



A guide to superannuation beneficiary nominations

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A Guide To Superannuation Beneficiary Nominations

Introduction

Deciding on who will receive your super death benefit following your death and documenting those wishes correctly can provide some financial security and peace of mind for you and your loved ones. A super death benefit can comprise your superannuation account balance (less any appropriate fees and unsettled tax liabilities) and/or any life insurance death cover you may have at the time of your passing.

You can nominate the beneficiaries and/or Legal Personal Representative (LPR) for your super death benefit, by making a death benefit nomination.

Lapsing and non-lapsing BDBNs

A BDBN can either be 'lapsing' or 'non-lapsing':

- A lapsing BDBN remains in effect for three years from the date it was first signed, last confirmed or amended. Your lapsing BDBN becomes invalid from the date it expires. If it has expired, the Trustee considers it as not in effect. Also, a BDBN doesn't take effect until it's been received and accepted by the Trustee. To be valid, a BDBN should name an eligible dependant, be duly completed (names and dates are clear and correct) and comply with witnessing requirements.
- A valid non-lapsing BDBN won't expire (unless you amend or cancel it), so it doesn't need to be confirmed or updated every three years. However, it's important you regularly review your non-lapsing BDBN (similar to any other nomination) to ensure that it continues to reflect your wishes and does not become invalid due to a change in your circumstances.

Please contact your financial adviser or call us on 1300 508 797 to obtain a death benefit nomination form and help with completing it. Note that while we cannot provide advice regarding your preferred beneficiary nominations, we can assist you in understanding what options are available to you.

Types of death benefit nominations offered by the Fund

HUB24 Super Fund allows you to nominate a beneficiary via the following methods:

- **Binding Death Benefit Nomination (BDBN)** – You're able to nominate who you want your death benefit paid to using a BDBN and, as the Fund's Trustee, we'll be bound by your instructions in your BDBN (if valid at the time of your death) as to who'll receive your death benefit.
- **Non-Binding Nomination** – You're able to nominate who you want your death benefit paid to using a non-binding nomination. As the Fund's Trustee, we'll take your wishes into account when distributing the death benefit. However, subject to Fund's rules and the superannuation law, we'll decide how your death benefit will be paid after considering the needs of your dependants at the time of your death. Making a non-binding nomination means you have significantly less control over the distribution of your death benefit.
- **Reversionary Nomination** - Only members who hold an account-based pension such as HUB24 Super (Pension) can make a reversionary nomination. If you pass away leaving a valid reversionary nomination, your regular income payments will continue to be paid to your nominated beneficiary following approval from the Trustee and establishment of a new Pension account in the nominated beneficiary's name. This will occur until the balance reaches zero dollars or the death of the nominated beneficiary, whichever occurs first.

Who can you nominate as your beneficiary in your death benefit nomination?

You can only nominate one or more of the dependants and/or LPR in a binding nomination. Ensuring your nominated beneficiary is a 'dependant' under the fund's rules and Superannuation Law is very important. Your nomination is only valid if the dependant(s) nominated are still your dependant(s) at the time of your death.

Who is a 'dependant' of a deceased member?

For the purposes of the Superannuation Law, a 'dependant' is defined as:

- Your spouse or de facto partner (whether of the same sex or a different sex). This includes:
 - married couples
 - people who may have registered their relationship as being one of a domestic nature
 - another person who, although not legally married to you, lives with you on a genuine domestic basis in a relationship as a couple.
- Any of your children (e.g. an adopted child, a step-child, a child that was born out of wedlock, a child of your spouse including a de facto partner). Adult children that aren't financially dependent can be nominated for a BDBN. The definition of eligible dependants for reversionary nomination is different to eligible dependants for other nominations.
- Any person with whom you had an 'interdependency relationship'. For this purpose, two persons, whether or not related by family, have an interdependency relationship if:
 1. they have a close personal relationship;
 2. they live together;
 3. one or each of them provides the other with financial support; and
 4. one or each of them provides the other with domestic support and personal care.

All of the four elements listed above must be satisfied.
- Other financial dependants, which is someone who at the time of your passing had significant reliance on you for regular financial support.

In the event a superannuation death benefit is paid to a deceased person's Legal Personal Representative, it forms part of your estate and is distributed in accordance with the terms of your Will or (where there is no Will) pursuant to the applicable laws of intestacy.

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.

[You can learn more about dependants on the Australian Taxation Office \(ATO\) website.](#)



The importance of making a death benefit beneficiary nomination

If you leave a BDBN that is valid and in effect at the date of your death, we’re bound to pay your death benefit to the beneficiaries you’ve nominated in the proportions set out in your nomination.

