

NOMINATE YOUR BENEFICIARIES

*It's your choice who
it goes to.*

FACT SHEET 5

6 MAY 2019

It's important to tell us who you would like to receive your benefit if you die while you are an NGS member.

It is also important to review your nomination should your personal circumstances change, for example if you get married, divorced or should a nominated beneficiary change their name or die. Keeping your nomination up to date will help to ensure that your benefit can be paid in accordance with your wishes if you die.

This fact sheet outlines what happens to your NGS accounts if you die while you are a member, the types of beneficiary nominations you can make and who is eligible to receive your benefit.

What happens if you die while you're an NGS member?

While you are a member of NGS, you can nominate how you would like your death benefit to be distributed:

- to your estate (to be distributed in accordance with your will), or
- to your nominated beneficiary (or beneficiaries), or
- for *Transition to Retirement* and *Income accounts*, if you nominate a reversionary beneficiary at commencement of your account, as continued income payments.

Super law permits beneficiaries to request payment of a death benefit as an income stream rather than a lump sum in certain circumstances. We will notify your beneficiaries if they are eligible to elect this option.

In the event of your death and following formal notification to us, your account balance plus any insurance proceeds (where applicable in the *Accumulation account* only) will be invested in the Cash & Term Deposits investment option to protect the value of your benefit.

Who is eligible to receive your death benefit?

You may instruct us as to how you wish your death benefit to be paid. A number of options are available and it's important that you read the following information so you can choose the best option for your situation.

You can generally nominate the following as your beneficiary:

- your spouse (legal or de facto)
- any child including your step, adopted or ex-nuptial child (stricter rules apply for child reversionary beneficiaries see further details on page 3)
- your estate, to be distributed in accordance with your will
- a person who is financially dependent on you at the date of your death, or
- a person with whom you have an interdependency relationship.

Your options for nominating a beneficiary are shown in the table below:

Your nomination of beneficiary options

Beneficiary nomination options	Accumulation account	Transition to Retirement and Income accounts
Non-binding and binding nominations (both lapsing and non-lapsing)	Eligible beneficiaries will have the benefit paid as: <ul style="list-style-type: none"> ▪ a lump sum, or ▪ can elect to have an income stream if the benefit is over \$20,000. 	Eligible beneficiaries will have the benefit paid as: <ul style="list-style-type: none"> ▪ a lump sum, or ▪ can elect to have an income stream if the benefit is over \$20,000.
Reversionary beneficiary	Not available	Paid as: <ul style="list-style-type: none"> ▪ a lump sum equal to your account balance, or ▪ a continuing income stream (pension) from your <i>Income account</i>

In the event of your death, we **must** (unless otherwise directed by a court) pay your death benefit according to your instruction where there is a:

1. nomination of a reversionary pensioner (*Transition to Retirement and Income accounts only*), or
2. valid binding nomination.

A valid reversionary pensioner nomination can only be made **when you start** your *Transition to Retirement and Income account*.

If you do not have a valid reversionary beneficiary nomination in place (*Transition to Retirement and Income accounts only*), we must pay the death benefit according to your instructions where there is a valid binding nomination (unless otherwise directed by a court). If there is no nomination or if you have made a non-binding nomination, then by law, payment will be made at our discretion having regard to your dependants and nomination (if provided).

Nominating a beneficiary

1. Binding nomination

You can make:

- a lapsing binding nomination which will expire every 3 years, or
- a non-lapsing binding nomination which will not lapse.

A valid binding nomination means that you choose who will receive your benefit in the event of your death. We must pay your benefit according to your binding nomination, provided that the following legal requirements are met:

- your nominated person fits the description of 'dependant' at the time of death or you have nominated your estate
- your nomination is current, i.e. you have either selected a non-lapsing nomination or, in the case of a lapsing nomination, the form containing the nomination has been confirmed or amended within three years from the day it was first signed, or last confirmed or amended by you

Some terms explained

Dependant: A spouse, child, or any person financially dependent on a fund member or any person the member has an interdependency relationship with.

