



## EARLY WITHDRAWAL OF SUPERANNUATION

*Access to superannuation before retirement is limited. There are rules about the circumstances under which you can access your super, and how much you can get. This factsheet is about some of those rules. Before accessing your super, you should get independent financial advice.*

### RELEASE OF SUPER ON RETIREMENT

When you reach **Age Pension age** (currently 65) you have unlimited access to your superannuation. You can withdraw as much as you like, either in a lump sum or in a structured payment scheme.

If you have reached **preservation age** and have retired, you can access some of your super. Preservation age is between 55 and 60 depending on when you were born. Retirement means you are working fewer than 10 hours per week.

If you have reached **preservation age** you can access some of your super under the **transition to retirement rules** while continuing to work, but only as an income stream, pension or annuity.

### EARLY RELEASE OF SUPER

There are a limited set of circumstances in which you may be able to access some of your super money before preservation age.

The main grounds are:

- If you have a terminal medical condition;
- If you are in severe financial hardship;
- In very limited “compassionate grounds”; and
- In cases of temporary or permanent incapacity.

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#### TERMINAL MEDICAL CONDITION

You can access your super if you are likely to die in the next 12 months. Two medical practitioners, including a specialist, must support your application.

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#### SEVERE FINANCIAL HARDSHIP

You apply directly to your super fund to access your super on this ground. Not all super funds allow this, but you may be able to move your money to a different fund. Get independent financial advice before doing this.

If you have not reached preservation age (currently 55) plus 39 weeks, you must have received an eligible income support payment from Centrelink continuously for 26 weeks and demonstrate severe financial hardship. You can access up to \$10,000 per 12 month period to meet immediate expenses, such as outstanding debts, but not day to day living expenses.

If you have reached preservation age plus 39 weeks (and are not retiring) you must have received an eligible income support payment for a total of 39 weeks since turning preservation age. You do not need to demonstrate financial hardship in these circumstances, only that you are not gainfully employed at the time of application. You can access your full super benefit.

Most Centrelink payments are eligible income support payments. The main exceptions are: youth allowance for students, Austudy, Abstudy and family tax benefit (and other family assistance payments).

The Department of Human Services will give you a letter confirming receipt of payments on request. This is valid for



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21 days.

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### COMPASSIONATE GROUNDS

The compassionate grounds are tightly restricted to accessing funds to pay for:

- Medical or dental treatment, or transport to treatment, for you or your dependants;
- Arrears of your mortgage to prevent the lender selling it;
- Modifications to your home or vehicle to accommodate a severe disability for you or your dependants;
- Palliative care for you or your dependants; or
- Expenses connected to a dependant's death (eg funeral costs).

Apply to the Department of Human Services for early release of super on compassionate grounds. You need evidence to show the one or more compassionate ground exists, as well as showing that you cannot pay for the cost by some other means such as from your savings.

If the Department of Human Services refuse your application and you think it is wrong, you can request an appeal within 28 days of the date of the decision. If you have new information or the appeal period has expired, lodge a new request.

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### TEMPORARY OR PERMANENT INCAPACITY

If you are temporarily unable to work, or need to work less hours, because of a physical or mental medical condition, you may be able to access regular payments (an "income stream") from your super fund.

If you are permanently unable to work, you may be able to access your super as a lump sum or income stream. This is known as a "disability super benefit". You must have a physical or mental medical condition which is likely to stop you ever working again in a job you are qualified for by education, training or experience. Two medical practitioners must support your application.

### WHAT IF MY FUND WON'T RELEASE MY SUPER?

These rules **allow** funds to release super under these circumstances, but it **does not oblige** them to do so. Super funds are free to set their own rules about when money can be released, and some are much stricter than others. If you meet the criteria for one of the above grounds of release and your super fund refuses to release your super, you may be able to **roll-out**, or move, your super into a fund with less strict rules about early release. Most, but not all, super funds will allow you to roll-out your money. You should also get independent financial advice before doing this.

### WILL ACCESSING MY SUPER AFFECT MY CENTRELINK PAYMENT?

If you withdraw money from your super fund, you must tell Centrelink within 14 days. Money withdrawn from super is not treated as income for a person receiving a social security payment. It can be assessed as an asset depending on what you do with it, but unless the sum is very large it is unlikely to affect your payments.

Some or all of the amount you withdraw may be included as income for the purpose of your rate of family tax benefit (and other family assistance payments like child care benefit). When you tell Centrelink about a withdrawal of super you should ask them to update the records for all payments you receive if you receive both a social security payment such as parenting payment or the disability support pension, and a family assistance payment such as family tax benefit.



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### WHAT ARE THE CONSEQUENCES OF EARLY RELEASE OF SUPER?

Get independent financial advice before deciding if withdrawing your super is the best option for you. Some agencies give free financial advice. Centrelink has a “Financial Information Service” (T: 13 23 00). Some charities also offer free financial advice.

Some of the consequences of withdrawing your super are:

- Having less super for your retirement;
- Paying more tax than you would have;
- Paying fees to your super fund; or
- People you owe money to being able to access the money (it is protected when it is in your super fund).

It is important to find out how much tax you will pay. You need to withdraw enough money from super so that, after you pay tax, you have enough money left to meet the expenses you withdrew it for.

If you have a complaint about your super fund and you are not satisfied with its response (or it is not responded at all within 90 days) you can complain to the Superannuation Complaints Tribunal.

**THIS FACTSHEET CONTAINS GENERAL INFORMATION ONLY. IT DOES NOT CONSTITUTE LEGAL ADVICE. IF YOU NEED LEGAL ADVICE PLEASE CONTACT YOUR LOCAL WELFARE RIGHTS CENTRE. YOU CAN FIND YOUR LOCAL WELFARE RIGHTS CENTRE AT [WWW.WELFARERIGHTS.ORG.AU](http://WWW.WELFARERIGHTS.ORG.AU). WELFARE RIGHTS CENTRES ARE COMMUNITY LEGAL CENTRES, WHICH SPECIALISE IN SOCIAL SECURITY LAW, ADMINISTRATION AND POLICY. THEY ARE INDEPENDENT OF CENTRELINK. ALL ASSISTANCE IS FREE.**

**THIS FACTSHEET WAS UPDATED IN OCTOBER 2014**

**[WWW.WELFARERIGHTSCENTRE.ORG.AU](http://WWW.WELFARERIGHTSCENTRE.ORG.AU)**