

# Applying for payment after a member dies

This fact sheet provides information about how to apply for Death payment after a member has passed away.

## This fact sheet will help explain:

- › how a Death payment works
- › what happens when you claim and who's involved
- › what happens if your application is approved.

## What is a Death payment?

A Death payment can consist of the member's super balance (less any appropriate charges and taxes) plus any Death cover they may have had.

The insurer will decide if any Death cover is payable. We'll then determine who is eligible to receive a payment.

## What happens when you make a claim



Step	What happens
1. Contact us	Call <b>1300 667 387</b> from 8.30am to 5pm AEST/AEDT weekdays. If you're not sure if you should apply, call us and we'll help you work out the next steps.
2. Case manager	You'll be assigned a case manager to help you through the process. They'll ask you some initial questions and look after your application from start to finish.
3. Documents	Your case manager will send you some forms to complete. They'll work with you to make sure we receive all of the information required to process your application.
4. Review	If the member had Death cover when they passed away, the insurer will review your application and decide whether or not a Death benefit is payable. They may need more information about the member, such as details about the member's job and duties.
5. Decision	We'll review all the information received from each claimant and make a decision on who is eligible to receive a payment. The decision will be sent to all parties who have applied for payment and they'll have 28 days to object. This may also apply where there is a binding nomination.  We'll review any objections but if an agreement can't be reached by all claimants, they'll have the option to refer the matter to external dispute resolution. (We'll provide the details for you to do this.)  When the claim is referred to external resolution, no payment will be made until the outcome of the external dispute resolution is known.
6. Payment	Payment will be made when all parties have accepted our decision or the external dispute resolution outcome is known, whichever is later.

## Roles and responsibilities

When it comes to applying for a Death payment, a number of parties have a role to play in the claim process.

Party	Responsibilities
<b>You</b>	<ul style="list-style-type: none"><li>› Complete any documentation sent to you.</li><li>› Provide any information requested by your case manager.</li><li>› Keep your case manager updated of any changes, for example, a change in contact details.</li></ul>
<b>Your case manager</b>	<ul style="list-style-type: none"><li>› Explain the application process to you and guide you through your claim.</li><li>› Respond to any queries you might have.</li><li>› Keep you updated on the progress of your claim.</li></ul>
<b>Our insurer</b>	<ul style="list-style-type: none"><li>› Review your documentation and see if more information is needed.</li><li>› Decide if a Death cover payment can be made based on the policy definitions.</li></ul>
<b>Us</b>	<ul style="list-style-type: none"><li>› Oversee the claim process.</li><li>› Complete an independent review when the insurer doesn't believe a Death cover payment can be made.</li><li>› Decide who will receive a payment.</li></ul>

## How long will it take for a decision to be made?

We'll try to make a decision as quickly as possible but, at a minimum, we'll aim to make payment within four months from when we receive the application forms. It may take longer if:

- › there are multiple claimants and we have to try to locate them or obtain contact details for them
- › multiple claimants take a while to return the required paperwork
- › there's an objection to the decision which requires an additional review
- › the decision isn't agreed upon and the claim is referred to external resolution.

If there is more than one claimant, we'll need to write to each party to advise them of the decision and allow each claimant 28 days from the decision date to lodge an objection.

Your case manager will provide you with progress updates at least every 20 business days. You can also contact them anytime you have questions.

## How payments will be made

If all parties have accepted our decision, we'll make payment within five business days via Electronic Funds Transfer directly to your nominated bank account. In some situations, we can also make payment by cheque.

You can also choose to receive your payments as an income stream (conditions apply). If this option interests you, please talk to your case manager.

It's possible a Death payment may result in financial or tax implications so you may also want to consider getting independent advice.

## How we decide who gets a payment

Legislation and the AustralianSuper Trust Deed provide strict guidelines that must be followed, even if it means making a decision that's an unpopular one.

The legislation we follow is:

- › **The Superannuation Industry Supervision (SIS) Act 1993** which outlines that you need to be a dependent or the legal personal representative of the late member's estate at the time the member passed away to be considered for a Death payment. We can only consider another person if there aren't any dependants claiming.
- › **The Income Tax Assessment Act (ITAA) 1997** which determines if a claimant needs to pay tax on any benefit received.

## What about beneficiaries?

A member has two options when deciding what happens to their money.

### › Non-binding beneficiary

A member can nominate a person or persons who they'd prefer to receive a payment if they pass away but it's not legally binding. We'll consider all nominated beneficiaries, but we're not bound by the nominations if we decide we have an obligation under our Trust Deed and current legislation to pay someone else. If the preferred person isn't a financial dependent, we won't be able to consider them if there are other financial dependents claiming.

