

Changes to super pensions as a result of COVID-19

The Australian Government has made several changes to super as part of its economic response to the impacts of COVID-19. This includes a temporary reduction to minimum drawdown rates for pension accounts and changes to social security deeming rates. Details of these changes are below.

Temporary reduction of minimum drawdown rates

The Government has temporarily reduced the minimum drawdown rates for account -based pensions for the 2019-20 and 2020-21 financial years. The previous and new minimum drawdown rates are shown in the table below.

Age	Previous minimum drawdown rates (%)	New reduced rates for 2019-20 and 2020-21 (%)
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 older	14	7

What does this mean?

By law, you must draw down a minimum percentage from your pension account each financial year. This figure is based on your age. A reduction in the minimum drawdown rate means you have the option to draw down less from your pension account for the 2019-2020 and 2020-21 financial years.

This change aims to provide you with more flexibility when managing your super assets, particularly during current market volatility.

What do I need to do?

If you want to reduce your payments to be in line with the new minimum rates, you need to let us know:

- via ePension at mtaasuper.com.au/login
or
- by filling out a *Pension Variation* form from mtaasuper.com.au/forms

Note, if you've already drawn down more than the new minimum, you can choose not to receive any more payments from your pension account this financial year. However, you cannot put any money you have already received back into your pension account.

If you are happy with your payments and want to keep them the same, you don't need to do anything. Your payments will stay the same until 30 June 2020.

No matter which option you choose for the remainder of this financial year, we will send you another letter asking your preferred payment amounts for the 2020-21 financial year.

Changes to social security deeming rates

On 1 May 2020, the Government will reduce the upper social security deeming rate to 2.25 per cent and the lower social security deeming rate to 0.25 per cent.

Deeming rates are used by Centrelink for income test calculations and are a key consideration in the Age Pension income test.

This change means many people on the Age Pension will receive on average an extra \$105 in the first full year that the reduced rates apply.

More information

For more information on the Australian Government's Economic Response to the Coronavirus visit the Treasury website at treasury.gov.au/coronavirus

Need help?

Everyone's situation is different. If you're worried about your super or not sure what action to take, you should speak to a financial adviser. They can provide you with over the phone advice and help you find an option that best suits you and your needs.

To speak to an MTAA Super Adviser, call **1300 362 415**.

Regards,

MTAA Super