## **About this Template**

This Template has been prepared for use by members of the Financial Planning Association (FPA) and the SMSF Association (SMSFA) and members of Chartered Accountants Australia and New Zealand (CA ANZ), CPA Australia and the Institute of Public Accountants (IPA) in public practice in Australia (the professional accounting bodies) who are registered tax agents, do not hold an Australian financial services licence (AFSL) and are not appointed as representative of any AFSL holder, and in accordance with [ASIC Corporations (COVID-19—Advice-related Relief) Instrument 2020/355](https://www.legislation.gov.au/Details/F2020L00425).

Further information on the temporary relief measures announced by ASIC to assist industry in providing consumers with affordable and timely advice during the COVID-19 pandemic is outlined in ASIC’s [media release](https://asic.gov.au/about-asic/news-centre/find-a-media-release/2020-releases/20-085mr-asic-grants-relief-to-industry-to-provide-affordable-and-timely-financial-advice-during-the-covid-19-pandemic/) dated 14 April 2020.

This Template includes the information that you must include in the record of advice that [ASIC Corporations (COVID-19—Advice-related Relief) Instrument 2020/355](https://www.legislation.gov.au/Details/F2020L00425) requires you to give to clients.

If you are a member of a professional body, you must also comply with all applicable professional standards that apply to you as a member (for example, members of the professional accounting bodies must comply with all applicable standards issued by the Accounting Professional and Ethical Standards Board).

You can tailor the layout of the Template by inserting your own practice branding and making other formatting changes if you wish.

Please note that this Template has been designed to be given to a client who:

* is a citizen or permanent resident of Australia or New Zealand; and
* has had their employment impacted by COVID-19.

You will need to make adjustments to the Template if you are advising a client impacted by COVID-19 whose situation is different (for example, a client who is unemployed, a sole trader and/or a temporary resident).

Prior to sending the final Template to your client, please add the information required where highlighted in yellow in the Template and delete all <instructions provided in red>.

**Disclaimer**

This Template has been prepared for use by members of CA ANZ, CPA Australia and the IPA in public practice in Australia and members of the FPA and the SMSFA. It is not intended for use by any person who is not a member of CA ANZ, CPA Australia, the IPA, the FPA or the SMSFA and/or does not have appropriate expertise in the Template's subject matter.

Before using this Template, you should read it in full, consider its effect and determine whether it is appropriate for your client's needs. This Template was created in April 2020. Laws, practices and regulations may have changed since that time. You should make your own inquiries as to the currency of relevant laws, practices and regulations.

You will need to independently determine whether you are providing advice to each client in circumstances that satisfy all requirements of the AFSL exemption contained in [ASIC Corporations (COVID-19—Advice-related Relief) Instrument 2020/355](https://www.legislation.gov.au/Details/F2020L00425).

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Record of Advice – Terms of engagement

This could be put on letterhead

Prepared by [RTA Name]

For [Name1/Name2]

[dd-mm-yyyy]

[Practice]

Phone: [xx xxxx xxxx]

Email: [xxx@xxx.com.au]

Address: [address] [suburb] [state] [postcode]

ABN: [XX XXX XXX XXX]

<optional> [Practice] website: [www.XXXX.com.au]

**What this document is about**

This Record of Advice – Terms of Engagement is an advice document required under the ASIC Corporations (COVID-19 – Advice-related Relief) Instrument 2020/355.

The advice covered by this document is limited to your request for advice on the early release of superannuation for persons affected by the Coronavirus.

<To be included for CA ANZ, CPA Australia and IPA members in public practice>

As a member of a professional accounting body, the provider of this advice must comply with all applicable standards issued by the Accounting Professional and Ethical Standards Board.

