

# Covid-19 Early Release of Super

If you have been adversely financially affected by COVID-19, you may be able to access some of your superannuation early.

Eligible citizens and permanent residents of Australia or New Zealand can apply to access up to \$10,000 of their super in the 2020–21 financial year.

If you are eligible and you applied for your COVID-19 early release of super in late June 2020, you may receive your money from your fund in the 2020–21 financial year. This will not affect your eligibility to apply this financial year.

Temporary residents are not eligible to apply in the 2020–21 financial year.

Submit your application online through myGov between 1 July 2020 and 24 September 2020. Applications close at 11.59pm Australian Eastern Standard Time (AEST) on 24 September 2020.

You will not need to pay tax on amounts released under COVID-19 early release of super and will not need to include these amounts in your tax return. Amounts released under other compassionate grounds must be included.

## Eligibility

To be eligible, a citizen or permanent resident of Australia and New Zealand must require the COVID-19 early release of super to assist them to deal with the adverse economic effects of COVID-19.

In addition, **one** of the following circumstances must apply:

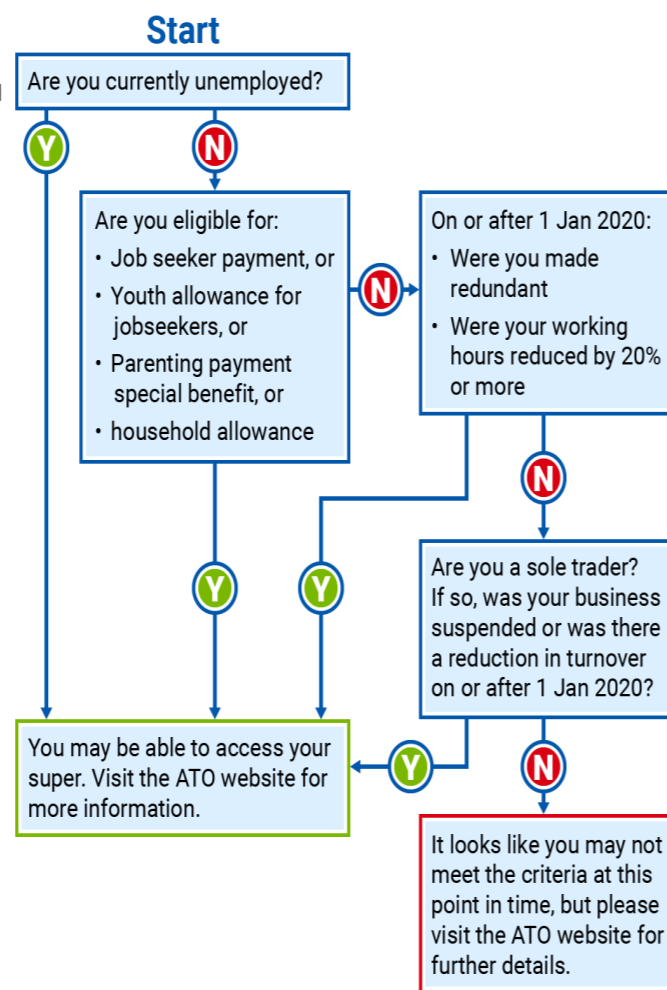
- you are unemployed
- you are eligible to receive one of the following
  - JobSeeker Payment
  - Youth Allowance for job seekers (unless you are undertaking full-time study or are a new apprentice)
  - Parenting Payment (which includes the single and partnered payments)
  - Special Benefit
  - Farm Household Allowance
- on or after 1 January 2020 either
  - you were made redundant
  - your working hours were reduced by 20% or more (including to zero)
  - you were a sole trader and your business was suspended or there was a reduction in turnover of 20% or more (partners in a partnership are not eligible unless the partner satisfies any other of the eligibility).

For more information visit [www.ato.gov.au](http://www.ato.gov.au)

(Source: [www.ato.gov.au](http://www.ato.gov.au))



## AM I ELIGIBLE TO APPLY FOR THE EARLY RELEASE OF MY SUPER?



(Source: Colonial First State)

**RETIREINVEST**

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Retirement Advice Specialists

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**RIT Coastal**

## Jeff's Jottings

### What a year so far!

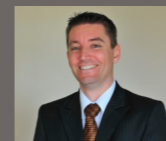
We will all remember 2020, as we continue to see our lives' impacted by Covid-19. The markets have improved after the slump back in March (some of the biggest market falls in history) and we are slowly moving to "a new normal" as the restrictions continue to ease.

