

# COVID-19 Update



Prepared by Telstra Super Pty Ltd, ABN 86 007 422 522, AFS Licence No. 236709, the trustee of TelstraSuper.



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# Important Notice

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If you are considering acquiring a financial product you should obtain the relevant product disclosure statement before making any decision.



**COVID-19 update**



# Agenda



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**Considerations for your super**



**How TelstraSuper can assist**



**Investment update**



**Questions**



# COVID-19



# Super drawdown changes

The Government is temporarily reducing minimum drawdown requirements for superannuation income streams by 50% for the 2019/2020 and 2020/2021 financial years. The changes are not mandatory and as long as the new minimum annual payment amount is deducted, there is no need to change existing annual payments.

Age	Standard minimum annual payments(%)	Reduced minimum annual payments for 2019/2020 and 2020 /2021 income 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
95 or more	14	7



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# Example of super drawdown changes

## Mike is a 66 year old retiree with a superannuation account-based pension

The value of Mike's account-based pension at 1 July 2019 was \$200,000. Under current minimum drawdown requirements, Mike is required by legislation to drawdown 5 per cent of his account balance over the course of the 2019-20 and 2020-21 income years.

This means Mike has to drawdown \$10,000 by 30 June 2020 to comply with the minimum drawdown requirements.

Following the temporary reduction in minimum drawdown requirements, Mike will now only be required to drawdown 2.5 per cent of his account balance, that is, \$5,000, by 30 June 2020. If Mike has already withdrawn over \$5,000 for 2019-20, he is not able to put the amount above \$5,000 back into his superannuation account.



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# Early release of super

- The Government is allowing individuals affected by COVID-19 that meet the eligibility criteria to access up to \$10,000 of their superannuation account in the 2019-20 financial year and a further \$10,000 in the 2020-21 financial year. Individuals eligible for this new ground of early release, need to apply directly to the ATO via the myGov website: [www.my.gov.au](http://www.my.gov.au)
- Early release can be applied for until September 24, 2020. There is no tax payable on the amounts released.
- To be eligible for early release, individuals must satisfy one of the following:
  - be unemployed; or
  - be eligible to receive a Job Seeker payment, youth allowance for jobseekers, parenting payment (which includes the single and partnered payments), special benefit or farm household allowance; or
  - on or after 1 January 2020: been made redundant or working hours were reduced by 20% or more, or if a sole trader – the business was suspended or there was a reduction in turnover of 20% or more.



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# Example of early release of super

## Ed the bartender

Ed works in a popular bar in Melbourne. As a result of the Coronavirus, Ed has had his work hours reduced from 40 hours on average in the second half of 2019 to 20 hours per week on average in May 2020. As a result, Ed determines that his hours over the last month have reduced by more than 20 per cent compared to the average of his hours over the last six months of 2019.

Ed decides to apply for the early release of \$8,000 of his superannuation in May 2020 to help pay his rent and other living expenses. Ed self-certifies that he is eligible for early release on myGov. He could have applied for up to \$10,000, but chose not to. Ed cannot seek any further early release of superannuation in 2019-20 on the grounds that he has been affected by the adverse economic effects of the Coronavirus.

However, Ed finds after 1 July 2020 that his hours continue to be reduced by more than 20 per cent compared to the average of his hours in the last six months of 2019. Ed decides to make a second application and self-certifies through myGov that he is eligible for early release. He is able to apply again for a release of up to \$10,000 of his superannuation. Ed submits a second application for the full amount of \$10,000 this time.

For each application, the ATO approves Ed's early release and notifies both him and his superannuation fund. Ed has received a total of \$18,000 of his superannuation in two separate payments. He will not be taxed on this amount and is free to spend this money on anything he chooses, or save it for future



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# Early release of super

## \$20,000 today could mean thousands less in retirement

The below table is an estimate from SuperRatings on the effect withdrawing \$20,000 from superannuation can have on your balance in retirement.

