



Accessing your Superannuation to pay mortgage arrears or other compassionate grounds

Did you know that in certain circumstances, and subject to strict criteria, you may be able to access some of your super to pay unpaid council rates or home loan arrears and prevent a mortgagee or forced sale of your home?

This is known as a withdrawal of superannuation on compassionate grounds, or for financial hardship.

You can also potentially access your super early on compassionate grounds to pay for other expenses, which perhaps would otherwise cause you to be unable to pay your mortgage or certain other debts.

Examples include the costs of providing palliative care, either for yourself or your dependants, or the costs incurred for the funeral and burial of that dependant.

There are other limited circumstances which may apply, such as to cover the costs of medical treatment or transport or purchasing a vehicle suited for use in accommodating severe disabilities

(either your own, or those of a loved one who is your dependant).

The amount that you can withdraw from your super is only that which you need to meet any eligible expenses, and there can be some quite serious tax drawbacks to doing so.

For instance, in most cases, any superannuation which you withdraw is paid and taxed as a normal superannuation lump sum – in other words, with the tax deducted. The amount paid normally forms part of your assessable income for income tax purposes and the tax will be deducted from the lump sum paid. It can also affect certain payments, such as any child support you receive or family tax benefits.

In addition to that, you are reducing the amount of your superannuation and by doing so have less resources to fall back upon later.

Lastly, because superannuation is “protected” in the sense that you cannot access it (and nor can your creditors) until you reach a certain age, by releasing it and using it to pay debts, you are effectively converting it into an immediately realisable asset (which does not have the same protections).

In other words, there may be some very serious, and costly, drawbacks in releasing your superannuation early. However, in some circumstances, it can also be a real benefit and make life significantly easier.

How Can Andersons Help?

If you believe that the early withdrawal of superannuation could be of benefit to you, then here at Andersons Solicitors we can discuss and advise you of the options and assist you with your application. We would usually do so together with an accountant or financial planner, being either your own or one selected from our trusted panel.

For more information or to make an appointment with [Felix Hoelscher](#) to discuss your early withdrawal of super, or another [commercial or business law](#) matter, please [contact us](#) here.