

Response to COVID-19

Federal Government Stimulus Package – update 1 – April 2020

Assistance for INDIVIDUALS & HOUSEHOLDS

Measure 1 - \$750 cash payments for social security recipients and concession card holders

A payment of \$750 will be made to eligible income support recipients and concession card holders. This is in addition to the \$750 payment announced on 12 March 2020

Those eligible for payment 1:

- Must be residing in Australia
- Must have been receiving one of the below benefits at any time between 12 March 2020 and 13 April 2020:

Age Pension	Bereavement Allowance	Widow Allowance	Commonwealth Seniors Health Card holders
Disability Support Pension	Newstart Allowance	Carer Allowance	Veteran Gold Card holders
Carer Payment	JobSeeker Payment	Pensioner Concession Card (PCC) holders	Farm Household Allowance
Parenting Payment	Youth Allowance	Widow B Pension	Special Benefit
Wife Pension	Partner Allowance	ABSTUDY or Austudy	Sickness Allowance
Family Tax Benefit, including Double Orphan Pension	Veteran Service Pension; Veteran Income Support Supplement; Veteran Compensation payments, including lump sum payments; War Widow(er) Pension; and Veteran Payment.	DVA PCC holders; DVA Education Scheme recipients; Disability Pensioners at the temporary special rate; DVA Income support pensioners at \$0 rate.	

Those eligible for payment 2:

- Must be residing in Australia
- Must have been receiving an eligible benefit at 10 July 2020.

Eligible benefits are:

- As for payment 1, except for those receiving JobSeeker, Youth Allowance Jobseeker, Parenting Payment, Farm Household Allowance or Special Benefit. Recipients of these benefits will be eligible for the 'Coronavirus supplement' (refer below).

When will payments be made?

- Payment 1 will be made from 31 March 2020.
- Payment 2 will be made from 13 July 2020.

Other important information:

Couples who are each eligible for a qualifying benefit will each receive the \$750 payment – eg: a couple who each receive a Centrelink age pension benefit throughout the qualifying period will receive a total benefit of \$3,000 (two payments of \$750 each).

What do you need to do to receive this payment?

If you're eligible for the payment then you don't need to do anything – the payments will be made automatically from the above dates.

More information:

- www.treasury.gov.au/coronavirus or contact our office.

Measure 2 - \$550 coronavirus supplement

Those receiving one of the below benefits will receive a supplement of \$550/fortnight to their benefit.

- JobSeeker Payment
- Youth Allowance (Jobseeker)
- Parenting Payment
- Farm Household Allowance, and
- Special Benefit.

When will payments be made?

Payments will be made for a 6 month period commencing from 27 April 2020.

Other important information:

Those who are eligible for this supplement won't be eligible for the second of the \$750 cash payments.

What do you need to do to receive this payment?

If you're eligible for the payment then you don't need to do anything – the payments will be made automatically from the above date.

More information:

- www.treasury.gov.au/coronavirus or contact our office.

Measure 3 – a further reduction in deeming rates

The 'deeming rate' is the return that Centrelink applies to your financial assets (such as bank accounts, investments and some superannuation accounts) to determine how much income they regard you as earning. In turn this level of income can dictate your entitlement to benefits such as the age pension and is also used in the means test for the CSHC.

There are two deeming rates applied:

- The lower deeming rate is applied to the first \$51,800 (for singles) and \$86,200 (couples) of eligible assets owned.
- The upper deeming rate is applied to assets over the lower rate threshold.

What is the latest change?

New deeming rates will apply from 1 May 2020

	Current rate	From 1 May 2020
Lower deeming rate	1.0%	0.25%
Upper deeming rate	3.0%	2.25%

Other important information:

The government had already announced a reduction to deeming rates that was due to apply from 1 May 2020, however the above is a further reduction to the deeming rates.

What do you need to do?

Nothing is required. Centrelink will apply the reduced deeming rates from 1 May 2020 and those who are entitled will receive a higher benefit in the first payment after that date. Generally speaking those who are income tested by Centrelink will benefit.

More information:

- www.treasury.gov.au/coronavirus or contact our office.

Measure 4 – a temporary reduction in superannuation pension draw down rates

Those who are drawing a pension from their superannuation are required to draw at least a minimum amount each year. The minimum is determined by age and is calculated as a percentage of the value of the account from which the pension is being drawn as at the previous 1 July.

The minimum drawdown is being halved for the 2019/20 and 2020/21 financial years, as follows:

Age	Current rate	Reduced rate
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%

Why is this happening?

As the value of many superannuation pensions will have declined in recent weeks, those who don't require as much income as the minimum level dictates are being given the option of drawing less.

This enables more funds to be retained within the superannuation system and/or reduces the potential need to sell down underlying assets to raise cash for pension payments.

How should you respond?

Superannuation pensions are flexible and can be changed from month to month as required (as long as you draw at least the minimum applicable to your account each financial year).

