

by Rebekah Sanfuentes



Superannuation – potentially your biggest asset:

where does it go when you die? (you might be surprised!)

For many people, superannuation is their biggest asset. While a person may only have a small sum in superannuation, their attached death benefit is often a decent sum of money. For the purposes of this article, let's say that you have a \$20,000 superannuation balance with a death benefit attached in the sum of \$250,000.

On your death, your super fund will not only pay out the \$20,000 that you have contributed to your super, but also the \$250,000 death benefit, being a total payout of \$275,000.

Many people are of the belief that if you have a Will, this will cover who receives the \$275,000 – this is not necessarily the case. So where does your superannuation go when you die? This all depends on whether or not you have nominated a beneficiary on your superannuation policy and, if so, whether such nomination is binding or non-binding. This is discussed below.

1. **No beneficiary nomination**

If you have never nominated a beneficiary against your superannuation policy, the trustees of your super fund will decide who they feel is most appropriate to receive your superannuation and death benefit. Just because you have a Will in place does not mean that they will follow the terms of your Will.

Given that superannuation is potentially your largest asset that you can leave to your loved ones, you want to know where that money is going, so it is certainly not ideal to have no beneficiary nominated against your superannuation.

2. Non-binding beneficiary

A non-binding, or preferred, beneficiary is where you nominate who you would like your super fund to pay your superannuation and death benefit to on your demise. While your super fund will consider the nomination you have made, they are not bound by it and can ultimately make their own decision as to where the funds will be paid. Accordingly, a non-binding beneficiary still gives you no certainty as to who will receive the funds on your death.

3. Binding beneficiary

A binding beneficiary is where you nominate who you would like your super fund to pay your superannuation and death benefit to on your demise and they are bound to follow your nomination. This gives you certainty that your superannuation will be paid to the person or persons you wish to receive your superannuation.

For a nomination to be binding, you must:-

- a. Nominate a spouse, child or dependant (a 'dependant' includes your estate if you would prefer for the terms of your Will to dictate the ultimate beneficiary of the superannuation funds); and
- b. Renew your nomination every three years. With the exception of super funds that offer 'non-lapsing' binding nominations, if you do not renew your binding nomination every three years, it will revert to a non-binding nomination.

Do not leave it at another person's discretion as to where your funds end up on your death. Do your loved ones a favour and ensure that you have an adequate estate plan in place, including beneficiary nominations on your super policy.

Contact one of our expert Wills and Estates lawyers on 07 3816 9555 or by email rsanfuentes@mcna.com.au if you would like to make an appointment regarding superannuation beneficiary

Our Offices:

Liability limited by a scheme approved under professional standards legislation.

Springfield
PO Box 4629
IPSWICH QLD 4300
Ph: 07 3470 3600
Fax: 07 3470 1300

Ipswich Central
PO Box 359
IPSWICH QLD 4305
Ph: 07 3812 2300
Fax: 07 3812 2340

Gatton
PO Box 116
GATTON QLD 4343
Ph: 07 5462 1566
Fax: 07 5462 3087