



## **MEDIA RELEASE**

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### **FSC RESPONSE TO GOVERNMENT ANNOUNCEMENT REGARDING TREATMENT OF SUPERANNUATION DURING COVID-19 EMERGENCY**

The Financial Services Council (FSC) supports the package of temporary measures which will greatly assist Australians in financial hardship during the current national emergency.

The measures include:

- Temporary early release of a limited amount of superannuation for individuals in financial stress.
- Temporary reduction in minimum superannuation drawdown rates for retirees
- Temporary reduction in social security deeming rates.

FSC CEO Sally Loane said the FSC has always supported the early release of superannuation in cases of genuine hardship, and recognises that the existing early release framework was not designed to address the needs of individuals during a national emergency such as the current pandemic.

"We understand that the Government's temporary measures for early access to \$10,000 tax-free this financial year and another \$10,000 the following financial year will apply only to those in severe economic hardship, such as people who have lost their jobs as a result of the coronavirus crisis," Ms Loane said.

The FSC will continue to work closely with our industry, the agencies and Government to understand the potential impact of the package and ensure these measures are implemented in a way that manages liquidity and systemic risks.

"Accessing superannuation should not be the default response to providing income support for Australians in need over the short term, so we are pleased to see that this is a temporary measure as part of a broader income support package.

"Also, the decision to support retirees at this time by temporarily reducing minimum drawdowns and halving social security deeming rates is a welcome acknowledgement that it is inappropriate to force individuals to crystallise investment losses in a volatile market.

"We urge the Government to continue working with the superannuation sector as we focus on safeguarding the retirement savings of Australians through this period of uncertainty, and look toward the industry's role in investing to support the economic recovery effort," Ms Loane said.

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**About the Financial Services Council**

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing almost \$3 trillion on behalf of more than 14.8 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world.