Attachments

* Australian Government’s ‘Early access to superannuation’, released as part of their Economic Response to the Coronavirus: <https://treasury.gov.au/sites/default/files/2020-04/Fact_sheet-Early_Access_to_Super.pdf>
* ASIC’s MoneySmart website for financial assistance: <https://moneysmart.gov.au/covid-19>
* Australian Government via the [ATO information on accessing super](https://www.ato.gov.au/individuals/super/withdrawing-and-using-your-super/early-access-to-your-super/?anchor=Compassionategrounds#Compassionategrounds)annuation and for regular updates on the Coronavirus response: <https://www.australia.gov.au/>

# Scope of Advice

The advice covered by this document is limited to your request for advice on the early release of superannuation for people affected by the Coronavirus. This may include the withdrawal of $10,000 from your super fund prior to 30 June 2020 and/or another $10,000 parcel after 1 July 2020 up until 24 September 2020

In relation to this advice, we have specifically excluded all other areas of financial advice and

we reiterate we have not reviewed and assessed your whole situation in making this recommendation.

We do not hold an Australian financial services licence (AFSL) and cannot provide you with any other financial advice beyond the scope of this document.

Should you require broader advice, we strongly recommend you seek the services of a professional who is authorised under an AFSL.

The advice contained in this document is based solely on the limited personal information you have provided. Given this is a limited advice document, you should consider the appropriateness of our advice to your circumstances before acting on it.

The recommendations in this document have been prepared for your sole use and are current for a period of 30 days from the date of the document. After this time, you should not implement the recommendations without further review from us to ensure they remain appropriate.

# Your circumstances

To summarise your position, you are:

<Single> <Couple>

Age: [xx]

Employment: [Status + Job role]

Pre-[status] income: [$XXX,XXX]

[Eligible social security benefit: Jobseeker payment / Parenting payment / Special benefit / Youth allowance / Farm household allowance]

Spouse: [Name 2]

Age: [xx]

Spouse’s Employment: [status + job role]

Pre-[status] income: [$XXX,XXX]

[Eligible social security benefit: Jobseeker payment / Parenting payment / Special benefit / Youth allowance / Farm household allowance]

Children / Dependents: [Info]

Super funds and balance: [List all super funds and balance]

[Your/both your] employment has been impacted by Coronavirus, resulting in you [both]meet the Government’s criteria to access up to $10,000 of your superannuation in the 2019/2020 financial year and/or 2020/2021 financial year.

Specifically [Name 1], you <choose appropriate option> [were made redundant since 1 January 2020] / [had your work hours reduced by 20% or more since 1 January 2020] / [are receiving an eligible social security benefit].

[Name 2], you <choose appropriate option> [were made redundant since 1 January 2020] / [had your work hours reduced by 20% or more since 1 January 2020] / [are receiving an eligible social security benefit].

We have provided a tax agent service (as defined in section 90-5 of the *Tax Agent Services Act 2009* (Cth) to you prior to 14 April 2020.

Neither we nor any person acting on our behalf has made unsolicited contact with you about the early release of your superannuation.

# Your objectives

You would like to know: <choose applicable options and make sure this is tailored for each client>

* If it’s possible to access money from superannuation to assist in meeting day-to-day requirements and if so, whether it is in your best interests to do so
* The maximum amount you can access, and when it can be accessed
* How much you should withdraw, having regard to your current financial position and risk factors with an early release of superannuation
* The tax impact of the withdrawal from superannuation under the Government’s assistance program
* Insurance ramifications of lump sum withdrawals from your superannuation and
* Possible impacts of the withdrawal(s) on the future balance of your superannuation.

# Our Advice

<Redeem $10,000 pre/post-July 2020> <Choose one>

[Name1/ and Name2], as your income has been detrimentally impacted by the Coronavirus, you [both] meet the eligibility criteria that will allow you to apply for a withdrawal of up to $10,000 from superannuation in this financial year, ending <choose appropriate option> [30 June 2020/30 June 2021].

As an alternative, we considered your cash savings available and assessed these will not cover your living expenses in full for the duration of the economic downturn due to COVID-19. Further, the early access of superannuation will provide a buffer against unforeseen expenses, and will help you to meet your ongoing living expenses.

