

Fact sheet - Financial Hardship



The purpose of this factsheet is to help you understand the process involved with Severe Financial Hardship claims. As there are strict government rules around the early release of super, all applications must be assessed and approved before a payment can be made. Before you make a claim, it is important to be familiar with the requirements so that your application is handled as quickly as possible.

Introduction

Generally you cannot have access to your super until you have reached your 'preservation' age (see page 3). However there are certain circumstances, such as Severe Financial Hardship, where the Government will allow you to access your super, providing you meet certain eligibility requirements.

Definition of Severe Financial Hardship

Severe Financial Hardship is a situation where you are unable to pay your bills to meet reasonable and immediate family living expenses. That is, your everyday living expenses are more than the money you receive through government support.

Am I eligible?

To be eligible to make a claim on your super on the basis of Severe Financial Hardship, you need to satisfy specific requirements. You must be receiving a qualifying

Commonwealth Income Support payment from the Department of Human Services (DHS) which includes Centrelink and the Department of Veterans' Affairs, for a specified period of time.

For a list of social security payments that qualify, search 'income support payment description' at humanservices.gov.au/individuals.

There are two conditions under which you can apply, depending on your age and current employment status and we have outlined these as **Criteria 1** and **Criteria 2**, to make it easier for you to understand the requirements, eligibility conditions and the amounts that can be released.

NOTE

If you have attained age 65, have ceased employment after age 60 or have reached your preservation age and retired permanently, you do not need to apply for release on financial hardship grounds. You can access your superannuation benefits at any time by completing a *Payment of Benefits form* available at clubplussuper.com.au/tools-forms.



CRITERIA 1

You can apply under this criteria at any age under age 65, as long as you meet the conditions outlined below:

- A letter from DHS confirming that you are receiving a qualifying income support payment for a continuous period of 26 consecutive weeks, commonly known as the Q230 (the letter must be dated within the last 21 days).
- Documentary evidence of your inability to meet reasonable and immediate family living expenses, eg, copies of outstanding personal debts or loans. A debt that has been paid already, can not be included as an outstanding debt.
- A completed *Severe Financial Hardship payment form*. The form has instructions on the sections you need to complete, which includes a Statutory Declaration and Proof of Identity (POI) requirements you need to meet.

Withdrawal limits you need to know

The maximum amount that can be released in any 12 month period is \$10,000 (gross) and only one payment can be made under this criteria in a 12 month period.

The minimum release amount is \$1,000. However, if your account balance is less than \$1,000, the full amount may be released.

You should be aware that the minimum balance that can remain in your account after withdrawal is \$6,000. If your requested withdrawal amount would leave your account balance with less than \$6,000, the trustee may release less than the amount you request to ensure your account remains above the minimum balance.

CRITERIA 2

You can apply under this criteria only if you have reached your preservation age and 39 weeks and you meet the conditions outlined below:

- A letter from DHS confirming that you have been receiving a qualifying income support payment after reaching your preservation age (see *What is your preservation age?* on the next page), for at least 39 cumulative weeks, commonly known as a Q251.
- You are not gainfully employed on a full time or part time basis (If you are working less than 10 hours a week, you are not considered to be gainfully employed).

- A completed *Severe Financial Hardship payment form*. The form has instructions on the sections you need to complete, which includes a declaration confirming you are not gainfully employed and Proof of Identity (POI) requirements you need to meet.

Withdrawal limits you need to know

There is no maximum withdrawal limit, however the minimum balance that can remain in your account after withdrawal is \$6,000. If your requested withdrawal amount would leave your account balance with less than \$6,000, the trustee may release less than the amount you request to ensure your account remains above the minimum balance.



NOTE

If you do not meet either criteria, you may wish to visit the Australian Taxation Office (ATO) website ato.gov.au to check out your eligibility to make a claim on Compassionate grounds. You can lodge a claim under this criteria using your MyGov online account.

What is your preservation age?

Date of birth	Preservation age
Before 1/7/1960	55
1/7/1960–30/6/1961	56
1/7/1961–30/6/1962	57
1/7/1962–30/6/1963	58
1/7/1963–30/6/1964	59
After 30/6/1964	60

How to lodge a Hardship claim

To lodge a Severe Financial Hardship claim, please read the information outlined here to find out if you are eligible and if so, complete a *Severe Financial Hardship payment* form. To get this form, please call us on **1800 680 627**.

Once your claim form is received:

1. We will review the documentation and supporting information provided.
2. You may be requested to provide additional information to support your claim.
3. If your claim is approved, you will receive your benefit payment into your nominated bank account.
4. If your claim does not meet the eligibility assessment criteria, we will advise you. Should you wish to discuss the decision, you can contact us for further assistance.



TIP

Keep in mind that if you don't keep an amount in your super account to cover insurance premiums, you could lose your insurance cover, if you have any.

How long will your claim take?

Your claim can take up to 10 business days to assess once all requirements are received. If there is a need for us to obtain further requirements from you, your claim may take longer.

Status updates

To find out where your claim is up to, call us on **1800 680 627** and we'll give you an update on the status of your claim.

How is my claim taxed?

All super benefits, including a benefit payment on the grounds of Severe Financial Hardship paid before the age of 60, are subject to tax. Generally, if you are under your preservation age your taxable benefits will be taxed at 20% plus statutory levies.

If you are between your preservation age and 60 you generally get a proportion of the taxable component of your benefit, tax-free up to a low rate cap amount which is \$210,000 in 2019-20.* Anything over this amount will be taxed at 15% plus statutory levies.

If your benefit includes a tax-free component, then this part of the benefit is tax-free. Members age 60 or over get their benefits tax-free.

You will pay a higher tax rate if you haven't provided a valid Tax File Number.

* This is an indexed lifetime limit. See the Key rates and thresholds at ato.gov.au for more information.

NOTE

Remember to send original or certified copies of your DHS letters and the original, signed *Severe Financial Hardship payment* form along with the requirements listed in the form. Scanned, fax or email copies and photocopies won't be accepted.

Postal address: Locked Bag 5007
Parramatta NSW 2124
Member hotline: **1800 680 627**
(8am to 6pm AEST Mondays to Friday)
Member email: member@clubplussuper.com.au
Website: clubplussuper.com.au

Any general information in the factsheet does not take into account your specific objectives, financial situation or needs. Issued by Club Plus Superannuation Pty Limited ABN 26 003 217 990, RSE License Number: L0000529, AFSL Number: 245362, the trustee of the Club Plus Superannuation Scheme ABN 95 275 115 088.