Age	How much \$20,000 would grow by age 67
25	\$132,000
35	\$80,000
45	\$50,000
55	\$33,000

Assumptions: SuperRatings estimates based on ASIC's MoneySmart calculator using a Growth option with an assumed investment return of 5.0% before fees and taxes on earnings. Based on \$10,000 removed in both periods as allowed under the rules



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# Considerations for your super



# Summary of contribution caps



## Contribution Caps

- **Pre-tax (concessional) contributions**
  - **\$25,000 p.a.**  
(includes employer contributions, employer paid insurance premiums and salary sacrifice contributions)
  - **Rolling 5-year catch up**  
(from 1 July 2019, while your **total super balance** is less than \$500,000 as at end of the previous financial year, any unused concessional contributions can be carried forward on a rolling basis for five years)
- **Post-tax (non-concessional) contributions**
  - **\$100,000 p.a.\*^**
  - **\$300,000 over 3 years^#**



## Super Balance Caps of \$1.6 million

- **Total Superannuation Balance**  
includes all superannuation funds and retirement income streams
- **No further non-concessional contributions**  
if total super balance is equal to or greater than \$1.6 million at the end of the previous financial year
- **Transfer Balance Cap:**
  - **Maximum tax-free retirement income stream starting amount**

\* Must satisfy work test if aged 67 to 74 or eligible for the work test exemption. To satisfy the work test you must complete at least 40 hours of paid work in a period of not more than 30 consecutive days in the financial year in which you plan to make non-concessional contributions.

^ Subject to \$1.6 million total superannuation balance cap. Individuals with a total superannuation balance of \$1.4 million or more are not able to utilise the full bring forward rule.

# Must be under 65 and meet other eligibility criteria.



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# Beneficiaries

## Who would you like to get your death benefit?

You can nominate one or more of your dependants or legal representative to receive your death benefit. Your eligible dependants are:

- Spouse
- Child
- Financial dependant
- Interdependency relationship
- Legal representative - your legal personal representative is the person:
  - nominated by you to be the executor of your Will
  - appointed to distribute your assets according to the laws of the relevant State or Territory.

### Binding nomination

A valid binding death benefit nomination gives you certainty about who will receive your benefit in the event of your death and means TelstraSuper must pay your death benefit to the beneficiaries nominated in the proportion set out in the nomination. To be valid and in effect, the binding nomination must meet all the superannuation law requirements.

### Non-Binding nomination

A non-binding nomination is not binding on TelstraSuper. TelstraSuper will take it into consideration when determining to who to pay your death benefit to.



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# How TelstraSuper can assist



# Dedicated COVID-19 microsite and chatbot

ABOUT US CONTACT US FORMS REGISTER FOR SUPERONLINE

TelstraSuper

Managing your super **Investments** Products & services Information hub

Get your super sorted How we perform What we offer Resources to help you

Login

## Navigating uncertainty during coronavirus

LEARN MORE

### Your coronavirus (COVID-19) information hub

Coronavirus (COVID-19) is causing market volatility and in turn is impacting your superannuation. Here you will find a range of resources to inform you of the current financial climate and its impact on your super.

Please note: All enquiries regarding TEMPORARY EARLY ACCESS TO SUPERANNUATION must be submitted to the ATO.

TelstraSuper's business continuity and COVID-19

Coronavirus and early access to super

Coronavirus led market volatility

Understand why the market is reacting to COVID-19



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# Financial advice



## Advice over the phone

- ✓ General and simple personal advice over the phone about your TelstraSuper account including contributions, investment options and insurance cover through TelstraSuper
- ✓ Provided at no additional cost as part of your membership



## Advice in person

- ✓ Comprehensive personal advice available on a one-off or on-going basis
- ✓ Competitive advice fees



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# Super online

[www.telstrasuper.com.au](http://www.telstrasuper.com.au)

- ✓ Update your email address and personal details
- ✓ Check your account balance
- ✓ Review your insurance cover
- ✓ View your nominated beneficiaries
- ✓ Make a non-binding nomination
- ✓ Review your investment options

