



# Andrew Court & Associates

Your friendly, family accountants, consultants & advisers

## COVID-19 GOVERNMENT ECONOMIC SUPERANNUATION STIMULUS

The Australian Federal Government has announced economic stimulus packages to cushion the economic impact of COVID-19.

For members of superannuation funds, including SMSFs, the Government has issued relief in the following areas:

- Temporarily reduce superannuation minimum drawdown rates
- Early release of superannuation
- Reducing social security deeming rates

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## 1. Temporarily reduce superannuation minimum drawdown rates

The Government is temporarily reducing superannuation minimum drawdown requirements for account-based pensions and similar products by 50 per cent for 2019-20 and 2020-21. This measure will benefit retirees by providing them with more flexibility as to how they manage their superannuation assets.

Age of beneficiary at beginning of financial year	Temporary percentage factor (2019/20 and 2020/21)	Normal percentage factor (2013/14 to 2018/19)
Under 65	2%	4%
65 to 74	2.5%	5%
75 to 79	3%	6%
80 to 84	3.5%	7%
85 to 89	4.5%	9%
90 to 94	5.5%	11%
95 or more	7%	14%

Individuals who have already taken their minimum pension amount for the 2019/20 financial year will not be able to put that money back into their superannuation account under these changes.

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## 2. Early release of superannuation

Eligible individuals will be able to apply online through myGov to access up to \$10,000 of their superannuation before 1 July 2020. They will also be able to access up to a further \$10,000 from 1 July 2020 for approximately three months (exact timing will depend on the passage of the relevant legislation).

The exact eligibility requirements will be formed in the coming days but broadly to apply for early release you must satisfy any one or more of the following requirements:

- you are unemployed; or
- you are eligible to receive a Job Seeker payment, youth allowance for Job Seekers, parenting payment (which includes the single and partnered payments), special benefit or farm household allowance; or
- on or after 1 January 2020:
  - you were made redundant; or
  - your working hours were reduced by 20 per cent or more; or
  - if you are a sole trader — your business was suspended or there was a reduction in your turnover of 20 per cent or more.

If eligible, you will be able to apply for early release of your superannuation from mid-April 2020.

People accessing their superannuation will not need to pay tax on amounts released and the money they withdraw will not affect Centrelink or Veterans' Affairs payments.

If you are eligible for this new ground for early release, you can apply directly to the ATO through the myGov website: <https://my.gov.au/>

Separate arrangements apply to SMSFs, with guidance to be available on from the ATO this month.

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## 3. Reducing social security deeming rates

As of 1 May 2020, the upper deeming rate will be 2.25 per cent and the lower deeming rate will be 0.25 per cent. The reductions reflect the low interest rate environment and its impact on the income from savings.

The change will benefit around 900,000 income support recipients, including around 565,000 people on the Age Pension who will, on average, receive around \$105 more from the Age Pension in the first full year that the reduced rates apply.

The changes will be effective from 1 May 2020.

## 4. Rental relief for SMSF tenants

Many tenants of SMSF properties are experiencing severe financial hardship and may not be able to meet their rental obligations under the current lease. This includes related party businesses who are renting business real property from their SMSF.

Some non-SMSF landlords are providing rental relief to both residential and commercial tenants. This would be considered financial assistance which is prohibited under the SIS Act where there is a related party tenant. Also, any arrangement must be on an arm's length basis.

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