



ASIC

Australian Securities & Investments Commission



# Illegal early access to super

*You may be one of many super fund members who is focusing their attention on their super because of the turbulent times Australian markets are facing. Paying attention to your super is a good thing because it's your money for your retirement.*

*However, ASIC is concerned that some members may make ill informed decisions about their super. Faced with tough times, such as bank foreclosures and retrenchments, some people might get caught up in illegal schemes to take their money out of super.*

## The truth about illegal schemes to take your money out of super

Promoters of illegal schemes single out people in financial strife, retrenched workers and some ethnic communities.

Promoters may claim you can withdraw your super, or use a 'self managed fund', to pay off debts, make a deposit on a home, or buy a car or holiday. They're lying.

In the worst cases, the promoters steal all your money. ASIC has successfully obtained jail terms for the most serious offenders. In other cases, promoters demand a commission, usually taking a fifth or more of your super. They may get you to sign false statements, exposing you to fines or possibly jail.

If you finally do get what's left of your money, you could end up having to pay the whole lot to the Tax Office in back taxes and penalties, because you did not keep it until you retired.

## Legal ways to withdraw your super

Generally you can't touch your super till you retire. If you meet strict conditions, you may be allowed to access your super legally, in cases of financial hardship or on 'compassionate grounds'. The fund may not charge you for assisting you to legally withdraw your money but you may be required to pay tax on any money you do withdraw.

## Financial hardship



Apply to the trustee of your fund.

Generally you must prove that you have been receiving welfare benefits continuously for a period of at least 26 weeks **and** that you are unable to meet your day-to-day living expenses. Superannuation money will be released only to cover your everyday living expenses and is limited to no more than \$10,000 in any 12 month period.


## Find out more about accessing your super

To find out more about these grounds for release, and others that may apply to you, visit Centrelink's website at [www.centrelink.gov.au/internet/internet.nsf/individuals/early\\_release\\_of\\_superannuation.htm](http://www.centrelink.gov.au/internet/internet.nsf/individuals/early_release_of_superannuation.htm)

## Find out more about super

-  Visit our consumer and retail investors' website MoneySmart at [www.moneysmart.gov.au](http://www.moneysmart.gov.au)
-  Phone us on **1300 300 630** for a free copy of our booklet *Super decisions*
-  The Australian Tax Office (ATO) is primarily responsible for regulating self managed funds. Visit their website for more information at [www.ato.gov.au/superfunds](http://www.ato.gov.au/superfunds)

## Find out more about protecting your identity

-  Visit the Protect Your Financial Identity website at [www.protectfinancialid.org.au/Immediate-steps](http://www.protectfinancialid.org.au/Immediate-steps)

## Compassionate grounds

Apply to Centrelink.

Superannuation money can be released to pay for medical treatment for a life-threatening illness or for acute and chronic pain and associated transport requirements, home or motor vehicle modifications to cater for those with severe disabilities, palliative care or associated expenses. Money can be released to make mortgage repayments, but only if your lender is threatening to sell your home because you have failed to meet the terms of your mortgage.

## Getting help

If you are in financial difficulty you may also want to consider seeing a financial counselling service. These services can help you manage a short-term crisis and plan to prevent a future one. They are available in every state and territory and provide a free, independent and confidential service. The details of financial counselling organisations around Australia are available at [www.financialcounselingaustralia.org.au](http://www.financialcounselingaustralia.org.au).

A financial planner may also be able to assist you to make decisions about your money. You will generally need to pay for their services.

## Protect your super and your i.d.

Fraudulent access to super is also rising. Some super fund member statements are being stolen from private mailboxes and the information in them is then used to create false identities. Self managed funds, linked to bank accounts, are then set up. Assuming a fund member's identity, thieves contact the member's super fund requesting that their super money be rolled into the fraudulent account. If you are concerned that this may have happened to you contact your super fund. You may also report your concerns to APRA on telephone number **1300 131 060** or your local police.