



# Your guide to super during the COVID-19 pandemic.

During this time of uncertainty, Hostplus remains committed to helping its members in any way possible. We're sharing regular updates for both members and employers online. Visit [hostplus.com.au/covid19](https://hostplus.com.au/covid19) for the latest news.

This fact sheet addresses changes introduced by the Federal Government on 22 March 2020 and other important information.

## New from 22 March 2020

### 1. Easier access to the JobSeeker Payment

The Government has temporarily broadened the eligibility criteria for individuals, including sole traders, to access the jobseeker payment (formerly Newstart).

In addition, the base payment has been temporarily increased by an extra \$550 per fortnight. Visit Services Australia for more information.

### 2. Early release of superannuation

Eligible members will be able to access up to \$10,000, tax-free, from their super account both prior to and after 1 July 2020 — providing a maximum of \$20,000 per member.

Eligible members are those: (i) who are unemployed; (ii) who are eligible under the Social Security Act 1991 (Cth) to receive a jobseeker payment, parenting payment (which includes the single and partnered payments) or special benefit; (iii) who are eligible to receive youth allowance under the Social Security Act 1991 (Cth) (other than on the basis that the person is undertaking full-time study or is a new apprentice); (iv) who are eligible to receive farm household allowance under the Farm Household Support Act 2014 (Cth); or (v) who on or after 1 January 2020:

- was made redundant;
- had their working hours reduced by 20% or more (including to zero); or
- in the case of sole traders, had their business suspended or suffered a reduction in turnover of 20% or more.

Applications are expected to commence in mid-April and will be assessed by the ATO via Mygov.

Notification will be automatically provided to super funds to release funds to eligible members. However, members may still be required to verify their identity with their fund to prevent fraud.

### 3. Temporarily reduced minimum drawdown rates for retirees.

Minimum drawdown rates from superannuation for retirees have been reduced by half for the 2019-20 and 2020-21 income years. The changes will allow more members to avoid the need to sell their assets during a period of economic downturn.

| Age      | Default draw-down rates | Reduced draw-down rates |
|----------|-------------------------|-------------------------|
| Under 65 | 4%                      | 2%                      |
| 65-74    | 5%                      | 2.5%                    |
| 75-79    | 6%                      | 3%                      |
| 80-84    | 7%                      | 3.5%                    |
| 85-89    | 9%                      | 4.5%                    |
| 90-94    | 11%                     | 5.5%                    |
| 95+      | 14%                     | 7%                      |

### For members approaching retirement

Typically, members must reach what's known as their 'preservation age' before they can begin accessing their super benefits. The preservation age changes depending on when the member was born and is detailed in the table below.

| Date of birth              | Preservation age |
|----------------------------|------------------|
| Before 1 July 1960         | 55               |
| 1 July 1960 – 30 June 1961 | 56               |
| 1 July 1961 – 30 June 1962 | 57               |
| 1 July 1962 – 30 June 1963 | 58               |
| 1 July 1963 – 30 June 1964 | 59               |
| From 1 July 1964           | 60               |

## Still working after your preservation age?

If a member has reached their preservation age, but are still working, they may be able to take advantage of a Transition to Retirement strategy in which the member begins to work less hours while topping up their income from their super balance.

Income payments can be made fortnightly, monthly, quarterly, half-yearly or annually.

Annual withdrawal amounts are calculated based on the member's account balance and minimum pension factors each year, with a maximum withdrawal of 10% of super account balances per year.

## Retired from the workforce?

If the member has reached their preservation age and retired from the workforce, they may be eligible to start an income stream.

By transferring the balance of their super account into a pension account, the member can withdraw regular payments or lump sum amounts to help fund their retirement.

## Insurance in super

Some Hostplus members have Income Protection or Salary Continuance Cover associated with their super account.

If a member is temporarily unable to work as a result of contracting COVID-19, they may be able to claim a regular monthly payment to help them meet their living expenses.

If the member holds current Income Protection cover, they may be eligible to claim on their insurance if the member:

- has solely, as a result of injury or illness, become incapable of performing one or more of their duties of their regular occupation necessary to produce income,
- is not engaging in any work, for wages or profit, and
- is under the care of a medical practitioner and following treatment recommended by a medical practitioner.

The member can login to Member Online to check their insurance arrangements.

## Temporary residents permanently leaving Australia

If the member has entered Australia on an eligible temporary resident visa, they may be able to withdraw their super as a Departing Australia superannuation payment (DASP) once they have left Australia. Find out more about claiming your super after leaving Australia.

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## **i** Important financial considerations

Hostplus recognises the financial hardship being suffered by a large proportion of the community and fully supports Government initiatives aimed at providing relief during these challenging times.

However, consistent with all decisions in relation to superannuation, we would encourage all members to carefully consider their individual circumstances — including their long-term financial situation, objectives and needs — before seeking early access to their retirement savings.

The markets have experienced significant losses during recent weeks and there is a risk that unnecessarily accessing superannuation funds now will effectively crystallise these losses, leading to a compounding negative impact on retirement outcomes in the long term.

For example, according to modelling by SuperRatings, for a 25 year old, taking \$10,000 out of their super now and \$10,000 in July, this would have grown into a balance of approximately \$134,700 at age 67 or \$58,800 in today's dollars.\*

Furthermore, from 1 April 2020, super funds are required to cease to provide insurance on accounts which have never had a balance of \$6,000 or more on or after 1 November 2019, unless specific instructions are received from the account holder.

The Putting Members' Interests First legislation works to ensure that members aren't paying for insurance they may have forgotten about and that premiums don't inappropriately erode their retirement savings.

We encourage all members to be mindful of their insurance arrangements when deciding whether to apply for early access to their superannuation.

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## Which option is right for you?

The information in this update is general in nature and does not take into account the individual circumstances of any member.

Before making a decision, each member should consider the own objectives, financial situation and needs. Members may also benefit from a conversation with a licensed financial planner. To arrange an initial no-obligation call with a Hostplus Financial Planner at no additional cost, members should visit [hostplus.com.au/financial-planning](https://hostplus.com.au/financial-planning) today.