A BDBN has the following advantages:

- It can provide you with greater certainty about who’ll receive your death benefit in the event of your death. This removes a potential source of conflict between your loved ones.
- The death claim process will be simpler as the death benefit should be paid directly to your nominated beneficiaries as per your wishes outlined in the BDBN. This will avoid unnecessary delays and costs, including legal cost (e.g. remove the need for the probate process). Further investigations are not required to identify all potential beneficiaries based on their individual financial circumstances.
- If a BDBN is prepared as part of a properly executed financial plan, it can help minimise risk and tax for intended beneficiaries. For example, beneficiaries eligible to receive the death benefit tax-free (e.g. current spouse, current de-facto partner, minor children, persons who are financially dependent on the member or in an interdependent relationship with the member) could be nominated in your BDBN while other dependants (e.g. adult children) could receive alternative assets.
- By removing the requirement for Trustee discretion, a BDBN may reduce the processing time the Trustee takes to make payment of the benefit, as Trustee discretion is not required to determine where the death benefit is paid.

If you have a lapsing BDBN in place, you should ensure your nomination is up-to-date so it reflects your current circumstances and wishes. If you update your BDBN regularly, you may be able to avoid undesired outcomes.

The importance of renewing a lapsing BDBN

A lapsing BDBN expires after three (3) years unless renewed. If a member doesn’t renew a BDBN, the Trustee will consider it as a non-binding death benefit nomination. In this case it will not be legally bound to pay the death benefit according to the member’s instructions and there is no guarantee that the benefit will be paid to the beneficiaries nominated. While the Trustee will take the member’s expired nomination into account, subject to Fund’s rules and the Superannuation Law, we will decide how the death benefit is paid. As a result, the member will have significantly less control over the distribution of benefits.

The importance of reviewing and updating a nomination when circumstances change

Regardless of whether a BDBN is nearing expiry, if your circumstances change (e.g. by marriage, birth of a child, change of the status of a relationship including divorce or separation, death of a dependent nominated in your BDBN, or an alteration to financial situation) you should consider whether the nominated beneficiaries continue to be dependants in line with the Fund’s Rules and the superannuation law.

A BDBN will be invalid if one or more individuals nominated are not dependants at the time of death notwithstanding the BDBN is well within the 3-year validity period.

If you don’t review and update a lapsing BDBN periodically then there’s a risk that your intentions are not up-to-date and loved ones are not provided for in line with your wishes. Potential beneficiaries may also have to:

- undertake a cumbersome claims process;
- incur additional costs to seek professional assistance to prove their eligibility for the benefit; and
- experience delays in finalising the claim, especially if a potential beneficiary has objected to the death benefit distribution we propose.

What might make a lapsing and non-lapsing BDBN invalid?

As mentioned, a BDBN can be either lapsing or non-lapsing.

A lapsing or non-lapsing BDBN is invalid if:

1. Compulsory information in the BDBN is not completed clearly and without amendments. These items are:
 - a. Names of beneficiaries
 - b. Type of valid beneficiaries (each beneficiary nominated must be dependant at the date of your death – e.g. spouse, child, legal personal representative, financial dependant or interdependent)
 - c. The allocation of your death benefit among your beneficiaries is not clearly set out.
 - d. The percentage of benefit allocated to each beneficiary must total 100% (e.g. 33% + 33% + 34%; or 33.3% + 33.3% + 33.4%; or 10% + 30% + 60%)
 - e. The BDBN must be signed and dated by hand, using a pen, (be ‘wet signed’) by you and two witnesses over the age of 18 who are not beneficiaries named in the BDBN. Electronic signatures are not permitted. All signatures must be on the same date.
2. We receive your BDBN after the date of death of the member
3. Your BDBN is signed or renewed under Power of Attorney (POA) where:
 - f. the POA does not authorise the attorney to sign or renew a BDBN; and/or
 - g. if the attorney is a potential beneficiary of your death benefit (directly or indirectly)

We recommend that you seek legal advice if your BDBN is required to be signed under POA.

What happens if a valid BDBN is not in place at the time of member’s death?

If a member passes away without leaving a valid BDBN, they will not have the final say over who receives their death benefit and, subject to the Fund’s Rules and Superannuation Law, the Trustee will decide which of their dependants and/or Legal Personal Representative will receive the death benefit and in what proportions. Nominating a beneficiary now can provide clarity about who you want to receive your death benefit upon your death and help avoid arguments between your loved ones.

If we cannot identify a dependant or Legal Personal Representative after reasonable enquiries, we may distribute your death benefit to other persons in accordance with the Fund’s Rules (e.g. your parents or siblings) or pay it as unclaimed superannuation to the ATO.

Death benefit nomination forms

View the [HUB24 Beneficiary Nomination form](#)

A step-by step guide to making a nomination

If you wish to make a lapsing binding, a non-lapsing binding, non-binding death benefit, or a reversionary beneficiary nomination in relation to your account, complete and return the above HUB24 Beneficiary Nomination form to:

Email: admin@hub24.com.au

Mail: HUB24 Super Fund, GPO Box 529, Sydney NSW 2001





Need help?

Please contact your financial adviser or our Client Services Team on 1300 508 797 if you have any queries or need assistance.