

Money Insights – Special edition

Government's COVID-19 economic stimulus package for individuals and households

Dated 31 March 2020

The Australian Government has legislated measures aimed at helping support households and businesses with the significant economic consequences of COVID-19. These measures are summarised below. For more information, please visit the treasury department's [Economic response to the Coronavirus](#).

Temporary reduction in minimum pension drawdown

There is a minimum amount you must withdraw from an account-based pension each financial year. The actual minimum amount that applies to you depends on your age. This is known as a minimum pension drawdown. To help your pension recover from the economic impact of COVID-19, the government has temporarily reduced minimum pension drawdown requirements for account-based pensions and similar products (i.e. Term Allocated Pension) by 50% for 2019-20 and 2020-21 financial years.

The minimum drawdown requirement for an account-based pension is determined by multiplying the account balance as at 1 July each financial year by the percentage factor in the following table:

Age at each 1 July	Default minimum drawdown percentage	Reduced by 50% for the 2019-20 and 2020-21 years
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%

What does this mean for you?

If your total pension payments (as a percentage of your account balance on 1 July) for the current financial year exceed the 50% reduced minimum drawdown based on your age on 1 July, you can choose to:

- suspend further pension payments or
- leave your pension payments unchanged

You can also decide whether you would like to take advantage of the reduced minimum pension drawdown in the 2020-21 financial year. If you require assistance with this decision, please speak to your financial adviser.

Temporary early release of superannuation

You can access up to \$10,000 of your superannuation in 2019–20 and a further \$10,000 in 2020–21 on compassionate grounds. No tax will need to be paid on these released amounts and the amount withdrawn will not affect Centrelink or Department of Veteran Affairs' payments. You can make applications to the Australian Taxation Office (ATO) from mid-April 2020 and any applications must be made before 25 September 2020.

To qualify for the release, you must satisfy any one or more of the following:

- you are unemployed
- you are eligible to receive a JobSeeker Payment, Youth Allowance for job seekers, Parenting Payment, Special Benefit or Farm Household Allowance
- on or after 1 January 2020
 - a) you were made redundant or
 - b) your working hours were reduced by 20 percent or more or
 - c) you are a sole trader – your business was suspended or there was a reduction in your turnover of 20 per cent or more

How to apply

You need to make an application online using your MyGov account which will be directed to the ATO. The ATO will then process your application and issue a determination directly to your superannuation fund who will then release the money to you. You are restricted to a single application.

Proceed with caution

Withdrawing money from your super could mean less at your retirement. If your superannuation balance reduces significantly following the withdrawal you may not have sufficient balance remaining to fund your life insurance inside super. Speak to your financial adviser if you need assistance.

Two separate Economic Support Payments of \$750 to support households

The government is providing two separate \$750 Economic Support Payments to individuals living in Australia and eligible for certain social security payments or concession cards, as well as families with dependent children who are in receipt of the Family Tax Benefit payments. Refer to Appendix A for a full list. To qualify for each Economic Support Payment, you must be in receipt of eligible benefits or concession cards on the following dates:

- to qualify for the first payment of \$750 you need to be in receipt of a Centrelink payment or a concession cardholder between 12 March 2020 and 13 April 2020 (inclusive)
- to qualify for the second payment of \$750 you need to be in receipt of a Centrelink payment or a concession card holder on 1 July 2020

The first Economic Support Payment will be made from 31 March 2020 and the second will be made from 13 July 2020.

Fortnightly Coronavirus Supplement of \$550

Centrelink will pay a temporary fortnightly \$550 Coronavirus Supplement from 27 April 2020 to individuals who are in receipt of the JobSeeker Payment (replaced Newstart Allowance¹), Youth Allowance for job seekers, Parenting Payment, Farm Household Allowance and Special Benefit. Centrelink will make an automatic payment to eligible persons each fortnight for up to six months. This amount is paid on top of your income support payment.

Financial assistance to people who have lost their job or have been stood down

If you have recently lost your job or been stood down, you could apply for the JobSeeker Payment (formerly Newstart Allowance). JobSeeker Payment is a fortnightly payment from Centrelink for those who are sick, injured and can't do their usual work or who are looking for work. The amount you can receive depends on your personal situation such as if you have children or a partner. Currently the maximum payment for someone with a partner is \$510.80 each per fortnight. Refer to Appendix B for application process.

