

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 insured amount they may have had.

The Insurer¹ will decide if any benefit is payable under the insurance policy held by AustraliaSuper 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.

All death claims are managed within our AustralianSuper Bereavement Centre, which has been established to help provide specialised support to our members' loved ones during a difficult time.

When you notify us of a member's death, you'll be assigned a case manager from our Bereavement Centre who will be responsible for managing the claim, and keeping you and any identified beneficiaries updated on progress.



What happens when you make a claim



| Step | What happens |
|------------------------|--|
| 1. Contact us | <p>Call 1300 667 387 from 8.30am to 5pm AEST/AEDT weekdays to notify us of the late member's death. You'll need to have the late member's AustralianSuper account details handy, so we can make sure we're talking about the right person. We'll need details such as their member number, date of birth and date of death.</p> <p>From 1 October, when you notify us of a member's death we'll switch their account balance (including any contributions received after they die) to the Cash investment option. From the date the switch is effective, their account will receive the investment returns of the Cash investment option (which may be positive or negative). While the Cash investment option is designed to have stable returns and has a 'Very low' short-term risk level, investment returns may be lower than the returns of the previous investment option(s) they held before they died.</p> |
| 2. Case manager | You'll be assigned a case manager from our Bereavement Centre to help and guide you through the claim process. They'll ask you some initial questions about the late member and will 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 a death insured amount linked to their AustralianSuper account 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 | <p>We'll review all information received from possible claimants, and will determine who is eligible to receive payment of the benefit. Any decision about who is eligible, will be influenced by whether the late member had a binding or non-binding death nomination on their account at the time of their death. Where there's a valid binding nomination, we're generally legally bound to pay the death benefit as per the nomination. If there isn't a binding nomination, we'll need to make a decision based on fund rules and super law. Where there are multiple potential beneficiaries, we'll send our proposed decision to all interested parties. They'll have 28 days from receipt of the notice to either agree or object to the decision.</p> <p>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 the Australian Financial Complaints Authority (AFCA), who offer, a free and independent external resolution service. (We'll provide the details about how to do this.)</p> <p>When the complaint is referred to AFCA, no payment will be made until the outcome of the external dispute resolution is known.</p> |
| 6. Payment | Providing there are no objections to our proposed payment decision, we'll arrange for payment of the death benefit to the beneficiary. |

¹ 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 further information requested by your case manager. Keep your case manager updated of any changes, for example a change in contact details. |
| The Insurer | <ul style="list-style-type: none"> Review your documentation and see if more information is needed. Assess whether a death insured amount is payable based on the policy definitions and information about the member's insurance cover. If approved, will pay the death insured amount to the late member's AustralianSuper account, which will be invested in the Cash investment option to minimise the risk of negative returns. Notify us if they're likely to decline the claim, allowing us to review the decision and provide further information if needed. |
| Us | <ul style="list-style-type: none"> Assign a dedicated AustralianSuper case manager to the claim who will guide you through the claim process and answer any questions you may have along the way. Oversee the claims process. Oversee the conduct and timeframes of the Insurer and other service providers. Complete an independent review when the Insurer doesn't believe a death insured amount is payable. Determine who is eligible to receive the death benefit and arrange for payment from the late member's AustralianSuper account. |

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, including blended families, multiple children and ex-spouses involved in the claim process
- claimants take a while to return the required paperwork
- AustralianSuper receives conflicting information about claimants meeting the 'dependant' definition
- there are numerous submissions from potential beneficiaries with inconsistent information about their relationship status or financial dependence with the late member
- there are no contact details or valid identification for potential beneficiaries
- there's an objection about AustralianSuper's payment 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 regular progress updates. You can also contact them anytime you have questions.

If you're a dependant of the late 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 which is enclosed in your claim pack. If you need another copy, please let your case manager know who'll send you one.



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 a few options when deciding what happens to their money should they die.

