TWU Carrying Australia

COVID-19: SUPER FACT SHEET

MAY 2020

COVID-19 AND EARLY ACCESS TO YOUR SUPER

The Government has announced a temporary early access to superannuation scheme. More information is provided for members to understand eligibility and advice on what you should consider.

The TWU recommends only accessing your superannuation if absolutely necessary, and to seek financial advice before doing so.

THE SCHEME IS AVAILABLE TO INDIVIDUALS WHO MEET ANY OF THESE CRITERIA:

- are unemployed
- receive certain government payments and allowances
- were made redundant on or after 1 January 2020
- have had their hours reduced by 20% or more on or after 1 January 2020
- are a sole trader who has had to suspend their business or has experienced a reduction in turnover of 20% or more since 1 January 2020

If you meet the above criteria, you can withdraw up to $10,000 by 30 June 2020 and a further $10,000 in the next financial year.

WHAT SHOULD YOU CONSIDER BEFORE ACCESSING YOUR SUPER EARLY?

It is important you seek professional advice on your individual financial circumstance; **TWUSuper provides members with advice**. Just be aware they are experiencing high call volumes which is resulting in longer than average wait times.

Accessing your super early may impact your final retirement savings. The below table provides information on what this could mean for you.

Age	Starting balance	Super taken	Difference at retirement
25	$20,000	$20,000	-$120,511
30	$40,000	$20,000	-$97,214
35	$60,000	$20,000	-$78,420
40	$79,000	$20,000	-$63,260
45	$95,000	$20,000	-$51,030
50	$109,000	$20,000	-$41,165

* Scenarios modelled by Industry Super Australia Pty Ltd. See assumptions https://www.industrysuper.com/assumptions/.

For more information see over >>>>

THE MCKELL INSTITUTE HAS ALSO HIGHLIGHTED THE FOLLOWING RISKS:

- **The market is bad, so you lose more money**
  The timing means you would be withdrawing money when the market has reached its lowest point in more than five years, and you'll miss-out on the rebound in asset prices that is expected as normality returns.

- **This will hurt the rest of your fund and other fund members**
  Superannuation is intended to operate as a long-term investment vehicle. The majority of funds have their money locked in assets like infrastructure, property, bonds and stocks. Some funds may have to sell assets – at the bottom of the market – to allow for this unexpected access. Funds also won't be able to use diminished reserves to purchase under-priced assets which would assist in their recovery.

- **Early access undermines the long-term performance of all super**
  Long term investments have better returns - on average 5.2% for superannuation funds compared to on average 2.4% 1-year term returns (2018). The more we want our superannuation accounts to act like a bank account, the more it will deliver bank account-like returns.

- **This proposal will increase aged pension costs in the long-term**
  This hit to superannuation will impact government funds and the taxpayer by creating a higher aged pension bill and lower revenue from the 15% tax on superannuation earnings.

- **There'll be less capital available for a post-COVID rebound**
  Households don't just help our economy by spending – their savings are an important source of capital for Australian businesses. Superannuation plays an ever-growing role here.

  For more information: https://mckellinstitute.org.au/research/articles/earlyaccesstosuper/

Call TWUSuper for advice:
1800 222 071 8am to 8pm (AEST)

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