The Australian dollar surprised us back in July by making a strong comeback, a very promising sign.

Covid-19 has really brought forth the human spirit and rejuvenated the sense of community and corporate social responsibility. As I talk to many of our clients I feel a new sense of appreciation and gratefulness for all that we have and a new perspective on everything we have taken for granted.

As spring approaches we can be thankful for new beginnings... and that we have all learnt how to use zoom!

Jeff English



CEO and Senior Financial Adviser

RI Toowoomba and Ipswich



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## Market Update

Financial markets proved resilient in July – even in the face of tensions between the US and China, signs of a struggling US economy, and a second wave of Coronavirus infections. During the month, the recovery of investments continued at a measured pace – though the price of gold, in particular, surged to near all-time highs as investors considered the longer-term economic impacts of central bank monetary policy programs. Economic data was largely positive and continued pointing towards recovery – however, timelier, higher-frequency data also indicated a slowdown in pace. By month's end, the ASX 200 was up 0.5%, while America's S&P 500 was up 5.5% and Europe's Euro STOXX 600 was down 1.2%. The Australian Dollar (AUD) also traded higher – reaching 72 US cents.

### Developments in Australia

#### The Aussie Dollar strengthened

The AUD was a winner in July – breaking through the USD 0.70 barrier for the first time since April 2019 and reaching a high of about USD 0.72 over the month. The AUD benefited from recovering commodity prices and an improvement in market sentiment, which led investors to shift away from safe-haven currencies such as the US Dollar and Japanese Yen, which are often used to balance risk.

#### A slowdown in Australia's economic activity

While the Reserve Bank of Australia noted that the economic downturn in Australia may not be as difficult as previously believed, and recent official data has suggested a recovery. For example, retail trade data continued recovering from April lows, having risen by 2.4% in June – indicating an increase in consumer spending. However, more recent and unofficial data has begun suggesting the economic recovery is slowing – particularly for Victoria.

Headline consumer price inflation (the percentage change in the price of goods and services consumed by Australian households) has fallen by 1.8% over recent months – bringing year-on-year inflation to -0.3%. While a general decrease in prices may be welcome, it may indicate that the economy has weakened. The level of employment

also increased by 210,000 in June after sharp falls in April and May, with the unemployment rate increasing to 7.5% due to an increase in the participation rate – that is, the rate that accounts for all people involved in the workforce, whether employed or actively looking for employment.

### A second wave of Coronavirus took hold in Australia

Australia's success in curbing the Coronavirus was shattered after Victoria reported a large number of new cases at the end of June. At the end of July, Victoria accounted for a significant portion of Australia's more than 15,000 confirmed cases. In response, the Victorian state government announced a lockdown (largely for Melbourne), which restricts residents from leaving their homes except for essential purposes.

These measures could impact economic activity across the country which, in turn, may have flow-on effects for financial markets. New South Wales also recorded an uptick of cases – largely attributed to visitors from Melbourne – while Queensland has effectively closed its border to all Sydney residents following new cases. Globally, a similar trend in resurgence has been noted in countries across Europe and Asia.

### Developments globally

#### Observations on returns

After the strong recovery seen in recent months, share markets posted modest price increases. **While major share markets continued to rise, they were highly volatile** – with news on Coronavirus and political tensions driving daily movements. By the end of July, Australia's ASX 200 rose by 0.5%, America's S&P 500 rose by 5.5%, and Europe's Euro STOXX 600 fell by 1.2% (see below). One asset that also performed particularly well in July was gold, which surged by 11% in July – reaching a more than ten-year high of USD \$1,976 per ounce (see chart below). The uptake of this traditionally safe-haven asset may have occurred due to the concerns some investors had about the long-term economic impacts of central banks' monetary policy programs.



## Spring is for Salad

A change of season usually brings a change in our eating behaviours. Where we were previously nourishing ourselves with big bowls of rich comfort food in winter, we tend to crave more lighter meals in spring. Try the below salad for something new!

### Blistered Tomato and Chicken Couscous Salad

#### INGREDIENTS

- 1 Cup Couscous
- 1 Lemon, rind finely grated
- 1 Tablespoon baby capers, drained
- 1 Cup Boiling Water
- 1½ Tablespoons Extra Virgin Olive oil, plus extra to drizzle
- 400g mixed sweet grape tomatoes, halved
- 1½ Tablespoons white balsamic vinegar, plus extra to drizzle
- 150g Danish feta, crumbled
- 1 Cup small fresh basil leaves
- 60g baby rocket leaves
- 1 Barbeque chicken, skin removed, meat shredded

#### METHOD

1. Place the couscous, lemon rind and capers in a heatproof bowl. Juice half the lemon and add with the boiling water and 1 tsp of the oil to the couscous. Season. Cover and set aside for 5 minutes to absorb. Fluff with a fork.



