

Binding Death Benefit Nomination

Zurich Master Superannuation Fund



Binding death benefit nominations

As a member of the Zurich Master Superannuation Fund, you can choose whether or not to make a binding death benefit nomination. If you have a valid binding death benefit nomination in place at the time of your death, the trustee will pay your death benefit to your nominated beneficiaries in the proportions you specify.

Why should I make a binding death benefit nomination?

The main reason for making a binding death benefit nomination is for certainty. It enables you to nominate exactly who gets your super. This will result in more efficient estate planning and can prevent disputes over your death benefits.

Who can I nominate?

For your binding death benefit nomination to be valid, each nominated beneficiary must be your Dependant as defined below, or your Legal Personal Representative (generally the executor of your will or the administrator of your estate).

Definition of Dependant

A Dependant includes:

- your current spouse (including de facto spouse) of either gender,
- your children of any age (including adopted children, stepchildren and your spouse's children),
- someone who is financially dependent on you, or
- someone with whom you have an 'interdependency relationship'

Two people have an 'interdependency 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, but not if one of them provides domestic support and personal care to the other under an employment contract or a contract for services or on behalf of another person or organisation such as a government agency, a body corporate or a benevolent or charitable organisation; or
 - support or care of a type and quality normally provided in a close personal relationship, rather than by a mere friend or flatmate.

Two people also have an interdependency relationship if they have a close personal relationship but they do not meet the other requirements of interdependency because:

- due to either or both of them suffering from a disability including a physical, intellectual or psychiatric disability, or
- they are temporarily living apart.

Important: A Dependant must be alive and meet the definition of Dependant immediately before your death. If a nominated beneficiary is not your Dependant or your Legal Personal Representative, the portion of the benefit to be paid to that nominated beneficiary will be paid as if there is no valid binding death benefit nomination.

For example, if you nominate a spouse who had ceased to be your spouse at the time of your death, that person will not be eligible to receive the benefit unless they can satisfy the requirements of superannuation law – for example, if they were financially dependent on you at the time of death.

What happens if I don't have a valid binding death benefit nomination? ¹

You are under no obligation to make a binding death benefit nomination.

Where there is no valid binding death benefit nomination, the Trustee must pay the death benefit (or applicable proportion) in accordance with the trust deed. This generally means that the benefit will be paid to your Legal Personal Representative, unless the Trustee:

- is unable to identify your Legal Personal Representative within 6 months of the Trustee being notified of your death; or
- has reason to believe your estate is insolvent

If either of the above apply, benefits are instead paid to your spouse or, if none, children in equal shares (where there are more than one). For example, if you have no spouse and two children, both children would receive 50 per cent.

Note that a person is only a 'spouse' or a 'child' if the Trustee is aware of the person's existence and is satisfied of their status as such.

If there is no spouse or child, then the Trustee must pay the death benefit to your Legal Personal Representative (even if the estate is insolvent) or deal with the death benefit under applicable laws relating to unclaimed super.

What about my will?

Your will relates to the distribution of any assets that form part of your estate. Therefore only that portion (if any) that is payable to your Legal Personal Representative (either as a nominated beneficiary or in the circumstances stated above where there is no binding death benefit nomination) will fall under the direction of your will. If you have nominated your spouse or children to receive part, or all, of your superannuation monies, then this money will be paid to the individuals directly and will not form part of your estate.

This means that if you wish to change the manner in which your superannuation money will be distributed you may need to request the trustee of the fund to change your nominated beneficiaries. It may not be sufficient to include alternate instructions in your will as this money may not form part of your estate.

Once I make a binding death benefit nomination, can I change it?

Yes you can. Over time your individual situation may change (eg you may marry, enter a de-facto relationship, have a child or someone you have nominated has died) so it's important you ensure your binding death benefit nomination remains current at all times.

If you wish to amend your binding death benefit nomination, you need to complete and submit a new binding death benefit nomination form which will then completely replace all previous nominations.

Do I have to re-nominate every three years?

