

Accessing Your Superannuation During Covid-19 Times



Why it is a last resort



Superannuation Information Related to Covid-19

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Australians who withdraw from their superannuation due to the coronavirus pandemic could lose as much as \$120,000 in retirement — and women, who retire with almost half as much super as men, may feel dire repercussions in decades to come.

Notes for women considering accessing superannuation because of financial hardship

- Recent circumstances in Australia have led to financial hardship for millions of people. In response to this, the government has come up with various short-term measures to assist individuals and businesses. One of these measures is relaxing access to one's superannuation account to enable two withdrawals totalling \$20,000.
- **Accessing your superannuation account** prior to reaching the approved age limit (between 55 and 60, depending on the year you were born) **should be considered an absolute last resort**. Depending on how early you're accessing these funds, the income lost could range anywhere from several thousand to tens of thousands down the track. It is important to consider the long-term effects of making early withdrawals, and to consider reinvesting in your super once you become more financially stable.

This is the expected amount you will lose if you withdraw now (Table from CHOICE)

Age	Value
30	\$49,823
40	\$39,904
50	\$31,181
60	\$23,770

You may have access to other measures, such as government subsidies or temporary expense reductions, particularly in the case of financial hardship due to recent crises such as the bushfires and/or the novel coronavirus pandemic.

Coronavirus relief

Superannuation Access – the last resort

- Under the [Coronavirus Economic Response Package Omnibus Act 2020](#), Australian citizens, permanent residents, and New Zealand citizens with Australian super may be eligible to **access their superannuation** and receive up to two payments, totalling \$20,000 across the 2019-2020, and 2020-2021 financial years. No one payment may exceed \$10,000 in any given financial year.
 - The application process can be completed online, or manually, and is expected to be released by mid-April 2020
 - Eligibility guidelines can be found on the [government website](#).
- Superannuation and insurance: Changes made in parliament mid 2019 have removed life insurance cover for super fund accounts that both have a balance below \$6000.00, and have had no activity for 16 months or more. It is important to review your superannuation account to confirm the status of your insurance account. If you have more than one super account, ensure you are not paying insurance premiums on more than one account.

Alternatives to accessing your superannuation due to financial hardship

Short-term payment reductions

- As a short-term solution for a sudden loss of income, you may choose to attempt to negotiate reduced fees for your recurring outgoings, such as rent, utilities, mortgages, telecommunication services, etc. Many large organisations already offer payment plans and extensions on due dates upon request. However, depending on your financial situation, you may wish to ask for a reduced rate for a limited period of time (for example, a few months)
- To seek reduced fees from utility companies and other ongoing contracts (gym memberships, online memberships, subscriptions, etc), begin by reviewing your contracts for information about financial hardship. Many companies now allow for you to manage your accounts online. It is worth accessing your online account, if you have one, and seeing what your options are to negotiate payment, suspend services, or more

- Follow up by contacting your service provider either by phone or via email to discuss your options. Be upfront about the reason for your communication, and be clear about your desired outcome: for example, to reduce your monthly payments by a certain percentage, for a certain amount of time
- Many organisations will ask for proof of reduced income, such as a letter from your employer, or other relevant paperwork, including previous payslips. It should suffice to provide scanned copies of these via email
- After you have negotiated, be sure to get written confirmation of what you have agreed to. Include the date of the request and the approved time period, as well as the specific sum of the fee decrease. This way, you have a safeguard against any future potential claims by the company, which may ask for back-paid rent, late rental payment fees, or any other fees

Rent Reduction

Depending on your rental agreement, a loss of income may qualify you for a reduction in your rental fees. If your rental agreement is administered by a real estate agency, you have a standard contract which may contain a section on rental reductions. If your rental agreement was created and administered directly by your landlord, it may still be possible to negotiate a rental decrease.

- The government has enacted a 6 month nationwide ban on rental evictions. However, it is up to state governments to enact legislation around this which means that within certain states, it is not yet illegal to evict tenants at this time. This does not, however, mean that you have no legal protection as a tenant. Legislation is expected to be enacted nationwide, and the government has urged landlords to 'do the right thing'
- When applying for a rent reduction, it is important to be as specific as possible regarding your current situation. Spell out what type of assistance you need, and for how long. For example, if you lost your primary source of income but qualify for government payments, you should outline why the lost income would cause you financial hardship, and how that will affect your ability to pay rent
- You can also tell them when you are expecting to receive government

- payments, and how that will assist you in making your rental payments. You can then propose a reduction that you believe is reasonable for

both your landlord and you, based on your original agreement. Include dates, the new sum you wish to pay, and for how long you wish the change to be in place. This does not have to be a specific date, but could include a first period (for example, three months), with a possibility to extend after this following a reexamination of the circumstances. Knowing what you're legally entitled to can help you make a strong case for a rental reduction.

