

5 STEPS TO TAKE BEFORE YOU ACCESS YOUR SUPERANNUATION EARLY

In certain circumstances you will be able to apply for early release of your super from 20 April 2020, because of COVID-19. You can apply to the ATO to access \$10,000 of your super in 2019-20 and another \$10,000 of your super in 2020-21. You won't pay tax on any super you withdraw and it won't affect Centrelink or Veterans' Affairs payments.

Whether you should access your super early will depend on your individual circumstances. If you are at risk of ongoing poverty and don't have access to other forms of financial assistance then early super release may be an important way for you to survive financially.

However, it's important to consider the following before applying for the early release of your super:

- Are you making this decision yourself, free of any control or coercion (economic abuse) by another person? Call 1800RESPECT for family violence counselling if you think you need help.
- If your relationship has broken down or you are considering leaving your relationship, it is important to consider the impact early release of super will have on any family law property split (superannuation is an asset in family law).
- The 5 steps outlined below.

Step 1: Assess your situation and how long you can last financially

Try to assess how long you can last financially. Can you economise over the next few months? Do you have enough savings? Visit ASIC's MoneySmart website, <https://moneysmart.gov.au/> for a guide to making financial decisions during COVID-19.

Contact the National Debt Helpline for free financial counselling on 1800 007 007 or visit <https://ndh.org.au>.

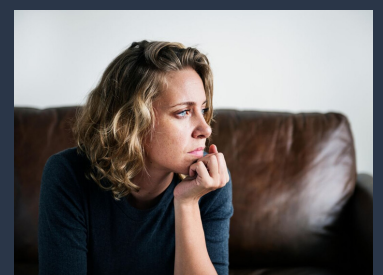
There are also specialist family violence counsellors in Victoria and some other states.

CASE STUDY

Karyina has been in an abusive relationship for the past 5 years and has been the main carer to her two young children. Her partner, Peter has been employed on a full-time basis, but last week was stood down without pay due to COVID-19.

Karinya has around \$30K of superannuation in a fund from a job she had in hospitality before she had children and has been receiving Family Tax Benefit since 2015. A few months ago her super balance was \$50K, but due to the market downturn her balance decreased.

Peter's balance is \$120K (down from \$160K). They have a house with a mortgage of \$300K and the equity in the house is \$200K. Peter has been pressuring Karinya to apply for early access to her super so that they can maintain their standard of living.



Step 2: Work out what financial assistance you may be able to access

The Government has a program of wage stimulus measures, including increasing welfare support payments, which women should consider before tapping into their super. For more information visit <https://treasury.gov.au>.

Visit Services Australia for more information on payments and services you may be eligible for if you're affected by COVID-19, <https://www.servicesaustralia.gov.au/>. You can also register for the JobKeeper payment here: <https://www.ato.gov.au/general/gen/JobKeeper-payment/>.

If you are experiencing family violence you may also be entitled to other financial assistance measures and services such as family violence flexible support packages (FVFS) or victims of crimes assistance payments.

Step 3: Work out what other financial assistance might be available to pay your bills

Banks, energy, water and telecommunications companies have been working with family violence organisations over the past decade to set up processes to respond to financial hardship, and also now have processes to help customers who are experiencing financial abuse. People should check their provider's website, call them and tell them they are experiencing abuse or get help from a free financial counsellor (tel 1800 007 007). There are a number of major banks offering relief packages. A summary of what the banks are offering can be found here <https://www.ausbanking.org.au/campaigns/financial-hardship/>.

Step 4: Assess the long-term financial impact of accessing super too early

It's important to understand the long-term financial impact that accessing your super early will have on your retirement outcomes. Industry Super Australia (ISA) have prepared the following table for fund members to understand how withdrawing money now will have an impact on your retirement. Withdrawing your super now, when the market has gone down you stand to lose many years' worth of compounding interest, will mean significant losses over time.

Age	Starting balance	Super taken	Difference at retirement
25	\$20,000	\$20,000	-\$120,511
30	\$40,000	\$20,000	-\$97,214
35	\$60,000	\$20,000	-\$78,420
40	\$79,000	\$20,000	-\$63,260
45	\$95,000	\$20,000	-\$51,030
50	\$109,000	\$20,000	-\$41,165

* Scenarios modelled by ISA Pty Ltd. <https://www.industrysuper.com/campaigns/coronavirus-and-your-super/>

Step 5: As a last resort, apply to access superannuation early due to COVID-19

Application for early release of superannuation will be accepted through MyGov from 20 April, 2020.