 1963	58
1 July 1963 to 30 June 1964	59
1 July 1964 or after	60

# What is early access to super?



## What's changed?

The Government is allowing early access to super savings for people affected by Coronavirus (COVID-19).



## How much?

- › Up to \$10,000 before 1 July 2020.
- › Up to \$10,000 from 1 July to 31 December 2020.

*These payments will be tax free.*



## When?

Applications on myGov.au are opened until 30 June 2020 and again between 1 July to 31 December 2020

# Am I eligible?

If you're unemployed

If you're eligible to receive:

- › a job seeker payment;
- › youth allowance for job seekers;
- › a parenting payment;
- › a special benefit; or
- › farm household allowance.

On or after 1 January 2020, either:

- › your working hours were reduced by 20% or more;
- › you were made redundant;
- › if you're a sole trader, your business was suspended or there was a reduction in your turnover of 20% or more.

# How can I access my super?

From 20 April, here's how you can apply for early release of your super.

## 1 Apply

- › Online via [my.gov.au](https://my.gov.au)
- › By phone with the Australian Tax Office (ATO) if you're unable to access online services - 13 28 61

## 2 Share your details

1. Certify your eligibility by confirming you meet the eligibility criteria
2. Input the amount you'd like released (up to \$10,000)
3. Provide your bank details and authorisation to ATO

## 3 Payment

Once the ATO has notified us of your successful application – most payments will be paid within 5 business days



# Impact on your future retirement savings

Age	Amount withdrawn	Potential reduction in retirement balances (in today's dollars)
25	\$20,000	\$64,400
30	\$20,000	\$55,800
35	\$20,000	\$48,400
40	\$20,000	\$41,900
45	\$20,000	\$36,400
50	\$20,000	\$31,500

[australiansuper.com/tools-and-advice/calculators/super-projection-calculator](https://australiansuper.com/tools-and-advice/calculators/super-projection-calculator)

Source: Estimates by AustralianSuper.

Assumptions: individual ages as specified, retires at 67, withdraws \$10,000 this financial year and \$10,000 next financial year from their super, long term investment returns of 6.5%pa net of investment fees and taxes. The results are expressed in today's dollars discount at wage inflation of 3.5%pa. The case study is provided for illustration purposes only and isn't a representation of the actual benefits that may be received or the fees and costs of a particular financial product. Investment returns are not guaranteed.

# How your insurance cover may be affected

Insurance cover may cease or may not be available for accounts that are:

- › fully withdrawn;
- › left with a low balance (<\$6,000) or
- › cannot meet the ongoing cost of cover.

If you're unsure about how much your insurance is costing you, log into your account via the website, or AustralianSuper app.

You can also use the AustralianSuper insurance calculator to get an estimate of your weekly or monthly cost.

[calculators.tal.com.au/group/AustralianSuper](https://calculators.tal.com.au/group/AustralianSuper)

# Applying when not eligible

- › Before you apply for COVID-19 early release of super, you need to check the eligibility criteria carefully and keep records that demonstrate your eligibility.
- › If you can't demonstrate your eligibility when ATO requests for evidence, the ATO may revoke any determination they have issued regarding your application.
- › If you provide false or misleading information you could face penalties of more than \$12,000 for each false and misleading statement.

**For examples of incorrect claims and details on how ATO verifies claims, visit [ato.gov.au](https://ato.gov.au)**

# Compassionate grounds

**If you need to cover costs for you or your dependents, you can apply for early release of your super on compassionate grounds for:**

- medical expenses for you or your dependants
- partial payment of home loans to avoid foreclosure of the loan
- modification of a home or vehicle for you or your dependants suffering a severe disability
- the cost of palliative care for you or your dependants
- funeral costs for a dependant
- medical transport for you or your dependants

**Applications for payments need to be made to the Australian Taxation Office (ATO)**

# Severe financial hardship

## **If you're experiencing financial hardship, you can apply before your preservation age to meet immediate needs**

Regardless of age, you can apply for one payment of up to \$10,000 gross in a 12-month period if:

- you have not received a Financial Hardship payment from any superannuation fund within the last 12 months
- you've received eligible Commonwealth income support payments at the time of the claim and have been on these payments for a continuous period of at least 26 weeks
- you're receiving these payments when you make your application for payment under financial hardship, and
- you're unable to meet reasonable and immediate family living expenses

# Severe financial hardship

**If you're experiencing financial hardship and you've reached your preservation age plus 39 weeks, you can apply for a payment of any amount if:**

- you've received Commonwealth income support payments since reaching your preservation age; or
- you're unemployed or employed for less than 10 hours a week when you make your application.

