

What does the Coronavirus safety net mean to me?

by Peter Kelly, Superannuation and Retirement Planning Specialist , Centrepoint Alliance
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On Sunday 22 March 2020, the government announced its second stimulus package, or safety net designed to support the hundreds of thousands, if not millions of Australians that will be directly affected by the coronavirus pandemic. The package included significant measures for individuals and for businesses.

This article considers the measures to be available to households and individuals once the necessary legislation is enacted.

1. Coronavirus supplement

The supplement of \$550 per fortnight is to be paid for a period of six months and will be paid to existing and new recipients of income support benefits including:

- Jobseeker Payment (former Newstart Allowance, Partner Allowance, Widow Allowance, Sickness Allowance and Wife Pension)
- Youth Allowance Jobseeker
- Partner Payment
- Farm Household Allowance
- Special Benefit recipients.

Those eligible for any of these income support benefits will receive the full supplement.

The full rate of Jobseeker Payment is currently \$565.70 per fortnight for a single person (no with dependants) and \$510.80 per fortnight for a recipient that has a partner. The addition of the coronavirus supplement will effectively double the fortnightly benefit for a period of six months.

2. Expanded access

Jobseeker Payments and Youth Allowance Jobseeker will be available to permanent employees stood down by their employer of who lose their job.

In addition, sole traders, the self-employed and contract workers who are affected by the economic downturn attributed to the Coronavirus will be eligible.

The assets test for Jobseeker Payment, Youth Allowance and Parenting Payment will be waived for the duration of the Coronavirus supplement, however the income test will continue to apply.

The usual one week waiting period for benefits has been waived. In addition, the Liquid Asset Waiting Period and the Seasonal Work Preclusion Period will be waived for people eligible to receive the Coronavirus supplement.

The Newly Arrived Residents Waiting Period is to be temporarily waived.

Income Maintenance Periods and Compensation Preclusion Periods will continue to apply.

3. Processing applications

The mechanism for processing applications is to be streamlined to facilitate the faster processing and allowing eligible recipients to receive benefits. This is expected to occur from April 2020. Applicants are encouraged to make their application for benefits online.

To claim online, you do need to set up your myGov account if you have not already done so, and link your account to the Centrelink online account.

4. Mutual obligation

Generally, to be eligible for the Jobseeker Payment an applicant must actively look for work, build their skills (undertake training) or, in some cases, do volunteer work.

As a consequence of the Coronavirus, these requirements will be relaxed, particularly for those required to self-isolate or who have caring responsibilities. However, job seekers are expected to remain job ready and connected with their employment services provider.

Sole traders who are eligible for a Jobseeker Payment will be treated as having met their mutual obligation requirements by continuing to develop and sustain their business.

The Coronavirus Supplement and expanded access for payments will commence from 27 April 2020.

5. Payment support for households

On 12 March 2020 the government announced it would be making a one-off payment of \$750 to a wide range of social security, veteran and other income support recipients. This includes age pensioners, disability support pensioners, recipients of Jobseeker Payments, and many more.

Pensioner Concession Cards holders and self-funded retirees that have a Commonwealth Seniors Health Card will also be entitled.

The payment is to be made from 31 March 2020. A second payment of \$750 was announced on 22 March 2020. This will be made from 13 July 2020 however it will not be available to people receiving the Coronavirus supplement.

The payment will not be taxable.

6. Early access to superannuation

For those who are unemployed, eligible to receive a Jobseeker Payment, or (after 1 January 2020) were made redundant, had their working hours reduced by 20 per cent or more, or were a sole trader that has suffered a reduction in turnover of 20% or more, will be able to up to \$10,000 of their superannuation in the 2019/20 financial year, and a further \$10,000 in 2020/21.

Superannuation benefits withdrawn under these circumstances will be exempt from tax and will not be counted under the income test for Centrelink and Veterans' Affairs payments.

Application for release can be made to the Australian Taxation Office through the myGov website.

This should be available from mid- April 2020.

7. Reduced superannuation pension drawdown requirements

The minimum prescribed income that must be withdrawn from an account based pension is to be halved for the 2019/20 and 2020/21 financial years.

The following table sets out the new minimums:

Age	Default minimum	Minimum for 2019/20 & 2020/21
< 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%

8. Further cut in deeming rates

The deeming rates for social security benefits have been further reduced.

From 1 May 2020, the deeming rates will be:

Single	First \$51,800	0.25%
	Over \$51,800	2.25%
Couple	First \$86,200	0.25%
	Over \$86,200	2.25%

This article is a summary of the changes announced by the Government on 12 and 22 March 2020 as part of their response to the Coronavirus pandemic.

Full details will continue to emerge in the coming days and weeks.

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