

## Death benefit nominations

While it may be a topic many people are reluctant to think about, it is important you determine who will benefit from your superannuation or pension if you die. There are a number of options you can choose from and different ways you can decide who will get what.

### What happens to your funds after you die?

Upon your death, the Trustee of the super fund will pay out your super fund benefit, which may include insurance to one or more beneficiaries or to your legal personal representative (estate). Upon notification of your death, your super funds will be held in accumulation and will be transferred to the lowest risk investment strategy, generally being the cash investment option.

### Important facts on death payments

- A death payment does not automatically form part of a deceased estate, and is not necessarily included as assets within a Will,
- It cannot be used to pay debts as part of an estate, or pay funeral costs, and
- Any insurance amount will form part of the total death payment from the member's account.

### Who can be a beneficiary?

<p>Who can receive your benefit in the event of your death?</p>	<p>You can nominate that your benefit is paid to:</p> <ul style="list-style-type: none"> <li>• your estate</li> <li>• dependents noted in your binding nomination</li> <li>• a combination of your nominated beneficiary(ies) and/or your legal personal representative (LPR) of your estate</li> <li>• as a reversionary pension beneficiary in favour of your dependant (for tax purposes) when commencing your account based pension or transition to retirement pension*.</li> </ul> <p>* Note: Refer to Section 7 'Tax on death benefits' in the fund PDS.</p>
<p>Who qualifies as a dependant?</p>	<p>A dependant may include a:</p> <ul style="list-style-type: none"> <li>• spouse of the member (including a de facto spouse)</li> <li>• a child of the member, including an adopted child, step child, child of a spouse, or child born after the member's death</li> <li>• person who may have been wholly or partially financially dependent on the member at the time of death (an interdependency relationship)*</li> <li>• financial dependant.</li> </ul>
<p>What is an interdependency relationship?</p>	<ul style="list-style-type: none"> <li>• *An independent relationship is defined as two people who have a close personal relationship, live together on a long term or permanent basis, where one or each of them provides the other with financial support, and one or each of them provides the other with domestic support and personal care. If this criterion is not met, it is due to them temporarily living apart or one or both of them suffering from a disability</li> <li>• The Trustee may also take other matters into account such as all the circumstances of the relationship as prescribed by law.</li> </ul>

#### Who is a non-financial dependant?

- A non-financial dependant includes a child aged over 18 and who is not financially dependent or in an interdependent relationship
- Benefits paid upon your death to non-financial dependants (for tax purposes) must be paid as a lump sum and will usually be subject to tax when the benefit comes via your estate.

### Nominating beneficiaries

As a member of the fund, you have the following choices to specify what should happen to your benefit in the event of your death.

#### No nomination

If you take no action, and do not make a nomination, the Trustee is bound to deal with your benefit in your best interests. When deciding on payment at your death, the Trustee will typically enquire about your family situation including dependants and provisions in your will before making a decision.

#### Non-binding death benefit preferred nomination

- Your non-binding death benefit preferred nomination serves as a guide to the Trustee on your wishes regarding the payment of your super benefits on death. The Trustee will take into consideration any nomination you make, however, in this case, the Trustee has final discretion in deciding who will receive your superannuation benefit when you die, and is not bound to follow the nomination and may decide to pay all or part of the benefit to a different person,
- The Trustee will make a decision based on the circumstances of your nominated beneficiary or other claimants at the time of your death, as these may have changed since you completed the non-binding death benefit nomination,
- The non-binding preferred nomination is valid for the entire term you are a member, unless another valid nomination (binding or non-binding) is lodged with the Trustee,
- It requires no witness signatures, and
- It will not override a previous, valid binding nomination.

#### Binding death benefit nomination

A binding death benefit nomination provides greater certainty on who benefits from your superannuation following your death. A binding death benefit nomination is a written direction to the Trustee that sets out the dependants and/or legal personal representative, as nominated by a member, to receive his/her benefit in the event of the member's death. When you make a valid binding death benefit nomination, you decide who receives your benefit when you die, and how much of the benefit they receive.

Binding death benefit nominations have an expiry date of three years from the date of the form and will remain valid until the expiry date or you revoke or amend your nomination. There can be advantages and disadvantages when choosing a binding death benefit nomination, and you may wish to obtain professional advice before taking up this option.

#### Ensuring your binding death benefit nomination is valid

Legislation is quite specific about the requirements for a binding death nomination to be legally effective.

- Each death benefit nominee must be either your dependant or your legal personal representative (as defined in Superannuation Law)

- You must ensure that the proportion of the benefit that will be paid to your nominated person or each of those nominated persons is certain and ascertainable. If it is not clear what percentage is to be paid to whom and/or the percentages do not add up to 100%, your nomination will be invalid
- Your nomination must be in writing
- You must sign and date your nomination in the presence of two (2) witnesses, being persons:
  - each of whom has turned 18 years old
  - neither of whom is mentioned in the nomination
- Your nomination must contain a declaration signed and dated by the witnesses stating that the nomination was signed by you in their presence at the same time
- Binding death nominations must be renewed every three years from the date of the nomination. The fund will treat a lapsed binding nomination as reverting to a non-binding death nomination.

If a binding death benefit nomination is valid and in effect at the date of the member's death, the Trustee must pay the benefit to the beneficiaries nominated in the proportions set out in the member's binding death benefit nomination. However, the Trustee is not required to comply with a death benefit nomination if the Trustee is aware that the payment under the nomination, or the lodgement of failure to revoke the nomination would be a breach of a Court Order.

### **What happens if my death benefit nomination is not valid at time of my death?**

In the event a person you nominate is not a dependant at the time of your death, e.g. because they have died before you, or your nomination has been cancelled, or is non-binding as it was not witnessed or has lapsed, your nomination will no longer be valid and the Trustee will use its discretion to determine how your benefit should be paid.

### **Death benefit nominations in your annual member statement**

Each year, we will confirm your binding death benefit nomination details in your annual member statement. It is important that you take note of this and regularly review your binding death benefit nominations to ensure it continues to suit your personal circumstances especially if this has changed. You can update amend, or revoke your death benefit nomination at any time by completing a death benefit nomination form and forwarding to the fund.

### **Making changes**

To implement or change a binding death benefit nomination, you need to complete a binding death benefit nomination form. To cancel a previous binding death benefit nomination form, tick 'Amend an existing nomination and all prior nominations are revoked'. Binding death benefit nomination forms are available on the website [onesuper.com](http://onesuper.com), or you can make a change within the Secure Online Portal by logging on, go to the super tab, benefit nominations, edit and print the form.

The Trustee recommends you seek professional advice before making your nominations to ensure they meet your personal situation and needs, as:

- who you nominate may impact the amount of tax payable in relation to the benefit
- the splitting of superannuation benefits between spouses on separation may impact upon the terms of a binding death benefit nomination.

Before completing or making changes, please check the death benefit nomination form to ensure:

- Two witnesses have signed at the same time/day as yourself (if making a binding death benefit nomination)
- Witnesses are not the nominated beneficiaries
- Your nomination of beneficiary(ies) is certain and totals 100 per cent.

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