

COVID-19 Government Assistance Update



This newsletter includes an update on matters relating to superannuation

Temporary reduction in minimum drawdown requirements

The superannuation law has been amended to halve the normal drawdown rates for any:

- account-based pensions (including transition to retirement income streams),
- market linked pensions (also known as “term allocated” pensions), and
- allocated pensions

for both 2019/20 and 2020/21.

Note: This relief does not apply to any other pensions (eg defined benefit pensions such as complying lifetime, complying life expectancy or “flexi” pensions).

Which superannuation funds?

This relief will apply to any of the above pensions regardless of:

- the type of fund that pays the pension (ie SMSF, industry fund, retail fund etc) as long as the governing rules for the particular fund allow the payments to be reduced, or

- when the pension commenced. The reduction would apply to a pension that commenced prior to the superannuation law being amended, and also to any pension that commenced after the superannuation law was amended.

RECALCULATING THE MINIMUM PENSION: ACCOUNT-BASED PENSIONS

Note that it is the drawdown rates that have halved, not the normal minimum pension payment, so care should be taken when recalculating the minimum pension payments required in 2019/20 and 2020/21 to ensure the pension is not underpaid.

We will advise you what the new minimum pension is. If you need this amount prior to our advice, please call Michelle Parkyn at the office and we can provide you with the reduced amount for 2019/20.

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COVID-19 EARLY RELEASE MEASURE

As a general rule, preserved superannuation benefits may only be accessed in lump sum form once members turn 65 or reach their preservation age and retire (or satisfy some other condition of release such as permanent incapacity, terminal illness etc).

However, in times of financial distress, there are some circumstances under which members may be able to bypass these rules and access their super earlier.

The Government has now legislated a significant, but temporary, extension to these rules.

What are the new rules?

A new “compassionate ground – coronavirus” has been added [SIS Reg 6.19B]. This ground allows for eligible persons to access a portion of their superannuation benefits to assist the person

to deal with the adverse economic effects of the coronavirus.

Who is eligible for the new compassionate ground? An individual is eligible to make application if they [SIS Reg 6.19B(1)]:

- o are unemployed, or
- o are eligible to receive a Job Seeker Payment (previously known as Newstart Allowance), youth allowance for job seekers, parenting payment, special benefit or Farm Household Allowance, or
- o on or after 1 January 2020: – were made redundant, or – had their working hours reduced by 20% or more (including to zero), or – for sole traders, their business was suspended or there was a reduction in their turnover of 20% or more

Please contact us if you have any queries in relation to measures regarding superannuation.

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