On this basis, we recommend that [you / Name 1] access $[XX],000 from your [super fund] superannuation fund [and Name 2 access $[XX],000 from your [super fund] superannuation fund]. You are required to lodge this application directly with the Australian Taxation Office (ATO) via the myGov portal <choose appropriate option> [before 1 July/after 1 July but before 24 September 2020.

We believe this advice is in your best interests as you have [both] recently <choose appropriate option> [been made redundant / had your work hours reduced by 20% or more / become a recipient of an eligible social security benefit] and this tax free lump sum of superannuation will provide you with the cash buffer you require in the immediate future.

<to be included if pre-July 2020 option is chosen>

You may also qualify for a further withdrawal of up to $10,000 in the 2020/2021 financial year if your circumstances do not change. The cut-off date for this 2020/2021 financial year payment is currently set for 24 September 2020. If your circumstances have not changed, you may be eligible to withdraw this additional amount capped at $10,000 between 1 July 2020 and 24 September 2020.

We agreed to consider this in July to see if this is in your best interests at that time.

<Redeem $10,000 both pre and post July 2020>

[Name1/ and Name2], as your income has been detrimentally impacted by the Coronavirus, you [both] meet the eligibility criteria that will allow you to apply for a withdrawal of up to $10,000 from superannuation in both this (2019/2020) and next (2020/2021) financial years.

As an alternative, we considered your cash savings available and assessed these will not cover your living expenses in full for the duration of the economic downturn due to COVID-19. Further, the early access of superannuation will provide a buffer against unforeseen expenses, and the rising cost of consumables in the present conditions

On this basis, we recommend that [you / Name 1] access $[XX],000 from your [super fund] superannuation fund both before 30 June 2020 and $[XX],000 also from your [super fund] superannuation fund after 1 July 2020 but before 24 September 2020. [Name 2 access $[XX],000 from your [super fund] superannuation fund before 30 June 2020 and $[XX],000 also from your [super fund] superannuation fund after 1 July 2020 but before 24 September 2020.] You are required to lodge this application directly with the ATO, either through us or online via the myGov portal.

We believe that the advice provided of withdrawing a total of $[XX],000 from your [super fund] superannuation fund [Name 1 and withdrawing $[XX],000 from your [super fund] super fund Name 2] is in your best interests as you have <both> recently [been made redundant / had your work hours reduced by 20% or more / become a recipient of an eligible social security benefit] and this tax free lump sum of superannuation will provide you with a cash buffer for the immediate future.

<Do not redeem money from super>

[Name1/ and Name2], as your income has been detrimentally impacted by the Coronavirus, you [both]meet the eligibility criteria that will allow you to apply for a withdrawal of up to $10,000 from superannuation in both this (2019/2020) and the next (2020/2021) financial years.

As an alternative option, we considered your cash savings available and whether these would cover your living expenses in full for the duration of the economic downturn due to COVID-19. We believe they will, so on the basis of our calculations, we recommend you do not access the early release of superannuation under hardship provisions at this time.

By not accessing a lump sum of superannuation now, there are two possible benefits:

1. you will avoid crystallizing capital losses as investment markets have taken a downturn due to the Coronavirus; and
2. your account balance will therefore be protected to take advantage of any compounding investment performance benefits that my occur in the future.

Should your financial position change again prior to 24 September 2020, you will still be eligible to make a withdrawal and at that time we will reconsider your options.