**Hello Bob** [VIEW MESSAGES](#)

**Estimated balance**

**\$98,409**  
BALANCE AS AT 13 MARCH, 2018

[BALANCE DETAILS](#)

**ACCOUNT BREAKDOWN**

TelstraSuper Corporate Plus **\$98,409**  
Account number: 020200

**Superannuation contributions**

Your most recent concessional contribution:

**\$285**  
ON: 07 MARCH, 2018

Your TelstraSuper concessional contributions for this financial year versus the contributions cap:

00 28,621 25,000

Make a member post tax contribution with BPAY  
BPAY BILLER CODE: 94078 BPAY NUMBER: 4906015906015

[VIEW TRANSACTIONS](#) [FIND LOST SUPER](#) [MAKE EXTRA CONTRIBUTIONS](#)

**Balance projection at retirement**

Your estimated retirement balance and income

<b>\$160,000*</b> TOTAL	<b>\$28,856*</b> ANNUAL	<b>\$1,110*</b> FORTNIGHTLY
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AS AT 14/03/2018

Above is your estimated retirement balance at age 65 and the annual and fortnightly income (this balance (together with your estimated Government pension entitlements, if any) may provide until age 85. Your estimated fortnightly income is currently \$-0.92 less than the \$1,692 per fortnight target for a comfortable retirement).

00 Target: \$1,692

See the difference extra fortnightly contributions could make \*

None  \$50  \$100  \$150

See the difference other changes could make

[HOW TO BOOST YOUR SUPER](#) [VIEW AND CHANGE ASSUMPTIONS](#)

\*The estimated retirement balance and income is calculated using the TelstraSuper Retirement Income Projector (including default assumptions for contributions, investment returns, fees and costs, inflation and for the annual and fortnightly income amounts, the available Government pension entitlements) and some of your personal information (including current age, annual salary of \$60,000 and account balance). [View TelstraSuper's Assumptions](#) for detailed information about and/or to change these and other calculation inputs. This estimate is not guaranteed - consider seeking financial advice before making any decisions.

†Based on the ASFA Comfortable Lifestyle benchmark income of \$1,692 per fortnight for a single person (as at 14/03/2018).

**Investment performance and asset mix**

**Investment performance**

The table below shows the investment option(s) in which your current balance is invested. If you have invested across more than one investment option, the performance of underlying investments may mean that the amount allocated to each investment option has changed since your last investment instruction.



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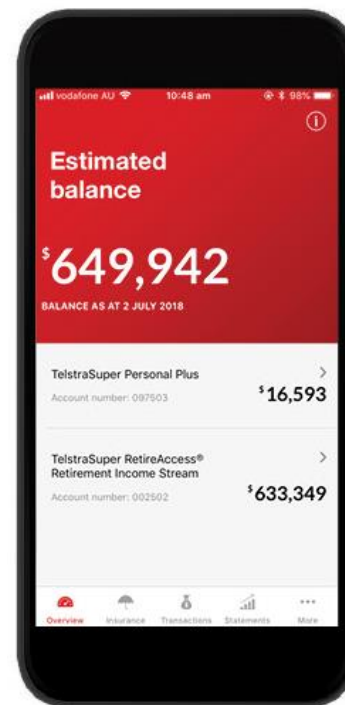




