



Actuaries Institute says early call on super could be \$25 billion; calls on ATO to smooth process

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- Demands for early release super could be \$25 billion.
- ATO could play significant role.
- Investors must understand impact on insurance in super, and retirement savings.

The Actuaries Institute recommends the Australian Tax Office play a significant role in payment of limited, early release superannuation to people financially impacted by COVID-19.

The Government has said it would allow workers affected by the crisis to pull as much as \$20,000 out of their superannuation, in two tranches of \$10,000 each.

The Convenor of the Actuaries Institute's Superannuation Practice Committee, Tim Jenkins, said short-term demand from investors for early access to their superannuation would exceed \$25 billion if 1.35 million working Australians each accessed the full amount of \$20,000. Australians had about \$3 trillion invested in superannuation at the end of the December quarter 2019.

The Australian Tax Office (ATO), which would make the determination on early release, could also distribute payments, and possibly invoice superannuation funds, spreading the impact of withdrawals over time.

"There may be a need for the funds and the Government to look at ways to enable early access and smooth out the ability and capacity of funds to pay," Mr Jenkins said.

"A possible solution is for the ATO, in addition to making the determination, to distribute the payments to further streamline the process to get money into the hands of those in need quickly," he said.

"The ATO could then invoice the superannuation funds over the following few months to spread the cash flow impact on funds."

Actuaries Institute Chief Executive Elayne Grace said the Government has had to make difficult financial decisions to balance the short-term health and economic risks to the community against the long-term effect on retirement incomes.

"Early access to super will help ameliorate some of the short-term pressures people, their families and their communities face," Ms Grace said.

"Some of the key issues include liquidity for funds, locking in losses for individual investors before investments have time to recover, and also, if superannuation balances fall to zero, there are issues around insurance," she said.



"We know large parts of the community have insurance through their super fund. We want people to have access to their funds, to help them through very difficult times, but it is important to know and map the consequences.

"The Actuaries Institute would encourage the Government to commit to restoring and maintaining the integrity of the retirement income system after the crisis ends," Ms Grace said.

Actuaries evaluate risk and opportunity, applying mathematical, statistical, economic and financial analyses to a wide range of business problems across sectors that include insurance, superannuation, wealth management, investments, climate and the environment, health financing and banking.

Tim Jenkins is available for interview.

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