As we're already more than half way through the financial year, those who've been drawing a regular monthly income from their superannuation will have already met the revised minimum drawdown level and can suspend their pension completely if they wish to do so.

If you feel that you don't need as much income then please contact our office as we'll discuss the options available to you and how the change to your pension level can be implemented.

If you're currently comfortable with the level of income that you're receiving then you don't need to do anything – your pension income will continue as normal.

Alternately, if you feel that you need more income then please contact us and we can discuss how that can be implemented.

More information:

Please contact our office.

Measure 5 – temporary early release of superannuation

Generally speaking, to access your superannuation you need to have met your 'preservation age' (at least 55, but up to age 60 for those born later than July 1964) and to have also met a condition of release (such as having retired).

However, in light of the current economic environment the government is permitting those who meet the below criteria to access up to \$20,000 of their superannuation.

To be eligible for early access to superannuation you must:

- Be unemployed; or
- Be a current recipient of a jobseeker, youth allowance for jobseeker, parenting payment (which includes the single and partnered payments), special benefit or farm household allowance; or
- Have been made redundant on or after 1 January 2020; or
- Have your working hours reduced by 20% or more after 1 January 2020; or
- For sole traders, have suffered business suspension or a reduction in turnover of 20% or more.

Other important information:

Those who meet one of more of the above criteria can apply to access \$10,000 of their superannuation in the 2019/20 financial year (ie: before 30 June 2020) and another \$10,000 in the 2020/21 financial year (ie: after 1 July 2020).

Early access benefits will be tax free and won't impact eligibility for any social security benefits.

What do you need to do to receive this payment?

Applications for the early release of superannuation need to be made to the ATO via your MyGov account - www.my.gov.au.

If approved then the ATO will contact your superannuation fund to authorise them to make the payment to you.

If you're a member of a self-managed superannuation fund (SMSF) then the ATO will directly administer the access payment. Please don't access your fund's bank account for early release without the ATO's approval – heavy penalties will continue to apply for those accessing their superannuation illegally.

If you fit into one of the above criteria then please contact our office and we'll talk through the process with you.

More information:

- www.ato.gov.au or contact our office.

Measure 6 – JobKeeper Payments

JobKeeper is a business support package but is designed to benefit the employees of businesses that have suffered a decline in revenue due the coronavirus crisis.

The overall design of the policy is to assist employers in keeping employees on their books.

Eligible employers will qualify for a payment of \$1,500 per fortnight per employee for a maximum of 6 months. Payments will begin from May 2020 but will be backdated to 30 March 2020.

To be eligible businesses must:

- Have suffered a decline in revenue of more than 30% (if their revenue is less than \$1 billion);
- Have suffered a decline in revenue of more than 50% (if their revenue is more than \$1 billion).

Revenue is measure against the corresponding period (month or quarter) for the same time last year.

Employers can be companies, trusts, not for profits, self-employed and sole traders.

Other important information:

While the payment is made to businesses, the business is required to pass the payment onto their eligible employees.

Eligible employees are:

- Those employed by the business on a full time or part time basis as at 1 March 2020.
- Casuals who were employed for a minimum of 12 months as at 1 March 2020.
- Must be at least 16 years of age and an Australian citizen or holder of an applicable visa.

Eligible employees may be continuing to work in their normal capacity, may have had their hours reduced or may have been stood down completely without pay.

Anyone made redundant since 1 March 2020 will only be eligible if they have since been re-hired by the employer.

The employee's salary is not relevant to their entitlement to the JobKeeper Allowance – ie: those who would normally earn less than \$1,500/fortnight will be eligible for that amount as will those whose income is normally more.

Importantly, any JobKeeper allowance received by an employee is taxable income and will need to be declared in their tax return. The receipt of the JobKeeper allowance will therefore impact on the employee's eligibility for Centrelink benefits (including the JobSeeker allowance).

Eligible employees who work for multiple employers can only claim the JobKeeper allowance from one employer (generally the employer from whom they claim the tax-free threshold).

What do you need to do to receive this payment?

Employers, including sole traders and the self-employed can register their interest at <https://www.ato.gov.au/general/gen/JobKeeper-payment/>.

They will be required to provide evidence of the decline in their business revenue and may be required to update this periodically over coming months.

More information:

- <https://www.business.gov.au/risk-management/emergency-management/coronavirus-information-and-support-for-business/jobkeeper-payment> or contact our office.

General information – applying for social security benefits

The government expects an uptake in applications for social security benefits as a result of the impact of COVID-19.

They've committed to waiving some of the rules that apply for eligibility including some waiting periods and some means tests.

To make the application process as efficient as possible, Centrelink is encouraging those in need to lodge their applications online. This can be done via MyGov – www.my.gov.au

If you're not able to utilise the online service then they recommend their phone service (136 240) or visit their website - <https://www.servicesaustralia.gov.au/individuals/subjects/affected-coronavirus-covid-19>.

Next Level Financial Services will be able to assist where we hold an existing Centrelink nominee authority for a client. Please contact us if you require assistance.

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