Spouse: A spouse of a person includes:

- i. another person, whether of the same sex or a different sex, with whom the person is in a relationship that is registered under a law of a State or Territory (prescribed for the purposes of section 22B of the *Acts Interpretation Act 1901* as a kind of relationship prescribed for the purposes of that section).
- ii. another person who, although not legally married to the person, lives with the person on a genuine domestic basis in a relationship as a couple.

Interdependency relationship: A close personal relationship between two people who live together, where one provides the other with financial support and one or each provides the other with domestic support and personal care.

This means that same-sex partners, siblings and adult children caring for elderly parents may be eligible. The definition also includes a person with a physical, intellectual or psychiatric disability who may live in an institution but was still in an interdependent relationship with the deceased based on other criteria.

Child: In relation to a person, child includes:

- an adopted child, step-child or an ex-nuptial child of the person
- a child of the person's spouse
- a child of the person within the meaning of the Family Law Act 1975.

Legal personal representative:

A legal personal representative is the person who looks after the estate of a deceased person. This person may be:

1. the executor of the will,
2. the administrator of the estate if the person dies without making a valid will (known as intestacy).

- your nomination is in writing and is signed and dated by you in the presence of two witnesses aged 18 years or over, neither of whom is a nominated beneficiary
- your nomination contains a declaration, signed and dated by the witnesses, stating that they were present when you signed the form; and
- your allocation of the death benefit among the nominees is clear and totals exactly 100%.

If any information on your **Death benefit nomination form** is unclear, we may write to you and ask you to clarify your intentions. If this occurs, you may be required to complete another form.

Amending, revoking or renewing your binding nomination

The payment of your benefit will, in the following circumstances, be paid at our discretion and it may be paid to your dependants, to your estate or to a combination of both if:

- you revoke a lapsing or non-lapsing binding nomination and do not make a new one
- you do not update your lapsing binding nomination after three years
- your nomination is no longer valid.

If you wish to amend or revoke your binding nomination, you must complete and return a **Death benefit nomination form** available on our website at ngssuper.com.au/forms. This form must be signed and dated by you in the presence of two witnesses aged 18 years or over, neither of whom is a nominated beneficiary.

If you have made a lapsing binding nomination, we will write to you when you are approaching the end of your three-year binding nomination period. If you wish to confirm your binding nomination, all you need to do is sign and date the form we send to you. You can also choose to amend, revoke or make a new nomination, either binding or non-binding at any time should your personal circumstances change.

If you would like to make a binding nomination, you will need to complete a **Death benefit nomination form** available on our website at ngssuper.com.au/forms or call us for a copy of the form to be sent to you.

This form must be signed and dated by you in the presence of two witnesses aged 18 or over, neither of whom is a nominated beneficiary.

You can choose to make your nomination either lapsing or non-lapsing by ticking the appropriate box on your **Death benefit nomination form**.

A lapsing nomination if not reconfirmed within three years, will expire and your nomination will become a non-binding nomination.

Non-lapsing nominations will continue without expiration.

It is important to review your situation and update your nomination if your circumstances have changed.

2. Non-binding nomination

Making a non-binding nomination of a beneficiary means that we must (by law) make the decision who will receive your death benefit.

We will consider your non-binding beneficiaries nomination and will look at all your personal circumstances, including your will, at the time before deciding whether to pay to any of your dependants or your estate or a combination of both.

Please note that a non-binding nomination will not override a previous valid binding nomination. If you would like to make a non-binding beneficiary nomination but have already made a binding nomination, you must revoke your binding nomination first.