### Economic data pointed towards a recovery – but also a slowdown

The Citigroup Economic Surprise Index, which measures the strength of newly released economic data relative to market expectations, was positive for both the US and China. Other economic indicators have also pointed to a broad, if uneven, recovery. For example, retail trade data showed an increase in countries like the US and Germany after large falls were recorded in previous months.

However, similarly to Australia, evidence emerged during July which suggested the economic recovery has slowed – especially in the US. For example, the number of weekly initial claims for US unemployment benefits rose sharply in March to a historical peak of 6.87 million. While the number of claims steadily declined in the months that followed, it rose again in mid-July – suggesting that the pace of re-hiring in the US has slowed. The New York Federal Reserve's Weekly Economic Index which tracks year-on-year change in US Gross Domestic Product (the total value of goods and services produced in an economy over a given period) also showed a slowdown.

### The US-China relationship deteriorated rapidly

After China passed its national security law for Hong Kong, many nations reacted negatively. The current US-China relationship seems to have reached its lowest point since the Korean War, following "tit-for-tat" closures of consulates in both Chengdu and Houston during July. US Secretary of State Mike Pompeo called for democracies to "change China". Elsewhere, the United Kingdom announced a scheme which would allow Hong Kong residents with British National Overseas passports a fast-track to UK citizenship. London also banned Huawei – China's largest manufacturer of telecommunications equipment – from

participating in the UK's 5G projects.

#### What's next?

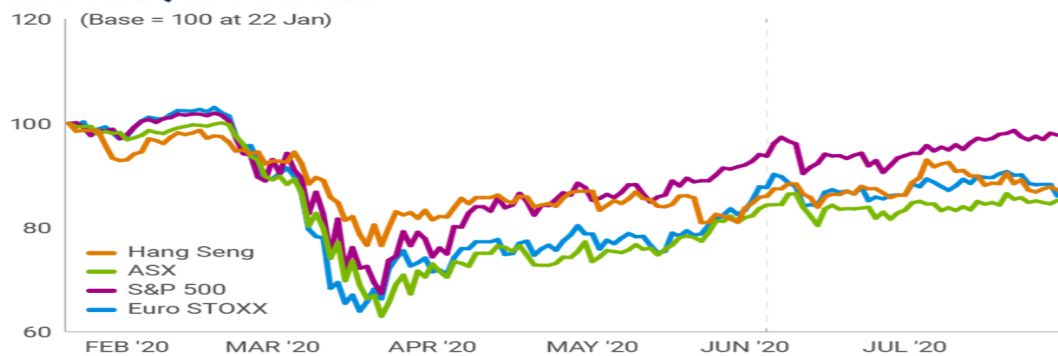
For now, we remain cautiously optimistic on the outlook for financial markets. However, there are two potential obstacles:

1. Firstly, the second wave of **Coronavirus** infections, which led to large-scale lockdowns and social restrictions and could have significant impacts on the broader Australian economy.
2. Secondly, a continued deterioration in the relationship between the US and China (including allies, like the United Kingdom and Australia). There are long-term structural issues driving both sides towards some form of de-coupling, which could drive episodes of risk aversion and market volatility, and a potential full-blown crisis triggered by political miscalculation given the mutual mistrust and domestic political needs of both Trump and Xi.

Despite the second wave of infections, reactions from financial markets have so far been more subdued than expected. While the second wave will have some negative impacts on market confidence and the level of economic activity, we anticipate the world economy to continue recovering – even if at a slower, less even pace. This is due partly to governments being better equipped to handle the spread of infections. Confidence for a recovery is also based on the support provided by world central banks and governments. For example, as evidenced by the Australian Government's recent extension announcement for JobKeeper, it's more likely that we'll see modifications – rather than a complete withdrawal – of existing labour market support.

(Source: Colonial First State, FactSet)

#### MAJOR EQUITY INDICES



#### GOLD SPOT PRICE (\$/OZ)



## Covid-19 Update

Covid-19 continues to impact our lives as we move towards our last quarter of the calendar year. Whilst Queensland has seen relatively few infections when compared with Victoria or New South Wales, being vigilant is the key to working towards life as we once knew it.

