

# MAKING A DEATH BENEFIT claim

**We understand this is a difficult time for you. This info sheet explains what happens to a member's benefit following their death and the process of making a claim.**

## What is a death benefit?

A death benefit is the amount of money in an LGIAsuper member's account plus any insurance they were entitled to at the time of their death.

## How is it calculated?

It depends on the type of LGIAsuper account the member held. For an Accumulation account, the benefit is the amount of money in the account plus any insurance benefits at the time the member died. It is paid as a lump sum.

If the member had a defined benefit, the benefit is based on a retirement multiple that is multiplied by the member's salary as defined in the trust deed. We add to this the balance of the member's accumulation account and any voluntary insurance they had. Our defined benefit guides contain more detailed information on how the death benefit will be calculated.

## Making a claim

You can notify us about the death of a member by phone, fax, email, letter or in person. When we are notified of a member's death we will send a *Death benefit claim form* to the person we were notified by, or the person/s nominated as a possible beneficiary.

## Who does LGIAsuper pay a death benefit to?

When determining who to pay a death benefit to, we will take into account any preferred or binding death benefit nominations that the member made.

If the member...	LGIAsuper will...
did not nominate any beneficiaries	identify any dependants or executor and determine how to distribute the member's benefit as set out in the LGIAsuper trust deed and superannuation legislation.
made a preferred death benefit nomination	use the nomination as a guide when choosing who to pay the member's benefit to. In this case LGIAsuper is still obliged by the trust deed and superannuation legislation to identify any dependants or executor when determining how to distribute the benefit.
made a binding death benefit nomination	pay the member's benefit according to their instructions provided it is valid.

For more information on both types of nomination see our *Nominating your beneficiary guide*.

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## The rules

The LGIASuper Trust Deed and superannuation law allow us to pay a death benefit to:

- a spouse - married, de facto or same sex partner
- children - including step-children, adopted children, ex-nuptial children or anyone who fits the definition of a child under the *Family Law Act 1975*
- someone who was in an interdependent relationship at the time the member died (see definition below)
- a member's legal personal representative (i.e. the executor of the will or the administrator of the estate)
- some other person if there are no dependants, will or administrator of the estate

## What is an interdependent relationship?

According to the Australian Government, two people (whether related to each other or not) 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.

The Superannuation Industry (Supervision) Regulations 1994 ('SIS Regulations') describe the factors that should be taken into account to establish whether two people have a close personal relationship. These factors include:

- the duration of the relationship; and
- whether or not a sexual relationship exists; and
- the ownership, use and acquisition of property; and
- the degree of mutual commitment to a shared life; and
- the care and support of children; and
- the reputation/public aspects of the relationship; and
- the degree of emotional support; and
- the extent to which the relationship is one of mere convenience; and
- any evidence suggesting that the parties intend the relationship to be permanent

## What is financial dependency?

This may exist where you relied on the member for some or all of your financial needs. An example of this could occur if you had an ongoing financial reliance on the member and without this assistance your standard of living could not be maintained.

If you wish to be considered on financial dependency grounds, you will need to provide documentation to support your claim.

## Insurance assessment

If the member had insurance at the date of their death we will submit an insurance claim to the insurer on their behalf. We can only do this once we have received the relevant information and documentation needed to assess the claim. Processing times can vary depending on the nature of the claim. To reduce processing delays it is important to provide as much information as possible.

When we have received all the information we need from potential beneficiaries and the insurance has been paid, LGIASuper will assess the death benefit claim.

## Providing documentation

Before we can assess a death benefit claim application we will need certified copies of the following documents:

- full death certificate
- birth certificate or birth extract
- marriage certificate (if applicable)
- evidence of dissolution of marriage (if applicable)
- last Will and testament (if there is no Will, please provide written advice to that effect or letters of administration)
- statement of assets and liabilities for the estate (only in some cases)
- statutory declaration completed by dependants to specify the nature of the dependency
- tax file numbers of the deceased and claimant

The person making the claim will also need to supply a certified copy of their current drivers licence or Australian passport. Further information may be sought depending on the circumstances.

## Who can certify copies of documents?

Many different types of people are qualified to certify copies of original documents as being true and correct. Some of these are a:

- Justice of the Peace or Commissioner of Declarations
- police officer, doctor or pharmacist
- registrar or deputy registrar of the court
- judge of a court or magistrate

See our *Proof of identity requirements* info sheet for more information.

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## Is a death benefit taxed?

Death benefits are tax-free if paid to a dependant as defined under taxation law. For tax purposes, a dependant is:

- a spouse (married, de facto or same sex partner)
- a child under 18 years of age (including step-children, adopted children, ex-nuptial children or anyone who fits the definition of a child under the *Family Law Act 1975*)
- anyone who was financially dependent on the member at the time the member died

If paid to someone other than a dependant, the taxable portion of the benefit is taxed at 17% including the Medicare levy. The tax-free component is paid tax free. If the member is aged 60 or over, they still have a taxable component for death benefit purposes. Death benefits taken as a reversionary pension are taxed differently based on age. Our *Superannuation tax* info sheet contains more information.

## What is an anti-detriment benefit?

This is a reimbursement of the 15% contributions tax that is applied to concessional contributions. It may be included in a death benefit if it is paid as a lump-sum to a spouse, former spouse, a child of the deceased (including an adult child) or a child of the deceased's spouse.

From 1 July 2017 to 30 June 2019 anti detriment will only be paid on benefits when the death of the member occurred prior to 1 July 2017.

## Investing the member's benefit

LGIAsuper invests a member's benefit in the Cash option on notification of their death until it is distributed to a beneficiary or beneficiaries. If the member had an LGIAsuper Pension account and nominated a reversionary beneficiary, the member's benefit will remain invested as it was at the time of their death. The reversionary beneficiary can choose how to invest the benefit when it is transferred into their name.

## Advising claimants

Once we have determined who will receive a death benefit, we will write to all potential beneficiaries advising where the benefit will be paid and in what proportions.

If a potential beneficiary is dissatisfied with the outcome they can object, however this must be done within 28 days of receiving the written notice. All beneficiaries will be notified of an objection and advised of the next steps in the process.

## Paying the benefit

Payment of a death benefit is generally made to the beneficiary/beneficiaries within a few days of finalising the claim. We can only make a payment at this stage if we have all certified proof of identity documents for the beneficiary/beneficiaries and details telling us how and where the payment is to be made. A delay in giving us this information could result in a delay in making a payment.

Payment of a benefit will generally be made to the beneficiary/beneficiaries determined or the estate.

## Additional information

### Privacy

LGIAsuper understands and respects your need for privacy - that's why we have stringent measures in place to protect your personal information. Our *Privacy policy* contains more information. For a copy visit our website or give us a call.

### Complaints

We are passionate about providing the personal service you want. We do our best to look after your wellbeing with individual attention, personal advice and quick responses to your needs. If you are not satisfied with the service you have received, please tell us. We have procedures in place to review and respond to your complaint. Our *Enquiries, concerns and complaints* info sheet contains more information.

## Any questions?

We're here to help. Contact our trusted and reliable team for more information. Call us on **1800 444 396** or visit our website at **lgiasuper.com.au**.

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