

by **Rebekah Sanfuentes**



# The consequence of not nominating a binding beneficiary on your superannuation

**You are 25 years old. You have no assets of significant value other than your superannuation, which is worth \$550,000 including your death benefit.**

You figure that there is no need for you to have a Will, because you don't own anything other than your super, and you've nominated your mother and sister as beneficiaries on your super policy, so they will be provided for from your super.....right?? Wrong!

Unless your mother and sister are dependant on you, which in most circumstances they are not, then having them recorded as beneficiaries on your superannuation will be non-binding at best. This means that the super fund have the ultimate discretion as to where they want to pay your superannuation. If only you knew this before you suffered an unexpected heart attack and passed away.

While trying to cope with the grief they are suffering from, your mother and sister complete claim forms to seek your superannuation be paid to them. They have never really had much money and they can't afford to pay for your funeral without the superannuation money. After making their claim to receive your super, your superannuation fund advise that your beneficiary nomination was only non-binding and that they have chosen to pay 100% of your death benefit to your estate. When super funds are paid to your estate, your Will then dictates who the ultimate beneficiary of the funds will be.

Now, remember how you didn't do a Will because you didn't own anything? If only you had have!

So where does your superannuation death benefit go now? In the event that somebody passes away without a Will, our legislation dictates the beneficiary of your estate. You do not have a spouse or any children, after all, you are only 25 years old. Our legislation says, that in the absence of a spouse or children, the whole of your estate be paid to your parents in equal shares.

Now, you might think that this is okay.....dad will do the right thing, he'll provide for your sister....right??? Wrong! Maybe dad is a pensioner....if he gives any money away to your sister it could affect his pension. Or perhaps dad even receiving the money in the first place will be enough for Centrelink to cut off his pension.

This doesn't seem so bad I guess, dad is only losing his pension because he is receiving a substantial sum of money from your super. If only that was your real issue.....your issue is really that you have been estranged from your father since you were only a child. Your mother did all the hard yards and raised yourself and your sister as a single parent, while working to provide for you both. Dad never paid mum any child support, yet he's now receiving half of your superannuation! How is that fair?

Don't let your family be given bad news such as this at a time where they are already grieving. Let us help you with an estate plan to avoid this scenario, or something similar, from happening to you or your loved ones.

Contact us today on 3816 9555 or email [rsanfuentes@mcna.com.au](mailto:rsanfuentes@mcna.com.au) to arrange an appointment with one of our lawyers who practise exclusively in this area.

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