# TelstraSuper app – iOS and Android

## Easy access to:

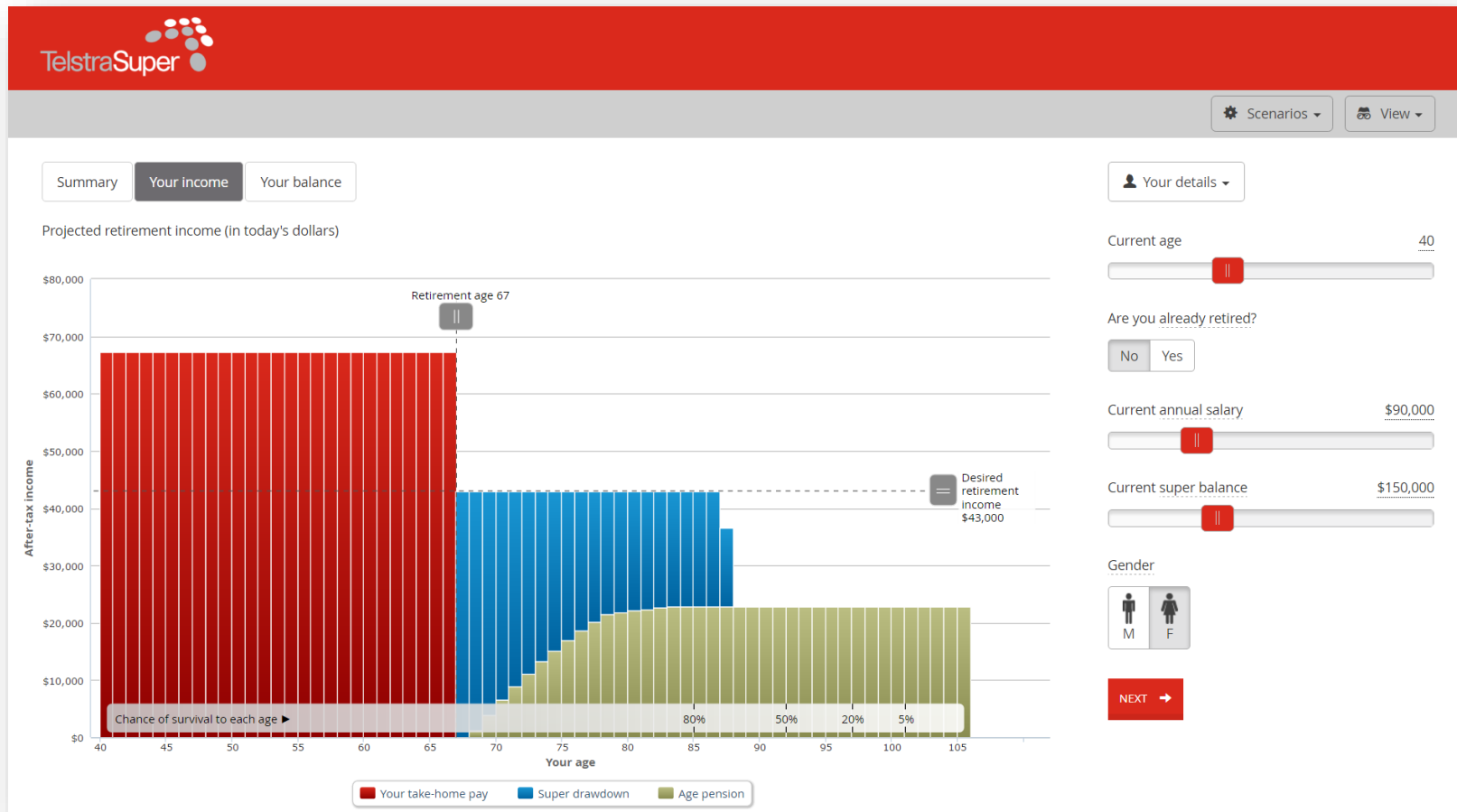
- estimated account balance
- investment options, allocation of units and investment returns
- latest contributions
- Pre-tax contributions against the concessional contributions cap
- Benefit statements
- Insurance cover
- Transactions
- Digital Member Card
- Contact TelstraSuper



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# Retirement projector



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# Investment update



# TelstraSuper investment update

Presented by:  
**Mr Graeme Miller**




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# Questions



As a leading profit-to-member fund, TelstraSuper is committed helping our members build a financially secure future.

 1300 033 166

 [talkingsense@telstrasuper.com.au](mailto:talkingsense@telstrasuper.com.au)

 [www.telstrasuper.com.au](http://www.telstrasuper.com.au)

As a current member, you can refer an eligible family to join TelstraSuper