**You're not eligible to apply for a payment on financial hardship grounds if you're a temporary resident in Australia**

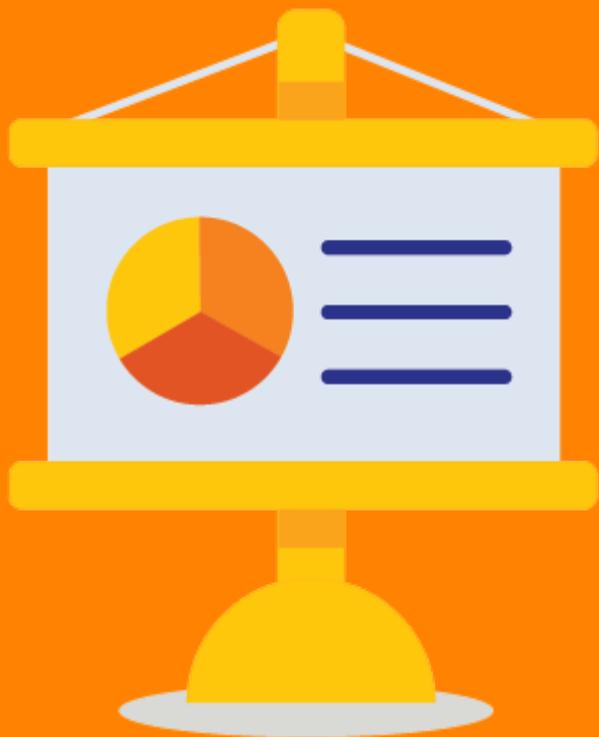
# Tax on super lump sum withdrawals

Withdrawals from your super are tax-free if you are 60 or over

Tax rates on lump-sum withdrawals for members under 60	
Super benefit component^	Tax
Tax-free	No tax payable
Taxable	If aged under preservation age, taxed at 20%* If aged between preservation age and 59 the first \$215,000 is tax free and the balance is taxed at 15%*

^The tax-free and taxable components are calculated from the type of contributions that have been made to your account. To find out how much of your super is tax-free and how much is taxable call us on 1300 300 273.

\*Plus Medicare levy (2% in 2016/17 and later years).



# Investments

# Balanced option asset allocation\* as at 30 June 2020

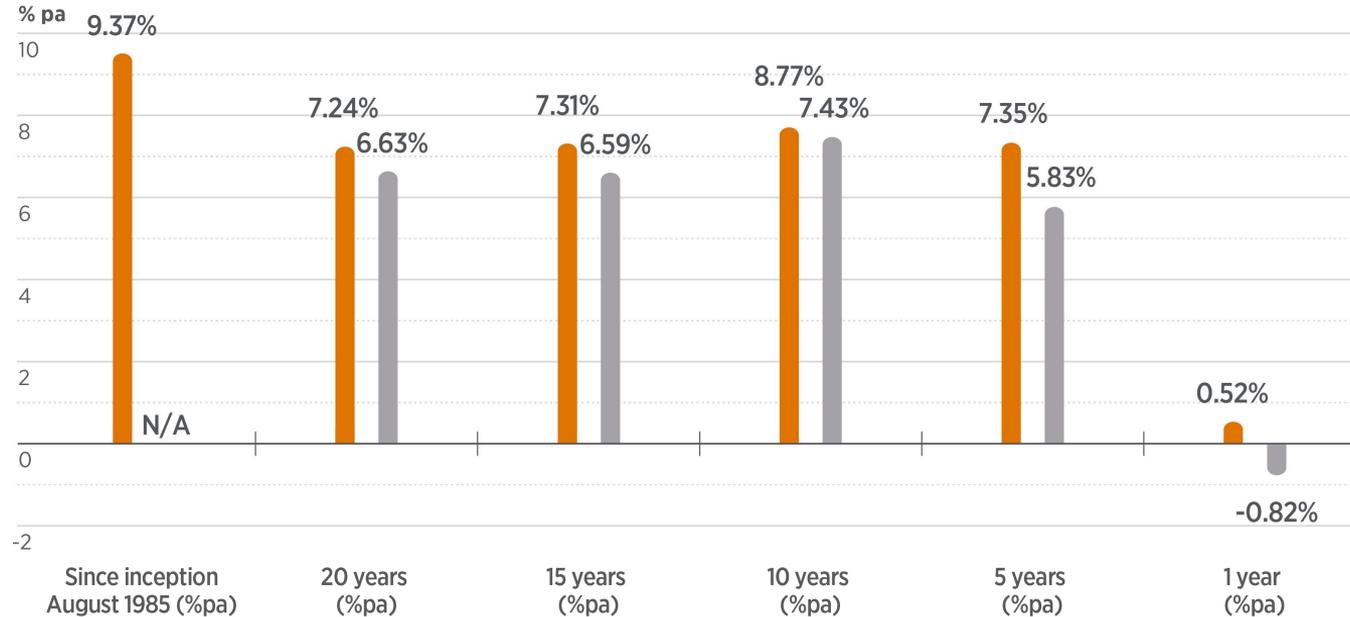
- Australian shares 21.6%
- International shares 33.8%
- Private equity 4.0%
- Direct property 6.6%
- Infrastructure 11.9%
- Credit 4.4%
- Fixed interest 8.5%
- Cash 9.3%



