

Claiming a death benefit

October 2020



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What is a death benefit?

A death benefit claim can be made up of the superannuation account balance, less any applicable charges or taxes, and any death insurance cover the member may have had at the time of their death. Our Insurer assesses whether any death cover is payable, and we, the Trustee, will assess and determine who is eligible to receive the combined payment. This can sometimes be a lengthy and complex process – particularly where there are multiple people claiming the benefit.

What happens when you make a claim

1. Call us

- Call our Helpline on 1800 682 626 and we will help you with the first steps of the claim and inform you of what's involved with the overall process.
- You'll need to have the late member's Equip membership number, date of birth, date of death, and provide the contact details of all other possible beneficiaries.
- Further questions will be asked and will depend on the circumstance to commence the process.

2. Documents

- We will send the necessary claim forms to all potential beneficiaries for completion. The following supporting documents will also need to be provided:
 - Proof of identity and the age of the deceased member and all persons claiming – including any legal guardian claiming on behalf of a minor child. Proof of identity can include a driver's licence, passport or birth certificate.
 - The member's death certificate
 - Marriage or divorce certificate
 - Copy of deceased member's Will (if available)
 - Copy of Letters of Probate or Letters of Administration (if applicable)
 - Birth certificate of any minor children.

Supporting documents will need to be certified before they are returned to us. A *Completing proof of identity* factsheet will be included to guide you all the way.

Please read all the information carefully and take the time you need to understand and gather what is required. We will only be able to pay the claim once we have all the necessary information from all potential beneficiaries.

3. Review

- Once we receive the required information from all potential beneficiaries, we will be able to start reviewing the claim.
- If the member held death cover at the time they passed away, our Insurer will review the application and determine if a death benefit is payable. They may require further information such as medical reports or a Coroner's report. If further information is required, we will let you know.
- Legislation and our Trust Deed provides strict guidelines that we must follow, even if that means making a decision that you don't agree with. The key legislation that guides super funds in making superannuation decisions relating to death benefit payments are found in the:

Superannuation Industry Supervision Act (SIS) 1993

which outlines that to be considered for payment of the death benefit you need to be a dependant or the legal personal representative of the late member's estate at the time the member passed away.

A spouse and children under the age of 18 will be considered first over adult children who were not financially dependant on the member. We can only consider another person if there are no other financial dependants claiming.

The Income Tax Assessment Act (ITAA) 1997

which determines if a claimant needs to pay tax on any benefit received.

The assessment of any tax payable is only completed once the Trustee has determined and approved a beneficiary.

- We will always contact you if we have any questions or require more information to assist in reaching a decision.

4. Decision

- Once a decision has been reached, we will notify claimants to advise them of the outcome.
- We appreciate that sometimes this decision may not seem fair and so we give all beneficiaries 28 days to provide any additional information that might support an altered decision. This process is called an objection. All objections are treated as formal complaints which we try to resolve through mutual agreement.
- If an agreement can't be reached, all beneficiaries have the option to refer to an external dispute resolution body, Australian Financial Complaints Authority (AFCA).

- No payment of the benefit will be released to any claimant until we receive either agreement from all parties or instruction from AFCA with their decision.
- Any objections made will further delay the finalisation of the claim.

5. Payment

Once a decision is reached and all beneficiaries accept the decision, the benefit can be released to the beneficiary by:

- Electronic Funds Transfer (EFT) directly into a bank account,
- cheque, or
- commencing a Pension (available to certain eligible dependants).

Who can apply for a death benefit?

A death benefit is generally paid to dependent/s of the deceased member or their legal personal representative (LPR). If the member doesn't have any dependent/s or an LPR, the Trustee may use discretion to pay another person.

Who are dependants?

- a legal or de facto spouse (regardless of gender)
- children (includes children under the age of 18, adult children, adopted or stepchild, and a child that is a product of a de facto or same-sex relationship. Financially dependent or minor children will be considered first)
- any person who is wholly or partially financially dependent on the member, who relied on the member to help them meet their daily living expenses, such as utility and household expenses, rent and shared financial commitments, and
- any person with whom the member had an interdependency relationship.

An interdependency relationship includes two persons (whether or not related by family) if:

- they have a close personal relationship, and
- they live together, and
- 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.

An interdependency relationship also includes two persons (whether or not related by family):

- who have a close personal relationship, and
- who do not meet the other criteria listed above because either or both have a physical, intellectual or psychiatric disability or because they are temporarily living apart.

Significant evidence is always required to demonstrate all interdependent relationships. Evidence to support this can include joint ownership of a business or property, shared acquisition, affidavits from family, friends, associates etc. evidence of financial support such as rent receipts, mortgage payments, bank statements, text messages, photographs and much more.

What if there is a beneficiary nomination?

Binding:

A binding nomination legally instructs the Trustee to pay the death benefit according to the deceased member's nomination as long as the nomination is valid at the time of commencement and time of death. Binding nominations must be renewed by the member every 3 years and the beneficiaries must qualify as dependents, interdependents, and/or the legal personal representative.

Non-binding (preferred):

A non-binding or preferred beneficiary nomination is not legally binding. We will take the member's wishes of who they would like to receive their benefit into account, but we are not bound by the nomination. A spouse (including de facto) and minor children will be given priority over other claimants such as adult children and claimants that were not financially dependent on the member.

