

“I’m an organ donor. I’ve always wanted to be one so when I got my licence at 18, I made sure I ticked the organ donor box and got myself a special ‘I’m an organ donor’ card. But then I found out that despite my wishes, my family can override my decision when the time for donating comes. The only way to make sure that my wishes are carried out was to sit down with my nearest and dearest and have ‘the talk’.”

– Anonymous Organ Donor

When you draw up a will, you can generally leave whatever you want to whoever you want. Things work a little differently with superannuation. Super law restricts who can receive your death benefit.

It’s worth discussing and formalising who you want to receive your benefit once you are gone. If you don’t, you may find that, like the Anonymous Organ Donor above, what you want, or what you thought would happen when you die, isn’t necessarily the case.



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Who’s getting your super when you’re gone?

FACT SHEET May 2014



**Information on nominating preferred
and binding beneficiaries.**



Superannuation and dependants

The primary purpose of super is to provide for our retirement. What may be less widely known is that super is also meant to provide for our dependants when we die. This means that our 'death benefit' (that is, the balance of our superannuation benefit together with any insurance benefit) can generally only be paid to our dependants (or to our estate if there are no dependants).

For the purposes of superannuation, a dependant can be:

- a spouse (including a de facto or same-sex partner),
- a child (including a step or adopted child)
- a person in an 'interdependent relationship' with you; or
- any other person who is financially dependent on you.

If you don't nominate a beneficiary to receive your death benefit, the trustee of your super fund will decide who receives your benefit. While they will no doubt do their best to make sure your dependants are looked after, their decision may not necessarily be in line with your wishes. And as families change and expand your fund may not be able to locate all of your dependants.

Nominating beneficiaries: preferred and binding

When you nominate your beneficiaries you ensure that your super fund is aware of your wishes. When it comes to super there are two different types of beneficiary nominations you can make – preferred or binding. The difference between them is whether or not the super fund trustee has any discretion to decide how your death benefit is paid.

As the name suggests, a preferred beneficiary is someone that you would prefer to receive your death benefit. Upon your death the trustee of your super fund will take your preference into account when paying out your death benefit, but they will ultimately have the final say on who receives it (in accordance with the law).

A binding death benefit nomination, in contrast, legally binds the trustee of your super account to pay your death benefit to your nominated beneficiary. It gives you greater certainty that when you die your benefit will be paid to the people you wish to receive it. For this to occur, you must ensure that your binding beneficiary nomination is valid by satisfying certain requirements:

- The nomination must be less than three years old,
- The form must be filled-in correctly and witnessed by two adults who are not listed as beneficiaries, and
- The people you nominate as beneficiaries must be your dependants (or financially dependent on you), or your legal personal representative (that is, the executor or administrator of your estate).

You can nominate as many beneficiaries as you wish, as long as the benefit allocation between beneficiaries adds up to 100%.

If you don't meet these requirements, the trustee of your super fund may not be able to pay out your death benefit according to your wishes.

It's important that you review your beneficiaries when your personal circumstances change

Aside from ensuring that your binding death benefit nomination is less than three years old, it is a good idea to regularly review your nominations, whether you have a preferred or binding nomination in place.

Significant events like marriage, divorce, having children or grandchildren, the death of a family member or making or changing your will, should serve as a prompt that your super beneficiaries may also need to be updated.

Putting preferred and binding beneficiary nominations in place through Prime Super

Prime Super offers members the choice of both preferred and binding nominations. Simply complete the *Prime Super nomination of beneficiaries form*, available to download from our website at **www.primesuper.com.au** or by calling **1800 675 839**.

You can also make or change preferred beneficiary nominations online by logging into our secure member system at **www.primesuper.com.au**. If you don't already have login details it's easy to register.

Estate planning can be a complex issue. You may wish to discuss your beneficiary nominations with a financial planner. At Prime Super, we provide members with limited financial advice over the telephone on **1800 675 839**. If you feel further advice is needed we can refer you to a licensed financial planner for a full financial plan.