Superannuation law gives specific instructions on when a nomination is binding. One restriction on binding death benefit nominations is that they are only valid for three years. This is to ensure that your nominations stay up-to-date with your current circumstances.

You must confirm your nomination every three years in order for it to remain valid. You can do this by giving us a written notice, signed and dated by you, to that effect before it expires, or simply complete the confirmation form we send to you. It is your responsibility to ensure your binding death benefit nomination is confirmed before it expires.

If, after three years, you do not make another binding death benefit nomination, or reconfirm your nomination, your original instructions will no longer be binding and the trustee will distribute as though there is no valid binding death benefit nomination in place.

¹ For existing members before 1 January 2016, transitional arrangements apply up to 30 June 2016: where there is no binding death benefit nomination, death benefits during this time may be paid to your Dependents or your Legal Personal Representative at the trustee's discretion.

How to set up a valid binding death benefit nomination

To set up a binding death benefit nomination you must:

- be a member of the Zurich Master Superannuation Fund. This is usually attained by investing in one of the superannuation plans or retirement income plans Zurich offers, or through the Zurich Superannuation Term Life Plus product;
- complete the application form at the back of this brochure and send the original to the address shown (Zurich are unable to accept a fax or email scan of the form);
- if you are a new member you will also need to complete the application form in a current Product Disclosure Statement (which can be obtained from your financial adviser or by calling Zurich Customer Care on 131 551).

For a nomination to be valid:

- the proportion of your death benefit to be paid to each beneficiary must be clearly set out (and total 100 per cent);
- the nomination must be signed and dated by you in the presence of two witnesses, both of whom are over 18 years of age and are not nominated to receive a benefit;
- the nomination must have been made, or reconfirmed within three years of the your death; and
- you must not have revoked your nomination.

Note: if you have more than one product through the Zurich Master Superannuation Fund, you will need to make a binding death benefit nomination in respect of the benefits attributable to each product. If you hold more than one product within the Fund, but make only one binding death benefit nomination, the trustee is only bound to your instructions in relation to the product for which you have made the nomination.

Family Law legislation

The Family Law Act 1975 allows superannuation interests to be treated as property and allows separating married couples to split their superannuation by agreement or court order. As a result, certain binding death benefit nominations may be affected if separating and we recommend that you seek professional advice to ascertain how it may apply to your situation.

Taxation

Note: For the purpose of taxation, a death benefit 'dependant' generally excludes children of the deceased aged 18 years or over unless they are financially dependant.

The tax information in this brochure should be used as a guide only as individual circumstances may be quite different. The laws governing superannuation are quite complex, so please contact your adviser to develop a strategy most suited to your needs. Zurich can accept no responsibility for the taxation consequences of your selection.

This taxation information is based on the taxation laws effective November 2015 and any assumptions and examples are based on the continuance of laws and rulings current at that date and their interpretation by Zurich.

Tax on benefit payments

Death benefit paid as a lump sum when payable to:

- your spouse – is received tax free
- your financially dependant children – is received tax free
- a person who is wholly or partly financially dependent on you – is received tax free
- a person with whom you have an interdependency relationship – is received tax free
- a person who is not wholly or partly financially dependent on you – the taxable component of a lump sum paid to a non-dependant will be taxed concessionaly at up to a maximum of 31.5%.
- your estate – if your estate only consists of dependants, it is tax free to the dependants. If your estate consists of dependants and non-dependants, then the total of the proceeds of your estate are divided into amounts expected to be received by dependants and non-dependants. The taxable component of a lump sum paid to a non-dependant will be taxed up to a maximum of 31.5%.

If the death benefit is paid from the estate to a discretionary testamentary trust, the full death benefit is taxed at up to 30% if any one of the beneficiaries of the trust is a non-dependant. The amount can be received tax free by a discretionary testamentary trust only if all beneficiaries are dependants.

The taxation of death benefits is complex and we strongly recommended that you discuss the implications with your financial adviser.

Death benefit paid as a pension

If a dependant chooses (and is eligible) to take a death benefit as a pension stream, the taxation treatment will depend on the age of the primary beneficiary and dependant.

