

Claiming a permanent incapacity benefit

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If you can no longer work due to sickness or injury, you may be eligible to claim the early release of your superannuation account balance.

What is a permanent incapacity claim?

Permanent incapacity is the early release of your superannuation account balance if you have an illness or injury that is likely to stop you from ever working again in any occupation you are qualified to do by education, training, or experience.

Am I eligible to claim?

To be eligible for payment you will need to meet the definition of 'permanent incapacity' as outlined by superannuation law.

Superannuation Industry (Supervision) Regulations 1994 - Reg 1.03C defines this as:

'A member of a superannuation fund ... is taken to be suffering permanent incapacity if a trustee of the fund is reasonably satisfied that the member's ill-health (whether physical or mental) makes it unlikely that the member will engage in gainful employment for which the member is reasonably qualified by education, training or experience'.

Two registered medical practitioners will need to certify that due to your ill-health (physical or mental), you're unlikely to return to work again in the future.

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.
- We will need to ask you a few questions relating to your claim. Please have the following information on hand to initiate your claim:
 - your Equip membership number,
 - details of your injury or illness,
 - the date you first consulted your doctor for your condition, and
 - the date you were certified unfit to work

2. Documents

Once your eligibility to claim is established, the relevant forms will be sent to you for completion:

- **Member Statement** – to be completed by you (or your Power of Attorney)
- **Treating doctor and specialist form** – two registered medical practitioners (of which one must be a specialist) will need to complete these forms confirming that you meet the definition of permanent incapacity.
- **Benefit payment form** – you will need to provide instructions of how you would like to receive the approved benefit. Payment can be made as a full or partial withdrawal and can be paid directly into your account via EFT or issued by cheque.
- **Certified Proof of Identity** – For security purposes certified proof of your identity such as your driver's licence or passport is required. A certified copy is simply a photocopy of an original document that has been sighted, signed and stamped as being a 'certified true copy' by an authorised person. Photocopies of certified documents cannot be accepted. More information on how to certify documents can be found on our website.

3. Assessment

Your claim will be assessed against the terms and conditions to meet the definition of permanent incapacity.

We will strive to reach an outcome as quickly as possible and will keep you regularly updated throughout the assessment process.

4. Decision

The Trustee is responsible for assessing and deciding on your claim. This includes ensuring the decision is fair and reasonable and meets the early release benefit requirements as governed by superannuation legislation.

If your claim is approved, we will pay your benefit in accordance with your payment instructions.

If your claim is declined, we will let you know in writing of the reasons your claim does not satisfy the definition.

Should this occur and if you disagree with the decision, you can request a review. You will have the opportunity to provide any further evidence to support your claim. All review requests are treated as formal complaints and will be independently assessed by the Trustee.

5. Payment

We will pay your superannuation account balance to you if we approve your claim.

The benefit can be paid to you as:

- a full benefit payment via Electronic Funds Transfer (EFT) or cheque
- partial lump sum withdrawals from your super account when you need to, or
- an income stream (Pension) to provide you with regular income payments to support you into the future.

If you choose to take a partial withdrawal, a minimum account balance of \$6,000 is required to be retained in your account.

Complaints

If at any time you are dissatisfied with any aspect of your claim, you can lodge a formal complaint. Our complaints handling information is available on our website.

We aim to resolve all complaints as soon as possible. However, if we have not resolved your complaint within 28 days, we will provide a progress update. A final response will be sent to you no later than 45 days for complaints about financial services including advice, and no later than 90 days for complaints about superannuation..

How long does the claim process takes?

The length of time depends on personal circumstances and availability of information required from you and your doctors and specialists. We aim to finalise permanent incapacity claims within one month from when both medical certificates are received.

Tax on Permanent Incapacity benefits

As permanent incapacity is an early release of your superannuation account balance, your benefit is likely to incur tax depending on your age, whether you withdraw the benefit as a lump sum or income stream and how your account may have already been taxed.

We recommend you seek financial advice to understand how any benefit payment made to you may be taxed.

As permanent incapacity is an early release of your superannuation account balance, your benefit is likely to incur tax depending on your age, whether you withdraw the benefit as a lump sum or income stream and how your account may have already been taxed. Payments generally consist of a tax free and a taxable component, of which tax is only payable on the taxable component of your withdrawal.

Type of super	Type of withdrawal	Maximum tax rate (including medicare levy 2%)
Taxable component – taxed element	Lump Sum	<p>Under preservation age: Up to 22%</p> <p>Over preservation age but under 60: Nil up to low rate cap* 17% on balance over low rate cap</p> <p>Over 60: No tax payable</p>
Taxable component – untaxed element	Lump sum	<p>Under preservation age: 32%, up to \$1,565 million 47% on balance over \$1,565 million</p> <p>Over preservation age but under 60: 17% up to low rate cap 32% on balances between low rate cap and \$1,565 million 47% on balances over \$1,565 million</p> <p>Over 60: 17% up to \$1,565 million 47% over \$1,565 million</p>

*low cap rate \$215,000 for 2020-2021

Need financial advice?

Equip offers expert financial advice services through our licensed Financial Planners. Our advisers can provide assistance on the likely impact of any benefit payment to your personal financial situation and help you make informed decisions about your benefit.

To meet with a financial planner, please call 1800 065 753.

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.

Financial advice may be provided by Togethr Financial Planning Pty Ltd, ABN 84 124 491 078, AFSL 455010, ("TFP"), trading as Equip Financial Planning. TFP is a related entity of Togethr Trustees Pty Ltd.

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