### › Binding beneficiary

A member can provide formal written direction to AustralianSuper to nominate who they'd want to receive a payment if they pass away. As long as it's valid, their nomination is legally binding and which means we must pay the person or persons nominated as long as they qualify - see the *Who can apply for a payment* section below. If the people nominated are financial dependents, the payment has to be made as instructed by the member, even if there are other financial dependents claiming.

## Who can apply for a payment?

### › A legal or de facto spouse

A spouse may be opposite or same sex. If you're claiming as a de facto spouse you need to have been living with the deceased on a genuine domestic basis as a couple. Estranged spouses may also apply.

### › Children

This includes children under the age of 18, adult children, adopted children, step children or a child born after the member's death. Financially dependent and minor children will be considered first.

### › Financial dependents

This includes both full and partial financial dependents. Examples of financial dependency may include being reliant on the deceased for regular payments of bills, rent, or shared financial commitments such as a mortgage.

### › Interdependants

This can be defined as:

- having a close personal relationship
- having lived together in an ongoing and permanent basis
- one or each of you provided the other with financial support
- one or each of you provided the other with domestic or personal care (normally provided in a close personal relationship rather than as a friend, flatmate or carer).

### › Legal Personal Representative

Generally the executor or administrator of the deceased's estate who is either named in the Will as the executor or has been granted Probate or Letters of Administration.

If you are named as the executor or are the administrator of the estate and you want to claim the benefit as an individual, there may be legal implications. You may want to consider obtaining legal advice before applying for a benefit payment.

### › Any other person

If there are no dependants or legal personal representatives identified, any other person including parents, siblings or friends can be considered for a Death payment.

To support your claim, please provide supporting information that you were financially dependent on the member or in an interdependent relationship with them at the time of their death.

It's important to note that payment from super doesn't form part of the estate and it can't be used to pay debts as part of the estate or cover funeral costs.

## Tax treatment

The tables below show how the taxable component of a Death payment may be taxed.

Tax on a Death payment as a lump sum

If the lump sum is paid to:	Is tax payable?
A dependant including: <ul style="list-style-type: none"><li>› surviving spouse or de facto</li><li>› former spouse or de facto</li><li>› any child (under 18) of the deceased</li><li>› any person financially dependent on the deceased at the time of death</li><li>› any person in an interdependent relationship with the deceased at the time of death.</li></ul>	No
The trustee of the deceased estate where beneficiaries are dependants of the deceased	No
A non-dependant of the deceased	Yes. The taxable portion will be taxed at 17% and any untaxed element will be taxed at 32%*. If the tax file number of the non-dependant is not provided, tax will be paid at the highest marginal tax rate (plus the Medicare levy).

\* These figures include the Medicare levy.

### Tax on a Death payment as an income stream

If the lump sum is paid to:	Is tax payable?
A dependant aged 60 or over	No*
A dependant under the age of 60	No, not when the deceased is aged 60 or over*. Yes, when the deceased is aged under 60. In that case the taxable components of the income are taxed at marginal rates less a possible tax offset.
A dependant child of the deceased under the age of 25	No, not when the deceased is aged 60 or over*. Yes when the deceased is aged under 60 the taxable components of the income are taxed at marginal rates less a possible tax offset. The benefit must be paid as a lump sum (tax free) when the beneficiary turns 25 unless the dependant child has a qualifying disablement. If this is the case the child can elect to take a lump sum or continue the income stream.
A non-financial dependant	Must be paid as a lump sum and cannot be received as an income stream, see above table for tax payable.

\* If there is an untaxed element in the taxable component, this element will be taxable at marginal tax rates less a possible tax offset.

Please note in the Tax Act, the meaning of the term 'dependant' is slightly different to the meaning in SIS. The Tax Act does not count a child over 18 as a dependant whereas SIS classifies any child of the member as a dependant. It is also possible that you may be considered a 'financial dependant' under SIS and not under the Tax Act.

### Contact us

**Call** **1300 667 387**  
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This fact sheet was issued in December 2018 by AustralianSuper Pty Ltd ABN 94 006 457 987 AFSL 233788, Trustee of AustralianSuper ABN 65 714 394 898, and is a summary of the main features of insurance cover for AustralianSuper members. Further details are available in the *Insurance in your super* guide for your division at [australiansuper.com/InsuranceGuide](http://australiansuper.com/InsuranceGuide)

Benefits will only be paid in accordance with the Trust Deed and Rules of AustralianSuper and the Group Life Policy in force at the relevant time.