

## A Guide to Super Death Benefit Nominations

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If you would like a say in who receives your superannuation retirement savings after your death you need to nominate a specific beneficiary and to do this you need to complete a nomination form.

Whilst you may own your home, bank account and other assets – you don't personally own your super, it is held in trust for you by the trustee of your super fund. In the case of your death, the trustee decides who receives your money, but in many cases they will be bound by your written nomination.

The team at In Your Interest Financial Planning can support you with this as there are quite a few involved details. For example if you want it to be binding (see below) depending on the provider it will need to be witnessed by two people who are not beneficiaries.

Your benefit nomination can be changed or revoked at any time. A testament (Will) becomes invalid on marriage or divorce but a superannuation benefit nomination stays valid.

There are two things to consider in filling out the form:

- who to leave it to (there are rules and not everyone qualifies)
- the type of nomination you can make.

### Why would you make a benefit nomination?

There are multiple reasons. One is that, if you validly nominate a person, that person can receive the funds quickly, bypassing the Will. That is not always true in disputed estates but in many cases the six months' wait that it typically takes for the estate to be approved by the courts can be bypassed.

If you don't make a nomination or if your nomination is invalid or expired or your nomination is non-binding, then the trustee can distribute the funds in their absolute discretion. An example would be a long lost relative claiming the funds and receiving them when that was not your intention at all.

## Who can you leave your super to?

Generally you can leave super to:

1. Your spouse or defacto (of any sex) including former spouse or defacto.
2. Your children, regardless of their age. Note that if they are not your dependants they may be subject to tax of up to 17% on the money received from super.
3. A person who is financially dependent or interdependent on you. A person may be considered to be in an interdependency relationship with you if one of you provides personal, domestic or financial support to the other or you live together and have a close personal relationship. This is more difficult to prove if you don't live together.
4. Your Legal Personal Representative – this is not an individual but a title that describes the person who is the executor of your Will at your death. The executor of your Will will then administer the funds according to your Will. Again, tax up to 17% will apply if funds are then distributed to a “non-tax dependant”.

You can leave your super to people in one or more of the above 4 categories, for example 60% to your spouse and 40% to your Legal Personal Representative.

Someone, such as a friend you do not live with and who is not dependent, will not qualify under the first 3 points but could be taken care of in your Will.

Reminder: this is a great opportunity to review your Will and ensure that it is up to date and reflects your current intentions.

When nominating your beneficiary you will need to include the following information:

- First and last name of Beneficiary.
- The percentage of the benefit they would receive (if more than one person is nominated, all percentage amounts must add to 100%).
- Their relationship to you.
- Their date of birth.
- Their address.
- Their phone number (mobile is fine).
- Their email address.

## What type of Nominations can you make?

There are five types of written death benefit nominations you can make:

1. **No nomination** – the trustee of your super fund will decide, and it may not be what you intended.
2. **Non-binding nomination** – this is offered by most funds. The trustee of your super fund will consider the requests of the deceased but they retain the final say over which beneficiary receives and the proportion they receive.
3. **Binding death benefit nomination** – the trustee has to pay as you directed, however these usually lapse after 3 years and then it is considered you do not have a death benefit nomination at all.
4. **Non-lapsing binding nomination** – usually these do not expire and continue until replaced or cancelled.
5. **Reversionary nomination** – this one relates to super pensions or income stream such that the income stream reverts to a particular beneficiary on your death, usually a spouse.

### Please Note

The above is provided as a general and basic fact sheet. It is not comprehensive or to be taken as advice. **There are many exceptions, variances and each fund will have its own rules and advise accordingly. There are also other considerations to take into account such as the application of taxes.** Some beneficiaries will receive their money tax free and others can pay up to 17% of the amount received.

*Please feel free to contact us at In Your Interest Financial Planning with any questions.*

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