• 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 beneficiary isn't a financial dependant, the priority for payment would generally be, to give preference to anyone who expected ongoing financial support, or a right to look to the member for ongoing financial support had the member not died.

• 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 dependants.

• Reversionary beneficiary

If a member has an account based pension, they can make a 'reversionary nomination' on their account. This means that in the event of their death and as long as the nomination is valid, the late member's account will revert to the nominated beneficiary, with regular income payments continuing until the balance reaches \$0. Similar to a binding beneficiary nomination, if the nomination is deemed invalid, we'll need to determine how to pay the benefit based on fund rules and super law.

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 late member on a genuine domestic basis as a couple.

- **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 dependants. Examples of financial dependency may include being reliant on the late member for regular payments of bills, rent, or shared financial commitments such as a mortgage.

- **Interdependants**

An interdependency relationship exists between two people where:

- you have a close personal relationship; and
- you 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)**

An LPR is generally the executor or administrator of the late member'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 an LPR identified, any other person including parents, siblings or friends can be considered for a death benefit payment.

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.



How payments will be made

If all parties have accepted our decision, we'll make payment within five business days via Electronic Funds Transfer (EFT) directly to your nominated bank account. In some circumstances, a beneficiary can choose to receive their benefit as an income stream. If you're interested in this option, please talk to your case manager.

For estate payments, these are usually made via EFT to a bank account in the estate's name.

Where we decide to pay a benefit to a child under age 18, a surviving parent or guardian may need to accept the benefit in trust on the child's behalf. We'll let you know if this is the case.

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

If you're a First Nations person and need help with your claim

Please reach out to your case manager and let them know that you're an Aboriginal and Torres Strait Islander person, as there are a couple of ways we may be able to help you with your claim, including:

- AustralianSuper offers an interpreter service where you can book an appointment with an interpreter in one of many First Nations languages.
- Where you're unable to provide standard identification requirements, you may be able to provide alternative methods of identification.
- AustralianSuper has a First Nations specialist service in our Contact Centre, who are culturally trained to provide a more knowledgeable and efficient experience.

Tax treatment of benefits

Your beneficiary type determines whether tax is payable on your benefit. The table below shows how the taxable component of a death benefit payment may be taxed:

| Type of beneficiary | Death payment type | Age of deceased | Age of dependant | Tax treatment |
|---|--------------------|-----------------|------------------|---|
| Financial dependants and interdependants | Lump sum payment | Any age | Any age | Tax-free |
| | Income payments | Below 60 | Below 60 | Taxable portion is taxed at marginal rates, less possible 15% tax offset ¹ |
| | | Below 60 | 60 or older | Tax-free ¹ |
| | | 60 or older | Any age | Tax-free ¹ |
| Non-dependants and non-financial dependants | Lump sum payment | Any age | Any age | Taxable portion is taxed at 17% ² and any untaxed element will be taxed at 32% ² . If the tax file number isn't provided, tax will be paid at the highest marginal tax rate (plus the Medicare levy). |
| | Income payments | N/A | N/A | Not eligible for income payments |
| Estate/LPR | Lump sum payment | N/A | N/A | Tax-free |
| | Income payments | N/A | N/A | Not eligible for income payments |

¹ If your taxable component contains an untaxed element, additional tax may be applied to that element.

² These figures include the Medicare Levy.

If you're considered a non-financial dependant or a non-dependant of the late member, your lump sum benefit will be subject to tax as per the above tax table. You can choose whether to provide your Tax File Number (TFN) with your payment instructions, noting that without it your payment will be taxed at the highest personal marginal rate.

If the benefit is to be paid to the late member's estate, the lump sum benefit paid from AustralianSuper will be tax free. The LPR is then responsible for withholding any tax. We'll provide you with a PAYG tax summary to help you address any tax obligations.



We're here to help

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

Email claimsupport@australiansuper.com



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Benefit payments will only be paid in accordance with the Trust Deed and Rules of AustralianSuper, superannuation legislation and the Group Life Policy in force at the relevant time.