Thinking of accessing your super early?

Here are some of the pros and cons

To lessen the financial impacts of the Coronavirus situation, the Government is allowing people who are eligible to access up to $20,000 (in two lump sums) of their super for a limited time.

Super is designed to provide for you in retirement, but this limited access legislation is to help people who are **genuinely** in financial hardship due to the impact of the Coronavirus situation.

What is considered financial hardship?

Generally, financial hardship is when the money you earn or the money you receive from the Government does not meet your family's living expenses such as bills, groceries, rent or your mortgage repayments.

More specifically, during the current crisis the Government considers you eligible for early access to your super if:

- you are unemployed
- you are eligible to receive the JobSeeker Payment, Youth Allowance for job seekers, parenting payment (including the single and partnered payments), special benefit or 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
- if you are a sole trader and your business was suspended or your turnover has reduced by 20% or more on or after 1 January 2020.

Considerations before accessing your super early

Before accessing your super early remember, super is designed to provide you with savings when you retire. So, by accessing your super now, you will be reducing your retirement savings which may impact on how much money you will have when you retire.

Also, if you cash your super in now, although it may provide you with short-term benefits, it will no longer be generating investment returns which could increase your savings further.

To illustrate this, **MoneySmart**, a Government based program/website dedicated to improving the financial wellbeing of Australians, has developed a simple calculator to estimate the impact of withdrawing super now, depending on your age if you retire at age 67.

Age when withdrawing $20,000 now	Effect on retirement savings at age 67 in today's dollars*
30	$43,032
40	$35,024
50	$28,506

Source: www.moneysmart.gov.au/covid-19/accessing-your-super

* When an amount is expressed in today's dollars, it means the result has been adjusted for inflation (the rising cost of living) and for the cost of rising community living standards. This allows you to compare the amount with current wage levels. If results were shown in future dollars instead, they would be larger.

For example, if your current income is $50,000 and the calculator provides a result of $25,000 in today's dollars, think of the result as being equivalent to 6 month's pay in the future.

To calculate your result visit the Government's MoneySmart website **www.moneysmart.gov.au/covid-19/accessing-your-super**

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What about insurance?

If you withdraw money from your super and this causes your account balance to fall to a certain level you could lose your insurance held in your super. This could put you and your family at risk, should the unexpected occur.

Other ways to access financial assistance

If you are eligible to access your super but do not want to cash it in at this time, there are other ways you may be able to access financial assistance such as the JobKeeper, JobSeeker or other Government support. Many banks and other financial institutions have also put in place measures to help their customers during this time.

Refer to **www.my.gov.au** or **www.moneysmart.gov.au** for further information.

Applying for early access to super

You can apply for early access to your super through your mygov account at **www.my.gov.au**

You will need to confirm that you are eligible. Please refer to the above criteria.

Please note: there are penalties for making false and misleading statements.

Do you really need to withdraw your super?

If you can manage to support yourself financially during the Coronavirus situation without having to access your super, then you will benefit in the longer term by leaving the money in the tax-advantaged super environment.

Of course, if the money is critical to ensure your or your family's welfare then you should take advantage of this temporary legislation to ease the burden.

Seek advice before accessing your super

Before making the decision to access your super early, please contact us.

If you have any questions please contact us

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