

Early access a “last resort” retirement advocates say

Media Release

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Super Consumers Australia, Council On The Ageing (COTA) Australia and CHOICE are urging people to exhaust all other options before dipping into their super. Super Consumers Australia modelling has revealed that early access could cost people’s retirement balances the equivalent of \$50,000 in today’s money.

Super Consumers Australia modelling found that, for a 30-year-old, the impact of withdrawing \$20,000 would be \$49,823 by retirement age.

Age	Impact on balance at retirement of \$20,000 withdrawn from your super
30	\$ 49,823
40	\$ 39,904
50	\$ 31,181
60	\$ 23,770

“Taking out money before retirement means losing the benefit of compound interest over a lifetime. Depending on how old you are, withdrawing money now could see you having to work much longer to make up the difference before you retire,” says Super Consumers Australia Director Xavier O’Halloran.

“There are a number of financial assistance options to help people through these tough times. Super will be the right option for some, but you should be looking at what else is available and possible cuts to discretionary spending before raiding the cookie jar,” says O’Halloran.

COTA Australia CEO Ian Yates cautioned that people will lose tens of thousands of dollars in

retirement savings if they withdraw their superannuation now.

“One of the tragedies of the GFC was that people crystallised their losses by taking their diminished funds out of their super accounts.

“They then had no way of growing them back and at the same time they lost the multiple tax advantages you get from having your savings in a superannuation account.

“Our message is that if at all possible if your savings are in super, keep them in super. Even if you move your money into a more conservative option within your super fund, you can move it back into a growth fund later. But if you move it out of super, you may not be able to put it back in again.

“It may not seem important now, but that’s many tens of thousands of dollars that you will not have to support you in retirement,” says Yates.

CHOICE Policy and Campaigns Adviser Patrick Veyret warns that “accessing your super should be a last resort.”

“If people are in financial difficulty, we encourage them to contact financial counsellors, not financial advisers. Financial counsellors offer a free and independent service. They can help people navigate through financial hardship, access government payments, and assist with any debt matters.”

“It will only be in very rare circumstances that a financial adviser recommending early access of superannuation is doing so in your best interests.”

The advocates also urge people to be alert to scammers who offer to help people access their super early for a fee.

“Trying to scam people out of their super is disgraceful behaviour. We’d advise people to stay well away from anyone attempting to charge you a fee to help you withdraw your super early,” says O’Halloran.

“If you get an unsolicited email about early access to your super, delete it. If you get an unsolicited call, hang up,” says O’Halloran.

Editor’s notes:

- Super Consumers Australia has published a full advice piece on early access to super. You are welcome to re-publish this story provided you attribute the article to us and include a link back to our article:
<https://www.choice.com.au/money/financial-planning-and-investing/superannuation/articl>

[es/early-access-to-super](#)

- Many Australians are now eligible to withdraw up to \$20,000 from their super over the next two financial years
- People can use ASIC's Moneysmart retirement calculator to estimate how much money they will have in retirement, factoring in any breaks from the workforce:

<https://moneysmart.gov.au/retirement-income/retirement-planner>

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