

Understanding estate planning – super

Client Fact Sheet



July 2012

Superannuation

A superannuation death benefit can be paid from the accumulation phase or pension phase.

Your death benefit can be paid as a:

- a) lump sum to a dependant. That is:
 - a. your spouse
 - b. your child (of any age)
 - c. financial dependant
 - d. or someone who was in a n interdependency relationship with you just prior to your death;
- b) lump sum to your estate;
- c) pension to anyone in a), but if a child, they must be:
 - a. Under 18
 - b. 18-25 and financially dependent, or
 - c. disabled; or
- d) combination of a), b) and c).

In addition, a pension may continue to a reversionary pensioner if this was set up when you commenced the pension.

The most important thing to note is that while superannuation law allows for all of these options, some superannuation funds only allow for a lump sum to be paid under their trust deed.

In the unlikely event that you die intestate, without a legal representative and without any dependants, it is possible for the trustee to make a death benefit payment directly to a non-dependant (as a lump sum only).

Who is a dependant?

Under superannuation legislation 'dependant' includes the following:

Dependants	Description
Spouse	Husband or wife or defacto spouse (including same-sex)
Child	Child of any age
Financial dependant	A person who was partially or wholly financially dependant on you (at time of death)
A person with whom you have an interdependency relationship with just prior to your death	<p>A relationship between two people where:</p> <ul style="list-style-type: none">• they have a close personal relationship• they have lived together• one or each of them provides the other with financial support, and domestic support and personal care. <p>Some people who do not live together can still meet the interdependency relationship definition if the separation is temporary, or if one person has a disability.</p>

Notes:

1. The Trustee will consider a range of factors when determining whether an interdependency relationship exists.
2. Two persons will not have an interdependency relationship if one of them provided domestic support and personal care to the other:
 - a. under an employment contract or contract for services; or
 - b. on behalf of another person or organisation such as a government agency, a body corporate or charitable organisation.
3. The legislative definition is not exhaustive and the Trustee may choose to take into account other circumstances (for example, emotional or financial dependency) when determining your dependants for the purpose of paying a death benefit.

Nomination of beneficiaries

A death benefit nomination allows you to nominate a beneficiary or beneficiaries to receive your superannuation in the event of your death. The trustee is bound to pay the death benefit as nominated if a binding death benefit nomination has been made.

In the absence of a binding death benefit nomination, the trustee of the fund will seek to pay your death benefit to those who are dependants, or your legal personal representative, before looking to any non-dependants.

What can be paid upon death?

The following table summarises how superannuation is paid upon death.

Phase	Lump sum			Pension		
	Dependant	Non-dependant	Estate	Dependant	Non-dependant	Estate
Accumulation	Yes	Yes	Yes	Yes*	No	No
Pension	Yes	Yes	Yes	Yes*	No	No

* An income stream can only be paid to a spouse, child (under age 18, 18 – 25 and financially dependant, or disabled), financial dependant, or person who was in an interdependency relationship with you.

Note: This does not discuss the taxation treatment of death benefits. Please refer to the Factsheet 'Understanding super'.

Need more information?

If there's anything else you need to know, please call your financial adviser, or our dedicated Customer Service team on 13 11 55 and ask for 'Super' between 8am and 6pm (Eastern Standard Time) Monday to Friday. We'll be happy to help.

Important note

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