The Queensland border was briefly opened up to all states back at the beginning of July—with Vic as the exception—however once more cases were reported in NSW, Premier Anastacia Palaszczuk was quick to close it again.

At the time of print, this is still the case. With border communities affected more than many in Queensland, a 'Border Bubble' has been established to help those living and working along the Queensland/New South Wales border remain able to attend their place of work.

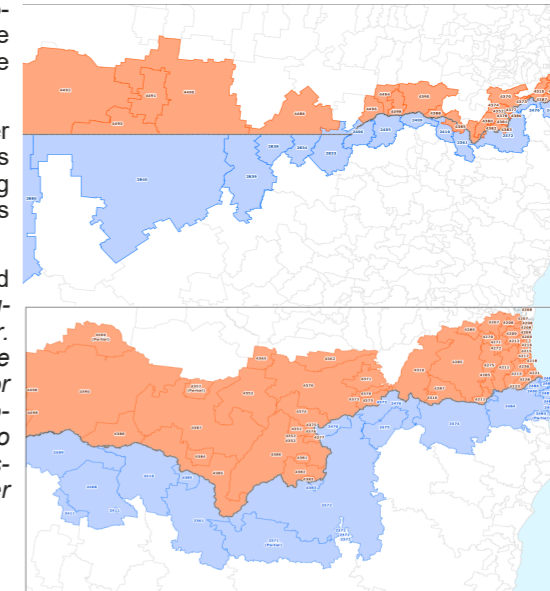
The only people currently allowed to enter Queensland by road are truck drivers, workers who are transporting freight, people performing essential activities (such as medical appointments or attending school), and border zone residents.

A 'Border Resident' is defined by the Queensland Government as 'someone who lives in a community on the Queensland New South Wales border. This includes both sides of the border—people who live in Queensland but come to work or school in their neighbouring border town, or people who live in New South Wales but come to work in their neighbouring border town in Queensland. Border zone residents can cross the border for any purpose.'

Queensland border zone residents cannot travel outside the border zone in New South Wales (but can travel anywhere within Queensland) and New South Wales border zone residents cannot travel outside the border zone in either Queensland or New South Wales..'

See the below map showing the postcodes included in the 'border bubble', or for more detailed information visit [www.qld.gov.au](http://www.qld.gov.au).

(Source: [www.qld.gov.au](http://www.qld.gov.au))



## Five financial moves to make in your 40s



**In your 40s? Here's what you need to consider to financially get ahead.**

Being in your 40s often involves balancing many responsibilities that it becomes easy to neglect your own financial wellbeing. But it's not too late to secure your future. Here are some tips that may help you financially make the most of your 40s.

### 1 | Create a plan

If you don't have a financial plan, it's time to get one. Ensure that it's based on your needs and priorities. By working with a professional adviser, you may be able to tailor a plan that helps you optimise your ability to save and invest.

### 2 | Grow your savings

Your 40s could be your peak earning years, so it may be a good idea to ramp up your savings and funnel some of your income into your superannuation or investment accounts. But be sure to do your homework and consult with a professional financial adviser about your options.

### 3 | Give your super a health check

A quick super health check may help you optimise your retirement savings. For example, by choosing a different investment option or type of risk, you may be able to earn better returns on your super. If you have multiple funds, consolidating your accounts may help you save on fees. Again, seek advice from a professional adviser before acting.

### 4 | Avoid lifestyle creep

People generally have a tendency to inflate their standard of living as they earn more and can afford more things, such as a better car or house. While it's only natural to want the finer things in life, you'll likely end up with little to no financial gain if your spending rises as quickly as your income. Try stick to your long-term financial goals and remember the big picture.

### 5 | Consider investing more

Your 40s may be a good time to invest more – or diversify your investments – to help you grow your long-term savings. But keep in mind that it's important to choose instruments that suit your risk appetite and time horizon. Developing a strategy with your financial adviser might make it easier achieve the return required to reach your financial goals.

(Source: [RI Article Hub](http://RI Article Hub))

## A Message From Your RIT Coastal Team



With everything that is going on with the ever-evolving Covid-19 pandemic, we would like to let our wonderful clients know that we are still here to help.

Whilst circumstances previously had us working from home, we are happy to say we are now back in the office continuing to support your financial needs and objectives.

As most banks are no longer providing paper bank statements, if your review appointment is approaching, why not pop into your local bank and request a paper statement for your meeting with us. This ensures our advice remains appropriate to you and also assists in updating your Centrelink details.

It's also a great time to find out how your shares are performing by gathering current information and also requesting statements from your equity provider.