In response to the large number of people who have had their employment adversely affected by COVID-19, Centrelink has temporarily expanded the eligibility for the JobSeeker Payment and Youth Allowance for job seekers which means you may qualify for these payments if you are:

- a permanent employee who has been stood down or lost their job
- a sole trader, self-employed, a casual or contract worker whose income has reduced
- caring for someone who's affected by COVID-19

The government has relaxed the following rules making it easier to access the JobSeeker Payment and Youth Allowance for job seekers. Centrelink has waived:

- Asset testing for six months from 25 March 2020, except for Farm Household Allowance and Special Benefit. Under normal circumstances, to qualify for JobSeeker Payment, the applicant's and their partner's (if any) combined assets must be below the lower asset thresholds for the Age Pension. Income testing however will still apply.
- The requirement that an applicant to produce an employment separation certificate. In the past when someone lost their job, Centrelink required an employment separation certificate for every employer they have worked for in the last 12 months. This requirement was waived from April 27.
- The requirement to provide proof of rental arrangements or verification of relationship status from April 27.
- The 1-week Ordinary Waiting Period has been waived for 3 months starting from 12 March 2020. The liquid asset waiting period, newly arrived residents waiting period and seasonal work preclusion period have also been temporarily waived. However, the Income Maintenance Periods and Compensation Preclusion periods will continue to apply. This means if you have received lump sum termination payments (including annual leave and other leave entitlements) you are expected to be self-reliant for a period of time before claiming government assistance.

¹ From 20 March 2020, a new payment called "Jobseeker Payment" commences, it has the same basic qualification, payability, mutual obligation requirements and payment rates as the existing Newstart Allowance. It also replaces Bereavement Allowance and Sickness Allowance.

Reduction in deeming rates from 1 May 2020

The upper and lower social security deeming rates will be reduced on 1 May 2020. The deeming rate is a set of assumed earning rates used by Centrelink and Department of Veterans' Affairs to determine the amount of income created from individual's financial assets. The upper deeming rate will be 2.25% and the lower deeming rate will be 0.25%. This change is estimated to benefit around 900,000 income support recipients.

Existing support for families

In addition to the stimulus package, there is existing support available to help with the cost of raising children. The Family Tax Benefit (FTB) is made up of two parts:

- FTB Part A – paid per child and the amount is based on family circumstances.
- FTB Part B – paid per family and gives extra help to single parents and some couple families with one main income.

It can be paid either fortnightly or as a lump sum at the end of the financial year. Families who are eligible for FTB may also be eligible for other payments and supplements, including:

- FTB Part A supplement
- FTB Part B supplement
- Newborn Supplement and Newborn Upfront Payment
- Multiple Birth Allowance
- Energy Supplement

To be eligible, you must:

- Have a dependent child or full-time secondary student aged 16 to 19 who isn't getting a pension, payment or benefit like Youth Allowance.
- Care for the child for at least 35% of the time.
- Meet an income test.

FTB Part A recipients also have to meet immunisation and/or health check requirements.

How to apply

You can make an application online using your [MyGov account](#) linked to Centrelink.

Appendices

Appendix A: Eligible Payments for Economic Support Payment

- Age Pension
- Disability Support Pension
- Carer Payment
- Carer Allowance
- Parenting Payment
- Wife Pension
- Widow B Pension
- ABSTUDY (Living Allowance)
- Austudy
- Bereavement Allowance
- Newstart Allowance
- Youth Allowance
- Partner Allowance
- Sickness Allowance
- Special Benefit
- Widow Allowance
- Farm Household Allowance
- Family Tax Benefit A
- Family Tax Benefit B
- Double Orphan Pension

You'll also receive the payment if you are the holder of at least one of the following concession cards:

- Pensioner Concession Card
- Commonwealth Seniors Health Card
- Veteran Gold Card

Appendix B: How to apply for JobSeeker Payment

Applying for any Centrelink payments is not known to be easy to navigate at the best of times and in this current climate – Centrelink is facing even greater demand. Avoid visiting the Centrelink service centre or calling them on the hotline and try to do as much as possible online. You will need documents like proof of reduction in working hours from your employer, so have them ready.

Step 1: Go online and log into your existing MyGov account or create a new one.

Step 2: Create a Centrelink account. If you don't have an online Centrelink account but have received payments in the past, try to track down any old letters from Centrelink to find your Customer Reference number (CRN) or Customer Access Number (CAN). If you are setting up a new Centrelink account for the first time you'll need to supply proof of identify documents which usually requires you to visit Centrelink in person. Centrelink is now happy for you to ring up them and identify yourself over the phone.

Step 3: Log into your MyGov account and link it to your Centrelink account.

Step 4: Once you are in your Centrelink account select **Payments and Claims** from the menu, then **Claims**, then **Make a claim**. Choose the category that best describes your circumstance. You'll need to submit various documents online to support your Centrelink claim and you'll have 14 days to submit any supplementary documents. Please refer to the following [link](#) for list of documents you'll need:

Step 5: As part of your claim you'll need to book a phone appointment with Centrelink. You'll need to make a note of your appointment time and make sure you are available at that time.

Step 6: Wait for Centrelink's confirmation of your claim. This may come through your MyGov inbox or by post. Once approved, you'll need to be mindful of your ongoing reporting obligation. Every fortnight you will need to let Centrelink know how much money you've earned over the past 14 days and confirm you are looking for work (note: there are special exemptions to this for COVID-19). You can report via the Express Plus Centrelink app (you will need to download this from Google play or Apple store).

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