\* AustralianSuper may alter the asset allocation or the composition of individual asset classes from time to time to suit prevailing market circumstances. Percentages may not total 100% due to rounding

# Investment performance

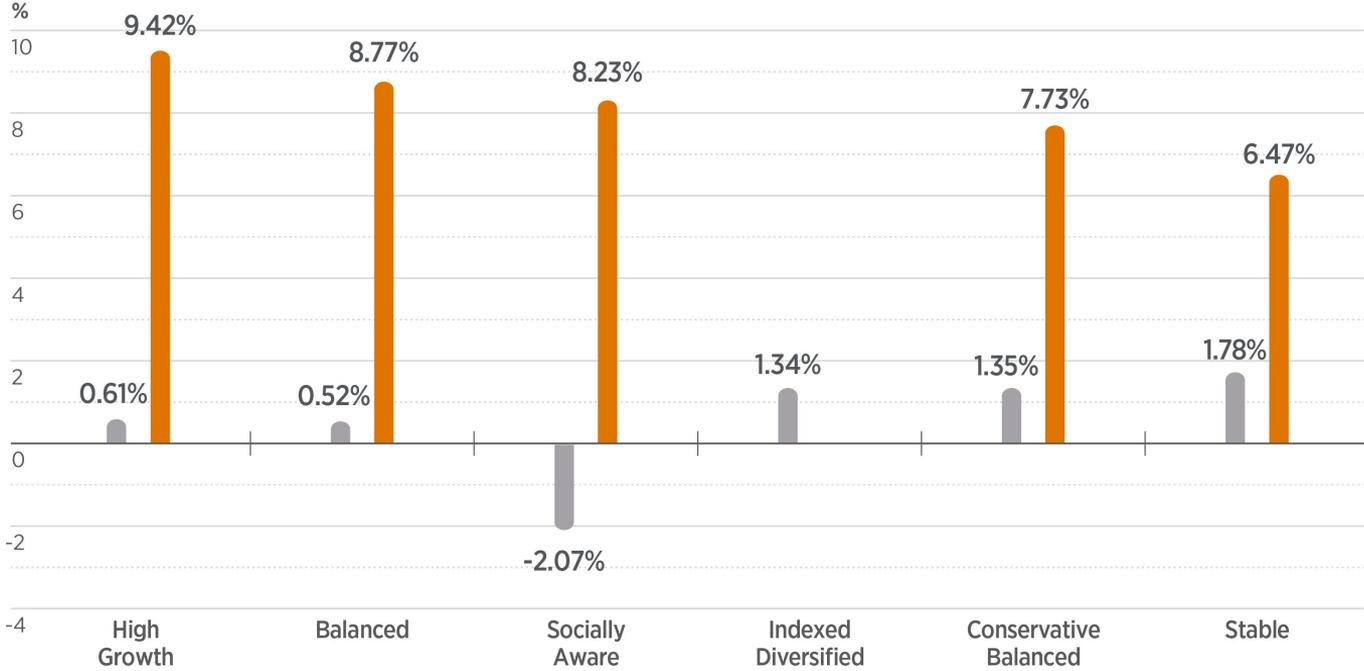
## Balanced option as at 30 June 2020 – accumulation



● AustralianSuper    ● Benchmark: SuperRatings SR50 Balanced (60-76) Index - median return