Ultimately where a preferred nomination is in place, the Trustee will determine who receives the death benefit and in what proportions the benefit is to be paid.

What if the beneficiary is a minor?

A legal guardian must claim on behalf of any minor children of the deceased. The legal guardian will also be responsible for establishing a Trust Fund for the benefit to be paid into. The Trust Fund is a trust account that contains funds and/or assets that can be used for the child's education and maintenance.

Under some circumstances payment of a death benefit to a dependent child can also be made as a death benefit pension. Pension payments generally stop on or before the child's 25th

birthday and any remaining benefit is paid as a tax free lump sum payment directly to the child. If the dependent child has a permanent disability, the Pension payments may continue.

Is Super covered by a Will?

We will always refer to a Will for guidance in understanding the member's personal circumstances and wishes. Superannuation benefits do not form part of Estate law and therefore death benefits are not bound to be paid in accordance with a Will.

If a binding nomination payable to a legal personal representative is in place or if we pay the benefit to the Estate then the benefit will form part of the member's overall Estate. Generally once debts are finalised, the remaining assets and funds may be paid to beneficiaries in accordance with the Will.

For more information please consult with an Estate legal professional.

What is a Legal Personal Representative (LPR)

A Legal Personal Representative is the person responsible for managing the deceased member's estate either as:

- the Executor of the deceased's Will or the person granted Probate by the court certifying the Will is valid and confirming the appointment of the executor/s of the Will, or
- the Administrator if the deceased did not leave a Will. The administrator is granted Letter of Administration through the courts.

How long does it take to make a decision?

We will always endeavor to make a decision as quickly as possible. Most death claims usually take around 4 months from when all the necessary documentation has been received to reach a decision. The process can sometimes take longer if:

- There are multiple claimants that need to be located and contacted
- There are delays with supporting evidence being returned by all claimants or if information is missing,
- There are complicated and conflicting families interactions,
- An objection to our decision is received, as these all require additional evidence and review,
- The claim is referred to any external dispute resolution body.

Where there are multiple claimants, we need to write to each person and advise them of our decision. All claimants have 28 days to respond with their objection should they disagree. If no objection is received, we will pay the benefit in accordance with our original decision.

How to certify documents

A certified copy is simply a photocopy of an original document that has been witnessed, signed and stamped as being a 'certified true copy' by an authorised person. We cannot accept a photocopy of certified document.

More information on how to certify documents can be found within our *How to Certify Documents* factsheet which is available on our website.

What tax is payable on death benefits

A death benefit may receive favourable tax treatment, depending on who receives the benefit, how it is paid and as long as a Tax File Number is provided.

- Payments to a spouse or former spouse are tax free.
- Payments to a child under 18 are tax free.
- Payments to financial dependants or interdependent relationships are paid tax free.
- Payment to a legal personal representative (LPR) are also tax free however the LPR will need to deduct the appropriate tax from any amount paid to non-dependants.
- Non-tax dependants (any person who is not a financial dependant – such as some adult children) will have their benefit split into tax-free and taxable components. The taxable component is taxed at 15% plus the medicare levy.
- A pension benefit will consist of tax-free and taxable components, which we calculate before the benefit is paid. PAYG tax may then be withheld from the taxable component before the income is paid, according to the following rules

Income tax depends on each individual's circumstances and may change due to legislation, you should obtain appropriate financial advice on tax matter. Through the Fund, members and beneficiaries have access to financial advice from qualified financial planners.* Please let your case manager know if you would like to receive advice on the likely impact of any benefit payment on your personal financial situation.

*Togethr Financial Planning Pty Ltd, ABN 84 124 491 078, AFSL 455010, ("TFP"), trading as Equip Financial Planning, is licensed to provide financial planning services to retail and wholesale clients. TFP is owned by Togethr Holdings Pty Ltd (ABN 11 604 515 791).

Type of benefit	Age of deceased	Age of beneficiary	Tax treatment - taxed element	Tax treatment - untaxed element
Superannuation lump sum paid to dependant	Any age	Any age	Tax free	Tax free
Superannuation lump sum paid to non-dependant	Any age	Any age	Taxed at a maximum rate of 15% (plus medicare levy)*	Taxed at maximum rate of 30% (plus medicare levy)*
Account based Pension paid to dependant	60 years or older	Any age	Tax free	Taxed at marginal rates with a 10% tax offset
	Any age	60 years or older	Tax free	Taxed at marginal rates with a 10% tax offset
	Under 60 years	Under 60 years & children between 18 and 25**	Taxed at marginal rates with a 15% tax offset	Taxed at marginal rates with no tax offset

*Plus Medicare levy of 2%

** Children between ages 18 & 25 who are financially dependant. When the dependant turns 25 the remaining benefit must be withdrawn as a lump sum (tax free) payment unless the dependent child has a disablement as defined in legislation.

This guide is provided for general information only. It does not take into account your personal objectives, financial situation or needs and should therefore not be taken as personal advice. You should consider whether it is appropriate for you before acting on it and, if necessary, you should seek professional financial advice.

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