<Include if accessing super/SMSF>

Important considerations:

* You will need to confirm that your bank account details recorded with the ATO are correct prior to applying for the withdrawal.
* You are only allowed to make one application in each financial year, but up to $10,000 can be taken in any combination from up to 5 superannuation funds
* You will need to nominate on which basis you’re eligible for the early access
* Once your request is lodged, you will receive a printable PDF from the myGov site confirming the details you have lodged
* An outcome notice of either acceptance or rejection will be provided in 4 business days from the date of lodgement
* You will need to confirm with the trustee(s) that the SMSF trust deed allows for a lump sum payment to be made to a member under compassionate grounds
* You should provide a copy of the notice to the fund trustee(s) to request the payment
* Your superannuation fund is expected to honour your withdrawal request within 5 business days of receipt of notification from the ATO, unless the fund needs to contact you to clarify information
* Tax will not be payable on your superannuation withdrawal
* Centrelink or Veterans’ Affairs payments will not be impacted by your superannuation withdrawal
* Where you make an application to withdraw from your superannuation account and your account balance is insufficient to fulfil the application, you will not be able to make a second application for the balance from another fund/account in that financial year. You should therefore ensure you nominate an account in which you have sufficient funds to make this payment.
* If you withdraw less than the maximum $10,000 amount in this financial year, you will also not be able to withdraw more than $10,000 in the 2020/2021 financial year as unused amounts in the current financial year will not be carried through to the following financial year.

## Conflict of interest

We do not believe our business has any conflicting interests with your personal ones and as such, only your best interests have been considered.

# Risks and consequences to be considered

There are a number of consequences in accessing your superannuation prior to retirement, and these should all be considered prior to redeeming your superannuation. These include, but are not limited to:

Capital balances

* A withdrawal from superannuation now can have a detrimental effect on your account balance at retirement which is caused by capital being removed from the compounding effect of investment returns, when they are positive. See <http://consumersfederation.org.au/wp-content/uploads/2020/04/Media-Release-Early-Access-20200416.pdf> for some examples of the possible impact of early access to superannuation
* A withdrawal made now might crystallise capital losses, depending on the assets in your fund. If markets rebound and you have crystallised your capital losses, you will miss out on possible future investment performance

Insurance

* Care must be taken to ensure that the withdrawal from superannuation doesn’t impact the ability for your fund to continue paying insurance premiums.
* Further, we have checked that this withdrawal of [$XX],000 does not place your account balance below $6,000, at which point your account may be deemed to be an ‘inactive’ account after a certain amount of time and further superannuation contributions might be restricted.

Any income protection insurance you hold could also be impacted by you accessing your superannuation early. We are unable to give you advice about income protection insurance.

Eligibility criteria

1. The ATO administers the application process and the application process is mostly self-assessed. It is important to note that there are eligibility criteria with strict guidelines and you are required to accurately assess your eligibility. There are penalties for making false and misleading statements if you inappropriately use these measures. There are also checks in place to identify and reject duplicate applications and the ATO will be able to undertake post-issue compliance work based on data and other information held in ATO systems.

# Implementation of advice

The steps you should take to implement this advice are as follows:

|  |  |
| --- | --- |
| **Steps** |  |
| Read the RoA and make sure you understand the recommendations | Provide us with an acknowledgement you understand the implications of this advice and how it may impact your financial position. |
| Complete the application forms | Log onto your [myGov](https://my.gov.au/) Account to complete the Intention to access Coronavirus support form by following the instructions. |

# Fees

As per the requirements of ASIC Corporations (COVID-19 – Advice-related Relief) Instrument 2020/355, the fee for this advice is <Choose one> [$300 / $300 each] and an invoice is attached for your attention.

Please pay this into our account as detailed below:

BSB: [XXX-XXX]

Acc: [XXXXXXX]

[Account Name]

# Authority to Proceed

Before you sign this authority, please make sure that you:

* Have checked that your personal information in this document is correct
* Understand the advice and recommendations that have been made
* Understand the limitations of the advice provided based on the limited scope of this advice
* Have discussed any queries you might have in relation to this document with us prior to proceeding with the recommendations
* Agree to pay the fee outlined in the Fees section of the document

Signed....................................................................................[Name 1]

Signed....................................................................................[Name 2]

Date: ....... / ..... / 2020