

# AvSuper Death Benefit Application Guide



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## About this guide

We understand that losing someone close can be an emotionally challenging and sad time. It is also difficult enough without having to face legal and financial issues, so we try to simplify the process of distributing a deceased member's superannuation to their legal beneficiaries.

If you are reading this brochure because someone you love has died, we offer our sincere condolences to you and your family.

When an AvSuper member dies, their superannuation account (and any insurance entitlements) is distributed to their beneficiaries as a death benefit. This guide explains the process of a death benefit application, and the relevant regulations surrounding this process, so you can make an application with as little fuss as possible.

AvSuper is obliged to pay the death benefit and ensure that it is paid only to eligible beneficiaries as defined by law. Amongst other things, we must verify the identity and relationship of all potential beneficiaries as well as consider our member's wishes (if known).



### Disclaimer:

The information provided is of a general nature and does not take into account your specific financial needs or personal situation. You should assess your own financial position and personal objectives before making a decision based on this information. This Guide has been issued by AvSuper Pty Ltd (ABN 46 050 431 797, AFSL 239078), the Trustee of the AvSuper Fund (ABN 84 421 446 069). The Trustee, guided by the Trust Deed, is the final authority on the distribution of death benefits for our members.

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## What is a death benefit?

A death benefit includes:

- all contributions to the member's account, including personal contributions, rollovers, employer contributions and Government co-contributions
- all investment earnings for that account
- deductions for all relevant fees, insurance premiums and taxes. Note there is no fee for withdrawing the money as a death benefit
- the payout of any eligible insurance cover.

### Insurance inclusions

Depending on what cover the member held, a death benefit may include an insurance payment.

For members with death cover, the death benefit will be made to their dependants or estate once the death has been verified, (where relevant) the Fund's insurer has paid us. The amount paid will generally depend on how much cover the member held.

Members with a total and permanent disability (TPD) or terminal illness may have already made an insurance claim which could reduce the amount of death cover available, and the Trustee has determined the distribution amongst beneficiaries. Please refer to our *member insurance guide* for information about such claims.

## Death benefit investments

On the day we are informed in writing about a member's death, we transfer the member's accumulation account balance into our Cash investment option (see our website for details of this option).

## Who receives a death benefit?

The Trustee is required to pay a death benefit to the member's legal beneficiaries. If the member had a valid binding\* or reversionary beneficiary nomination in place when they died, the death benefit will be paid according to that nomination.

Otherwise, the Trustee is required to determine to whom and in what proportions the death benefit is paid, based on who was financially dependant on the member and the period of dependency.

Under the Superannuation Industry (Supervision) Act (the SIS Act), only the dependants of the deceased member can be their beneficiaries. If there are no beneficiaries, the benefit will be paid to the member's estate or legal personal representative.

\* To be valid, a binding nomination must be witnessed by two non-beneficiaries, and be less than three years old. Please refer to our website for additional information on the rules for a binding nomination of beneficiaries.

## Who is a dependant?

For super, dependants are generally defined as the member's spouse (including de facto and same sex spouses), children (including natural, step and adoptive children), financial dependants and any other person with whom the Trustee determines that the member had an interdependent relationship with at the time of their death.

Two people are considered to have an interdependent relationship if:

- they have a close personal relationship; and
- they live together; and
- one or each of them provides the other with financial support, and
- one or each of them provides the other with domestic support and personal care.

An interdependency relationship also exists where there is a close personal relationship and either or both people suffer from a physical, intellectual or psychiatric disability. In these circumstances there is no requirement for cohabitation or provision of financial or domestic support. A close personal relationship is one that involves a demonstrated and ongoing commitment to the emotional support and well-being of the two parties. The definition is not intended to include people who share accommodation for convenience, such as flatmates, or people who provide care as part of an employment arrangement or on behalf of a charity.

## Who is a legal personal representative?

A legal personal representative is generally the executor of the member's Will. If a Will is not in place, then the Administrator of the estate (as listed in Letters of Administration issued by the Supreme Court) is the legal personal representative.

## Tax treatment

Concessional tax rules apply to death benefits paid to a spouse or former spouse, a child aged less than 18, a person in an interdependent relationship immediately before the member's death or any other person who was financially dependent on the member immediately before their death.

Children over 18 can receive the death benefit but do not receive the concessional tax treatment unless they are also a financial dependant.

## Making a death claim

To ensure the death benefit is paid out correctly, we have established the following process

### 1. Starting the process

Anyone who believes they may be an eligible beneficiary can contact AvSuper and tell us about the member's death, although it is much simpler if one person (such as the executor of the estate) manages this for all beneficiaries. We will then send those applicants (or claimants) a death beneficiary application and a letter detailing any other required information to progress the application.