Remember that:

- **It is illegal for a landlord to request that you access funds from your superannuation accounts to make your rental payments**
- As of the 29th March 2020, there is a 6-month nationwide ban on rental evictions. You can base your letter on this template from the Tenants Union NSW as a starting point for your rental reduction request:

Dear [Landlord name]

[I/We] are making a special appeal to you regarding our home at [address]. As you no doubt are aware, the COVID-19 coronavirus is having a serious impact on many in our community.

The advice from health departments is also to practice 'distancing' techniques and this makes it hard for people to be out in public, spending and keeping local businesses going. [Suggestion: talk a bit about your own situation, eg. Unfortunately this has also impacted our household. We have lost shifts at our workplace etc.].

[I/We] know this will have an impact on you as well. [I/We] hope that the government will come to assist the whole community, by looking at rents, mortgage payments, council rates and utilities.

However in the short term, with the impacts being felt across the community, if [I/we] have to vacate it may be very difficult for you to find a new tenant at the moment, especially at the same rent [I am/we are] paying. This wouldn't be good for either of us!

From that perspective, [I/we] would like to propose [a reduced rent to \$xxx pw/a pause on the rent depending on your circumstances] for the next [month/fortnight]. If we can come to an arrangement then once this crisis is over and our income picks up again or other relief is introduced then our rent payments can continue sooner.

[I/We] would be happy to revisit this arrangement [monthly/fortnightly]. If the government does make some decision on these issues, whether it's rent and mortgage relief or something else, then [I/we] expect [I/we] will follow that directive.

Could you call [me/us] on [phone number] to discuss or reply by email at [your email].

Thank you for your consideration

[your name]

Mortgage freeze

- Due to coronavirus-related financial hardship, the big four banks (CBA, Westpac, ANZ, NAB) have given clients the option to temporarily freeze their mortgage repayments
 - Special attention must be paid to the terms of the mortgage payment deferral, as some institutions, such as ANZ, will be capitalizing interest, which would result in your outstanding balance being bigger than before
- If you're interested in deferring your mortgage repayments, speak to your lending institution's hardship officer about the exact terms of the deferral, whether they will be capitalising interest, and what the bottom line will be for you, once you begin to make your payments again
- Make a clear plan to 'get back on track', including analysing your mortgage in the context of your overall budget. It may help to prepare a best, medium, and worst case scenario
- If you're considering accessing your superannuation to make mortgage repayments, you may want to speak to a financial adviser about minimizing your losses. You can also speak to representatives from your superannuation company or lending institution -- but make sure to try and obtain independent financial advice as well

Government benefits

- If you are an Australian citizen, or depending on your residency status within Australia, you may be eligible for government financial assistance from Centrelink to cover some of your income losses. Government payments have been implemented and expanded to provide additional support to individuals and households during the coronavirus crisis. These payments include:
 - JobSeeker and JobKeeper payments
 - The Coronavirus Supplement
- [The Australian Treasury](#) website has comprehensive, updated information regarding the government payments available. Be sure to review the eligibility criteria to check if you meet the requirements for any individual payment prior to making a claim
- You may submit your claims via your [myGOV](#) account, if you are already registered with them. If you do not have one, you

can create an account easily with an email address. You may need to have proof of identity, such as an Australian driver's license, passport, or other documentation. If you require additional help, you can access the relevant department's phone line on 13 23 07

- Keep in mind that this is an especially busy time for the operators. You may face longer than average waiting times

Additional assistance

- You may wish to get in touch with a financial counsellor. You can find out more information about their services, and find one near you online at [MoneySmart.gov.au](https://www.moneysmart.gov.au). They also have resources such as sample letters and step-by-step instructions on seeking financial relief from lending institutions and other service providers
- Good Shepherd - No Interest Loans - <https://goodshepherdmicrofinance.org.au/>
- Salvation Army - Financial assistance - <https://www.salvationarmy.org.au/need-help/financial-assistance/>
- Anglicare - Financial assistance with bills, etc - <https://www.anglicare.org.au/what-we-offer/food-and-financial-assistance/help-with-money/>
- National Debt Helpline - Free Financial Counselling - 1800 007 007

Additional information

You can find more information about superannuation from the following sources:

- The Gender Gap in Retirement Savings: <https://www.humanrights.gov.au/our-work/gender-gap-retirement-savings>
- What's the Best Way to Close the Gender Gap in Superannuation: <https://grattan.edu.au/wp-content/uploads/2018/02/899-Best-way-to-close-gender-gap-retirement-incomes.pdf>
- Women and Super – How to Beat the Odds: <https://www.superguide.com.au/retirement-planning/women-and-super-a-worry-free-financial-future-in-6-steps>



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