- If the primary beneficiary was age 60 or over at the time of death, the pension payments to the dependant will be tax free.
- If the primary beneficiary was under age 60 at the time of death, the pension will continue to be taxed at the dependant beneficiary's marginal tax rate (less any tax free amount and pension tax offset). If (or when) the dependant is aged 60 and over, the pension payment will be tax free.

Note that death benefits can be paid as a pension to a dependant child under age 25. When the child turns 25 the balance in the fund will have to be paid as a lump sum (tax free) unless the child is permanently disabled.

A pension will not be able to be paid to a non-dependant (or legal personal representative) rather it will have to be made as a lump sum.

For each pension recipient the trustee will purchase a Zurich Account-Based Pension and the fees and charges applicable to that pension will be applied. We will provide details of the pension when the pension commences. If pension payments are for a child under 18 the payments can be paid either to a bank account in the name of the child, or to a bank account held in trust for the child. If for any reason the trustee is unable to pay the pension payments in the normal manner it will make the payments to a trustee (which may include the Public Trustee) in trust for the child.

The pension recipient can select the amount of the regular payment provided at least a minimum is paid as specified by the government. This limit depends on the recipient's age and the account balance. The account balance is initially the amount invested. Any pension payments are deducted from the account balance and investment returns are credited towards the account. The pension payments will continue until the account runs out, the investment is cashed in or the recipient dies. In the event of the recipient's death, any balance in the account will generally be paid to the recipient's beneficiary or estate.

Unless the person receiving the pension payments tells us otherwise, the Trustee will pay the minimum amount of pension required by government legislation and payments will be made quarterly. **Important:** If no investment option selection is made, Zurich will be unable to establish a Zurich Account-Based Pension until such time as a valid selection has been made.

The pension recipient may change the amount of the regular payment (but not less than the minimum set by the government), how often payments are made, the investment option(s) or cash in the pension by writing to us. If the recipient is under 18 years of age, their guardian can change these details on their behalf. Please note that if you have nominated persons to receive a pension and you become entitled to receive your benefit in the form of a pension, we will pay the death benefit pension as a new pension and not a continuation of the pension originally payable to you.

The information contained in this brochure is general information only. It does not take into account your personal investment objectives, financial situation or particular needs. You should consider the appropriateness of making a binding death benefit nomination having regard to your objectives, financial situation and needs. We recommend you seek professional advice on relevant legal, taxation, social security and financial matters before making any decision.

The information in this brochure, including taxation matters, is based on our understanding of present law and its continuance.

Zurich reserve the right to change the terms of a binding death benefit nomination where permitted to do so by law.

Zurich Binding Death Benefit Nomination form



Important – Zurich requires the original form to be returned. We are unable to accept email or faxed copies. Your binding death benefit nomination will not be valid until we receive the original form. Please use BLOCK letters.

1 Member details (your details)

Title	Surname		
Given name(s)	Date of birth	/	/
Residential address	State	Postcode	
Postal address (if different to above)	State	Postcode	
Contact details	Work ()	Home ()	
	Mobile	Email	

2 Product to which nomination applies

Insert name of Zurich product and your investment / account number to which you wish this nomination to apply

Name of product

Investment / account number

3 Beneficiary details

If you have additional dependants, you should photocopy this page and attach it to your Binding Death Benefit Nomination form.

Full name	Residential address	Date of birth	Relationship to the member (tick one only for each beneficiary)	Percentage of death benefit
		/ /	<input type="radio"/> Spouse <input type="radio"/> Child# <input type="radio"/> Financial dependant <input type="radio"/> Interdependent	Lump Sum* % Pension* %
		/ /	<input type="radio"/> Spouse <input type="radio"/> Child# <input type="radio"/> Financial dependant <input type="radio"/> Interdependent	Lump Sum* % Pension* %
		/ /	<input type="radio"/> Spouse <input type="radio"/> Child# <input type="radio"/> Financial dependant <input type="radio"/> Interdependent	Lump Sum* % Pension* %
Legal Personal Representative (your Estate)	N/A	N/A	N/A	Lump Sum %
The combined total of all percentage amounts must equal 100%. This includes any additional nominations you attach to this form.				100%

*Please note the decision to receive the death benefit as a pension or lump sum can be changed by the beneficiary at the time of death based on their needs at that time.