Note the process is the same whether or not you were nominated as a beneficiary by the member.

### 2. Completing the paperwork

As a potential beneficiary, you will need to complete an AvSuper death beneficiary application and provide some relevant information (see below).

Apart from your name and contact details, we ask you to tell us about your relationship with the member.

Approved claims will be paid into your banking account, except for reversionary beneficiaries in income stream accounts. If eligible<sup>#</sup>, you can choose to take the money as an income stream instead of a lump sum.

Claims can only be paid to a beneficiary or the estate - payments cannot be paid to a third party on your behalf.

### 3. Providing information

To process a death benefit application, we need the following items:

- completed AvSuper death claim notification (contact us for copies of relevant forms)
- certified copy of the death certificate
- proof of the deceased member's age (eg a certified copy of their drivers licence, passport or birth certificate)
- a certified copy of the deceased member's Will, if they had one
- Letters of Administration or Probate of the Will if there are no dependents

Additionally, each applicant needs to provide an AvSuper death benefit application\* and:

- declarations from each beneficiary to explain their relationship to the deceased
- evidence supporting financial dependency for anyone other than a spouse or minor child

\* Generally one application per claimant, however, a guardian of more than one minor child can complete one form covering all minor children

### 4. Establishing beneficiaries

The Trustee will review the provided information to

- determine the eligible beneficiaries
- assess each beneficiary's dependency on the deceased member
- consider the status and circumstances of each beneficiary

Additional information or other evidence may be required to substantiate your application. Then, the Trustee will determine how to distribute the death benefit to eligible beneficiaries.

### 5. Informing applicants

The Trustee will inform all applicants and eligible beneficiaries of its decision, including proposed distribution (where there is more than one eligible beneficiary).

### 6. Review period

Applicants have 28 days to respond to the Trustee's decision. During this period, they can request a review of the decision by providing additional information to support their request. If the decision is not satisfactorily resolved, it can be forwarded to the Australian Financial Complaints Authority (AFCA). Please note that AvSuper may be unable to pay a death benefit (in part or in full) to any eligible beneficiary while a review is underway or an objection is lodged with the AFCA.

### 7. Payment of the death benefit

The Trustee will pay the death benefit to the beneficiary(ies) with documentation explaining the components of the benefit. Generally, the benefit will be paid as a lump sum but the Trustee may decide an alternative (such as an income stream<sup>#</sup> or a trust fund for minors) may be more appropriate.

#### Income stream accounts

If you were nominated as a reversionary beneficiary, you can choose to take the benefit as a lump sum or as an AvSuper income stream (i.e. you will receive regular payments from AvSuper). Lump sums can be withdrawn from an income stream later so this option may offer more flexibility.

# You may be eligible to receive the death benefit as an income stream as a spouse or minor child, or if you were the member's financial dependant, interdependent or disabled child (under the Disabilities Services Act 1986).



## Providing evidence

Certain evidence is required to process a death claim properly. The AvSuper Trustee requires certain evidence to be provided in order to properly assess a death benefit application. If it is difficult to find all the relevant evidence, please send us what is available and let us know the other documents are delayed.

Some documents will need to be certified copies. This means that the copy is signed and stamped as a true copy by an authorised person such as a Justice of the Peace, solicitor or barrister, notary public or police officer (see the factsheet on our website for a full list) - or an AvSuper staff member.

**The following checklist will help you collect and provide the relevant information:**

	YES	NO	N/A
Certified copy of the death certificate			
AvSuper death claim notification (one copy)			
AvSuper death benefit application (one copy per adult beneficiary)			
Proof of the deceased member's age (eg a certified copy of their drivers licence, passport or birth certificate)			
Certified copy of the deceased member's Will			
Letters of Administration and/or Grant of Probate			
Birth certificates for deceased member's children			
Proof of guardianship of deceased member's minor children (not necessary for the member's spouse)			
Certified copy of the coroner's report			
Certified proof of ID for all claimants			
Adoption papers (for children, if relevant)			
Change of name documentation (eg marriage certificate, deed poll)			
Marriage certificate			

**If you are in an inter-dependant relationship, the following examples of proof may assist your claim:**

	YES	NO	N/A
Common address			
Utility accounts in joint names			
Mortgage and banking accounts in both names			
Receipts for shared expenses paid by deceased			
Statutory declaration from third party(ies) describing the inter-dependency			

