



PLAIN ENGLISH GUIDE

SUPERANNUATION AND YOUR ESTATE

The trustees or your Superannuation fund have a discretion as to how they will pay your Superannuation and entitlements upon your death. They are not required to act in accordance with your wishes even if they are expressed in your Will.

The only way to ensure that your entitlements are paid the way that you choose is to sign a **Binding Death Benefit Nomination**.

Most people nominate a beneficiary on their Superannuation form – beware – this is a Non-Binding Nomination.

Superannuation legislation requires that benefits be paid to your spouse, your children, your financial dependents or to the executors (or administrators) of your estate.

You need to consider that benefits paid to “dependants”, usually your spouse or financially dependant children, are tax free. Benefits paid to non-dependant attract tax of 16.5%.

You need to ask your Superannuation fund for a Binding Death Benefit Nomination form that meets the requirements of your fund. If you have a self managed Superannuation fund then there may be one in the Deed creating your fund (otherwise we can provide you with a form that complies with the rules).

The form must be signed in the same manner as a Will i.e. before two witnesses, both present at the same time.

You need to keep your nomination up-to-date. Certain Binding Death Benefits will lapse three (3) years after you sign it.

The pitfalls of a Binding Death Benefit Nomination include:

- Your personal circumstances change but you do not change your nomination. It is not automatically revoked by divorce.
- Your financial circumstances change but you do not change your nomination in conjunction with your Will.
- You change your Will but forget to change your nomination.
- The person nominated ceased to be a ‘dependant’, so tax is payable.

Most people do not realise that unless they have a current Binding Death Benefit Nomination Form, their Superannuation entitlements will not necessarily be paid as they intend. It is important that a considered decision is made that compliments the provisions made in your Will.