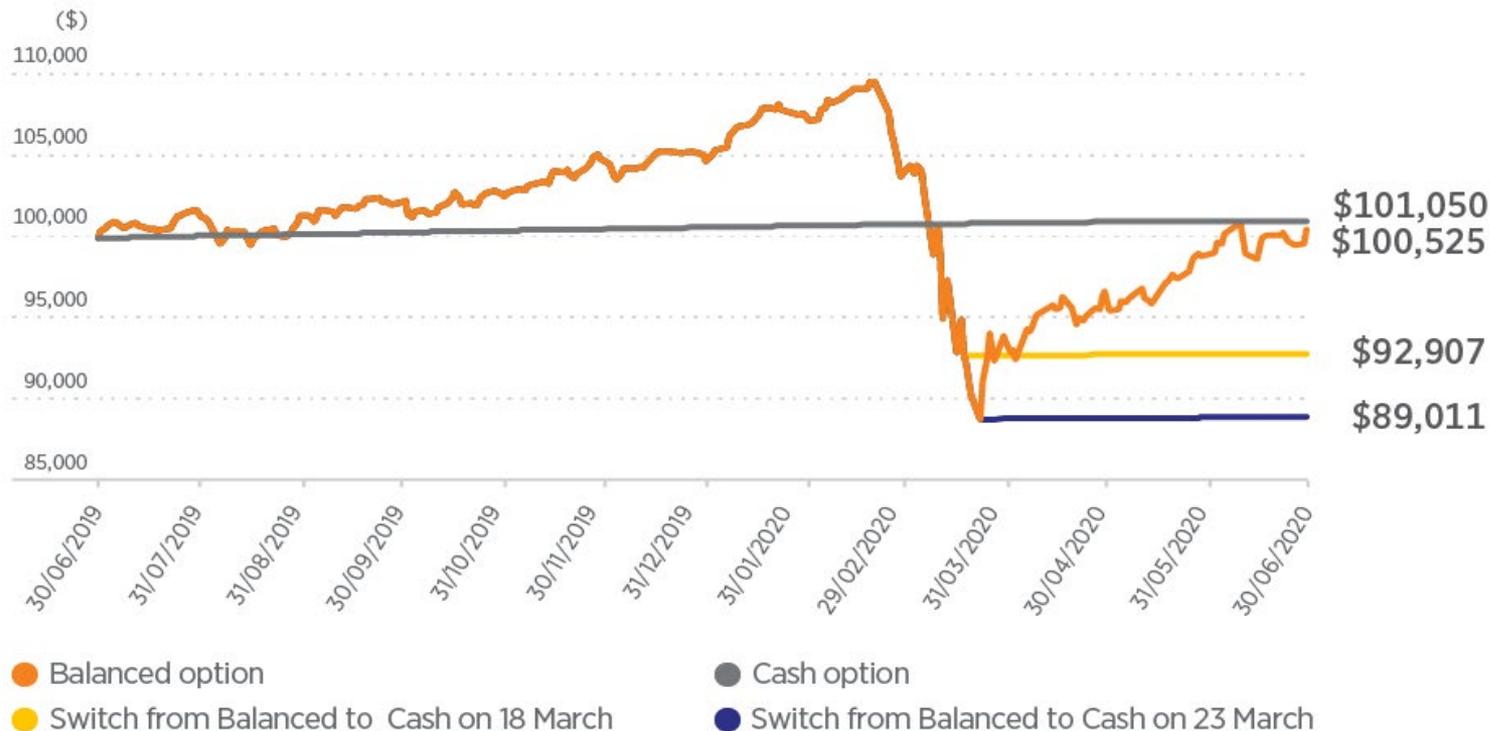
Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns. Returns from equivalent investment options of the ARF and STA super funds are used for periods before 1 July 2006.

# PreMixed option returns over 1 and 10 years



● 1 year ending 30 June 2020    ● 10 years pa ending 30 June 2020

# Balanced and Cash option investment scenarios



Case study is provided for illustrative purposes. Consider your personal circumstances before making investment decisions. Doesn't include administration, insurance and other fees and costs that are deducted from account balances. Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns.



## Impacts of COVID-19

The level of impact from these challenges varies

- › We expect the elevated volatility to continue for some time.
- › The recovery of economic growth is not expected to be fast.
- › Recovery is dependent on the opening up of the economy, which will support employment and how quickly we can either control the spread of the virus or develop a vaccine

# Legislation changes to basic insurance cover

## **Putting Members' Interests First (PMIF) – 1 April 2020**

To reduce the potential of erosion of accounts by insurance costs

Only applies where a member pays for the cost of insurance cover

To be eligible for automatic basic cover, you must

- Be over the age of 25, and
- Have a super balance of \$6,000

You can apply to commence your basic cover before meeting the above criteria

# Help and financial advice



Online  
**australiansuper.com**



Over the phone\*  
**1300 300 273**



Financial Planner eMeeting\*  
**1300 300 273**

Find an *Adviser tool* **findadviser.australiansuper.com**

\*The financial advice given to you will be provided under the Australian Financial Services licence held by a third party and not by AustralianSuper Pty Ltd (AustralianSuper) and therefore is not the responsibility of AustralianSuper. Some personal advice provided may attract a fee, which would be outlined before any work is completed and is subject to your agreement. With your approval, the fee relating to your superannuation can be deducted from your AustralianSuper account

It's Australian. It's super.  
And it's yours.