



Monthly Information Newsletter – Tax & Super

March 2023

Super teething issues

Last year 9,700 individuals applied for compassionate release of super for dental treatment expenses, and 82% were approved. Out of those approved, 9% were for a dependent child's dental treatment, which could include braces. What is the pathway for access?

While normally superannuation must be preserved for retirement, there are limited exceptions. One of these is compassionate grounds. An individual must apply to the ATO for a determination that an amount of the person's preserved benefits or restricted non-preserved benefits in their fund be released on compassionate grounds due to the individual lacking the financial capacity:

- a. to pay for medical treatment (defined as life-threatening illnesses or to alleviate acute or chronic pain or mental disturbance or medical transport for the person or a dependant)
- b. to enable payments to prevent foreclosure by a mortgagee or the exercise of an express or statutory power of sale over the family home
- c. to pay for home and vehicle modifications to accommodate the special needs of a severely disabled person or dependant
- d. to pay for expenses associated with the person's palliative care, death, funeral or burial, or
- e. to meet expenses in other cases where the release is consistent with items (a) to (e).

Where one of these conditions is met, the benefit must be released as a single lump sum not exceeding the amount that is determined by the ATO to be reasonably required, based on the nature of the hardship and the person's financial capacity. The ATO must provide a copy of its written determination to both the individual applicant and the trustee of their superannuation fund.

Turning back to dental treatment, point **(a)** is the relevant release condition. The applicant will need to demonstrate that they are suffering acute or chronic pain such that they require dental treatment to alleviate that pain, and that they are lacking the financial capacity to pay for that treatment. From an evidentiary perspective, an applicant would almost certainly need to furnish the ATO with correspondence from

a dentist that speaks to the above, and also evidence of their financial position.

The 'acute or chronic pain' requirement means that cosmetic procedures such as teeth whitening, dental veneers, dental bonding, dental implants, dental bridges, dental crowns/tooth caps, orthodontics, and white tooth fillings are all unlikely to qualify.

There is no lifetime limit on the number of applications that you can make. For example, if you had three children who all required braces, then potentially you could tap into your super for each child's procedure. Before making an application, individuals should consider:

- alternative funding sources, such as loans
- the impact on your retirement savings, noting the compounding nature of superannuation investments. Each time you dip into your super, you're killing off the power of compound interest. Instead of braces costing \$7000 or more, compounding interest means that it may be several multiples of this by the time you retire.

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