

Applying for payment after a member dies

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

This fact sheet will help explain:

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



What is a death benefit payment?

A death benefit 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 benefit is payable under the insurance policy held by AustralianSuper on behalf of its insured members. We'll then determine who is eligible to receive a payment after we've made inquiries about potential beneficiaries.

What happens when you make a claim



Step	What happens
1. Contact us	Call 1300 667 387 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 the information required to process your application.
4. Review	If the member had Death cover when they passed away, the Insurer will assess whether or not a death benefit is payable under the insurance policy. 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 possible claimants and in response to our inquiries and then make a decision about who is eligible to receive a payment. Any decision about who is eligible to receive a payment will be influenced by whether the member made a binding or non-binding death nomination. The decision will be sent to all parties with an interest in the death benefit payment and they'll have 28 days from receipt of the notice to object. We'll review any objections but if a claimant still disagrees with AustralianSuper's decision, they'll have 28 days from receiving notice of our final decision to make a complaint to AFCA, a free and independent external resolution service. (We'll provide the details about how to do this.) When the complaint is referred to AFCA, no payment will be made until the outcome of the external dispute resolution is known.
6. Payment	Payment will be made if no objections have been received about our decision or, if a complaint has been made to AFCA, once a decision about the payment has been made - whichever is later.

* AustralianSuper insurance is provided by TAL Life Limited (the Insurer) ABN 70 050 109 450, AFSL 237848

Roles and responsibilities

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

Party	Responsibilities
You	<ul style="list-style-type: none">• Complete any documentation sent to you.• Provide any information requested by your case manager.• Keep your case manager updated of any changes, for example, a change in contact details.
Your case manager	<ul style="list-style-type: none">• Explain the application process to you and guide you through your claim.• Respond to any queries you might have.• Keep you updated on the progress of your claim.
The Insurer	<ul style="list-style-type: none">• Decide if an insured component of a death benefit payment can be made based on the policy definitions and information about the member's insurance cover.
Us	<ul style="list-style-type: none">• Oversee the claim process.• Makes inquiries about who may be eligible to receive some part or all of the death benefit payment.• Complete an independent review when the Insurer doesn't believe an insured part of a death benefit payment can be made.• Decide who will receive a payment.

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

We'll try to make a decision as quickly as possible but 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
- claimants take a while to return the required paperwork
- there's an objection about AustralianSuper's decision that requires an additional review
- AustralianSuper's decision isn't accepted by all claimants and the claim is referred to AFCA.

If there's 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 receipt of the notice 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.

If you're a dependant of the deceased member and you don't want to apply for payment, you can tell us by completing the *No intent to apply for a death payment* form we sent with the other forms.

If you need another copy, your case manager can send you one.



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.

If you're a person that AustralianSuper has decided can be paid some part or all of the death benefit payment, you can also choose to receive the payments as an income stream (conditions apply). If this option interests you, please talk to your case manager.

It's possible a death benefit payment may result in financial or tax implications so you may also want to consider getting independent financial 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 dependant of the member or the legal personal representative (LPR) of the late member's estate at the time the member passed away to be considered for a death benefit payment. We can only consider another person if there aren't any dependants or an LPR.
- **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 superannuation legislation to pay someone else. If the nominated person isn't a financial dependent, then preference is generally given to other claimants who were financially reliant on the member at the date of death and expected to continue to receive financial support from them.

- **Binding beneficiary**

A member can provide a formal written direction to AustralianSuper to nominate who they want to receive a payment if they pass away. As long as it's valid, their nomination is legally binding 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 dependants or the LPR of the member, the payment has to be made as instructed by the member, even if there are other financial dependents.

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 are likely to be prioritised for a payment.

- **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 is defined as two people:

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

Some exceptions apply where either or both persons suffer from a physical, intellectual or psychiatric disability.

- **Legal Personal Representative (LPR)**

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 benefit 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:

- Superannuation death benefit payments are intended to provide support to those people who had a reasonable expectation of continuing to receive financial support from the member if they hadn't died. Super isn't intended to settle debts and/or pay liabilities of the estate.
- Super doesn't form part of a person's estate unless a decision is made to pay the death benefit payment to the estate or there is a valid binding nomination to pay to the LPR.
- Super laws make no provision to allow funeral costs to be paid from a death benefit payment. A person isn't a dependant solely as a result of paying funeral expenses.

Tax treatment

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

Tax on a death benefit payment as a lump sum

If the lump sum is paid to:	Is tax payable?
A dependant including: <ul style="list-style-type: none">• surviving spouse or de facto• former spouse or de facto• any child (under 18) of the deceased• any person financially dependent on the deceased at the time of death• any person in an interdependent relationship with the deceased at the time of death.	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 isn't 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 benefit 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 payment 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 can't be received as an income stream. (See the first table for tax payable.)

† If there's 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.

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Call **1300 667 387** (8.30am to 5pm AEST/AEDT weekdays)



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