If you would like to:

- update or revoke a binding beneficiary, or
- **update a non-binding nomination form,**

you will need to complete a **Death benefit nomination form** at ngssuper.com.au/forms

3. Reversionary beneficiary (Transition to Retirement and Income accounts only)

If you are opening a *Transition to Retirement* or *Income account*, you can set up a reversionary beneficiary, which instructs us to continue to make pension payments to your dependant(s) if you die. You may only nominate a reversionary beneficiary who is your spouse or another dependant who may be a child, a person who is financially dependent on you or a person who has an interdependency relationship with you (see the definitions on page 2). In the case of a dependant who is a child, a reversionary pension may be payable only in limited cases and for limited periods, as follows:

- the child is less than 18 years of age
- the child is over 18 years but less than 25 years old and is financially dependent on you at the time of your death
- the child has a disability as defined in the *Disability Services Act 1996*.

Once the child fails to comply with any of these provisions, the pension being paid will terminate and the remaining balance will be paid out as a lump sum benefit.

A valid reversionary beneficiary nomination will override any subsequent binding or non-binding nomination. If you wish to nominate a reversionary beneficiary when you start a *Transition to Retirement* or *Income account*, you must select the **Reversionary nomination** option within the **Nominate your beneficiaries** section of the application form.

Nominating your estate

If your benefit is paid to your estate then it will be paid to:

- your Legal Personal Representative if you have a will, or
- an administrator if you do not have a will.

Be aware that there may be different taxation consequences if there is a payment to the estate or to an administrator compared with payments to dependants. This will depend on the circumstances of the estate and your dependants.

No nomination

If you do not nominate a beneficiary, the balance of your account will be paid to your estate and/or your dependants as determined by us, as a lump sum or if eligible, they can elect to have it as an income stream.

Tax on your death benefit

Lump sum benefits are tax free if paid to your 'dependants for tax purposes'.

Payments to 'non-dependants for tax purposes' (e.g. a financially independent adult child) or the estate are taxed according to the circumstances of the ultimate beneficiary and the tax components of the pension or lump sum.

If you have a reversionary beneficiary (*Transition to Retirement and Income accounts only*), no tax is payable on the tax-free component, however, if you and the reversionary beneficiary are less than age 60, some tax is payable on the taxable component.

For more details on the tax payable on a death benefit, please read our fact sheet **Fees, costs and tax** available at ngssuper.com.au/PDS

Keeping your nomination up-to-date

Please note that you should update your nomination of beneficiary(ies) as your personal circumstances change (e.g. marriage, divorce, death of a spouse). You can update your nomination either through **Member Online** (nomination of beneficiary only) or by completing the relevant form available at ngssuper.com.au/forms

'Dependants for tax purposes' include your spouse (including de facto), your former spouse, children under age 18 or a person who is partially or wholly financially dependent on you at the date of your death.

More information?

Contact us

You can contact us at ngssuper.com.au/contact-us or call us on **1300 133 177** between 8.00am and 8.00pm (AEST or AEDT), Monday to Friday.

Phone number for callers outside Australia **+61 3 8687 1818**

Fax: **(03) 9245 5827**

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MELBOURNE VIC 3001

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1300 133 177

If you are thinking about estate planning, consider obtaining professional advice for your personal situation.

We offer low-cost tailored advice through NGS Financial Planning.

To make an appointment phone us on **1300 133 177** or complete the **Financial planning enquiry form** on our website at ngssuper.com.au/financial-planning

Important information

You should consider all the information contained in the **Product Disclosure Statement** dated 6 May 2019 and incorporated fact sheets before making a decision about investing in NGS Super.

The information provided in this fact sheet is general information only and does not take into account your objectives, financial situation or needs. Before making a financial decision, please assess the appropriateness of the information to your individual circumstances and consider seeking professional advice.

NGS Financial Planning Pty Ltd, ABN 89 134 620 518, is a corporate authorised representative #394909 of Guideway Financial Services Pty Ltd, ABN 46 156 498 538, AFSL #420367 and offers financial planning services on behalf of NGS Super ABN 73 549 180 515.