

30 March 2020

Coronavirus Economic Response Package Omnibus Bill 2020

What is it?

The government recently announced changes to superannuation as part of their economic response to the Coronavirus. These changes have been introduced to Parliament as the Coronavirus Economic Response Package Omnibus Bill 2020 and has been passed by both Houses. The key changes are as follows:

1. Pension members may now elect to take a reduced minimum pension amount during the 2020 and 2021 financial years, and
2. Members may now to access their super on compassionate grounds where their employment has been affected.

What do you need to know?

Existing pension members

The new pension minimums will be applied on an opt-in basis. **Existing pension members** can choose from the following options:

1. Continue to receive pension payments at the pre-existing level – ie. no change to the pension amount to be paid until the end of the financial year.
2. Amend their current pension payment amounts to reflect the new pension minimum by submitting a *Pension nomination variation* form. Where members have already been paid their pension minimum, they may choose not to receive any further pension payments for the remainder of the financial year.
3. Submit new instructions to vary their pension payment amounts by submitting a *Pension nomination variation* form.

If a pension variation instruction is not received from an existing pension member, their pension will be unchanged and continue to be paid at the pre-existing level.

New pension members

For any **new members** who commenced their pensions after 25 March 2020 and have selected to be paid the minimum amount, the fund will calculate the minimum pension payment using the new minimum pension factors. Members can amend their pension payment amounts by submitting a *Pension nomination variation* form.

From 1 July 2020, the fund will calculate all members' minimum pension payments using the reduced pension factors. As is our normal practice, we will write to our members at that time to confirm their pension payment amounts for the 2020/21 financial year and give them an opportunity to amend this if they want to.

Access to super on compassionate grounds

- From mid-April 2020, members are able to apply for a release of up to \$10,000 of their super on compassionate grounds. They will also be able to apply for an additional release of \$10,000 from 1 July 2020.
- Any applications must be made within 6 months of these changes commencing and application(s) must be made and through myGov at my.gov.au.
- The amounts are:
 - tax free and will not affect Centrelink or Veteran's Affairs payments
 - treated as non-assessable, non-exempt income, and
 - not counted as income and are not taken into account under any income or means test.
- Members who satisfy a financial hardship condition of release can also apply for this release in addition.
- Members can only apply once in each financial year, so 2 applications at most per person.
- Members can specify the amount they wish released, and from which super account they want it released from.
- Approval of the application is determined by the ATO. The ATO will advise Mason Stevens Super of any approvals, at which point payment can be made from the fund. [Click here](#) for further information from the ATO regarding the early release of super.
- To avoid payment delays, advisers need to make sure that the member account has sufficient cash in the Self-Directed Portfolio.

Should you have any further questions in relation to the above, please contact us on 1300 491 766 or email admin@mssuper.com.au.