Death benefits will be able to be paid as a pension to a dependant child under 18 or age 18 – 25 if the child is financially dependant on you at the time of death. When the child turns 25 the balance of the pension account must be paid as a lump sum (tax free) unless the child is permanently disabled in which case the pension may continue to be paid indefinitely.

4 Declarations

- I am a member of the Zurich Master Superannuation Fund, or have applied to be a member.
- I have read and understood this brochure and the consequences of making a binding death benefit nomination. I understand that my death benefits will be paid in accordance with my instructions provided the nomination remains binding and subject to superannuation law.
- I understand that if a beneficiary nominated to receive a benefit predeceases me, or if a person nominated is not a dependant as defined by the Superannuation Industry (Supervision) Act 1993 (SIS Act) or legal personal representative at the time of my death, my benefit will be paid in accordance with the default provisions current at the time of my death.
- I understand this binding death benefit nomination overrides all previous nominations including nominations made in any product application form(s).
- I understand that this binding death benefit nomination applies to the product specified in Section 2 only and that I need to make a separate nomination in respect of any other product(s) I may have under the Zurich Master Superannuation Fund.
- I understand it is my responsibility to regularly review my nomination to ensure it remains current and also that this nomination is binding for a period of three years only.
- I understand I can cancel this nomination at any time in writing to the Trustee.
- I understand this nomination is not binding until received and accepted by the Trustee or its delegate.
- I understand this declaration must be signed and dated by me in the presence of two witnesses (who are not nominated by me as a beneficiary of my death benefit), and that both of the witnesses must be over the age of 18.

Original signature of member

Date

X

/ /

Witness declaration

As witnesses you declare that as at the date of signing:

- you are over 18,
- you are not nominated to receive a benefit
- you were present when the member signed this Form.

Original Witness 1 signature

Date

X

/ /

Witness 1 full name

Witness 1 address

State

Postcode

Original Witness 2 signature

Date

X

/ /

Witness 2 full name

Witness 2 address

State

Postcode

5 Your privacy

Zurich is bound by the Privacy Act 1988 (Cth). In completing the forms or questions herein you will be providing us with your personal and, perhaps, sensitive information. The collection and management of this information is governed by the Privacy Act 1988. For a more detailed explanation of Zurich's Privacy Policy please visit our website at www.zurich.com.au or contact the Zurich Privacy Officer on 132 687 or email us at privacy.officer@zurich.com.au.

6 Checklist

Before you send this form to Zurich, please complete the following checklist. It identifies information that must be completed when applying for a Binding Nomination. Ensuring that all information is provided will assist us in processing your request as quickly as possible.

- ☐ Sections 1 and 2 have been fully completed.
- ☐ The total of all percentages in Section 3 add up to 100%.
- ☐ You have read and signed the declaration in Section 4
- ☐ The witnesses signed this form in your presence at the same time you signed, are over 18 and are not nominated to receive a benefit by this form.
- ☐ You are forwarding the original of this form to Zurich.

Questions?

If you have any questions regarding your binding death benefit nominations, including if you are unsure if the person you have nominated is a dependant, please contact your financial adviser or Zurich Customer Care in the most convenient way for you:



131 551



client.service@zurich.com.au



**Locked Bag 994
North Sydney NSW 2059**



www.zurich.com.au

This page has been left blank intentionally

Zurich Australian Superannuation Pty Limited
ABN 78 000 880 553, AFSL 232500,
RSE Licence No. L0003216, Registration No. R1067651

Zurich Australia Limited
ABN 92 000 010 195, AFSL 232510

5 Blue Street North Sydney NSW 2060
Zurich Customer Care
Telephone: 131 551 Facsimile: 02 9995 3797
www.zurich.com.au

