

# Binding Death Benefit Nominations

September 2024

## Binding Death Benefit Nominations

*The total value of the superannuation pool has been growing significantly. With this comes a typical question covered in financial advice circles; 'How does my superannuation get paid in the event of death'. A common misconception is that a will automatically deals with an individual's superannuation assets. So how can you ensure that your retirement assets follow a desired outcome?*

It can be wrongly assumed that all assets form part of a person's estate. However, this is not necessarily the case. Additional planning comes in the form of superannuation death benefit nominations, given that super is held in trust for you by the trustee of your super fund.

In simple terms, beneficiary nominations are elections that you make as to who will receive your superannuation benefit. The types of nominations include:

1. Non-binding nominations,
2. Binding nominations, and
3. Reversionary nominations (applicable to pension accounts).

The first type of nomination is 'non-binding' on the superannuation provider or trustee to follow. Although it is an instruction as to how you would like your super to be distributed, it is discretionary based and provides no certainty. Counter to that, a 'binding' nomination provides added security and certainty as to who receives your super benefit.

Binding death nominations are a powerful tool used to direct benefits to specific dependants in specific amounts, or to be dealt with under the written terms of a will. To be considered valid, a binding beneficiary form must nominate dependant/s (e.g. spouse or children) and requires completion in line with certain rules (e.g. Trust Deed, witnessing guidelines).

For the purposes of superannuation law, the full list of dependants include:

- A spouse,
- Children of any age,
- Any person(s) financial dependent on the member,
- Any person(s) in an interdependency relationship with the member,
- A legal personal representative (i.e. the executor or administrator of your estate).

While those considered 'tax dependants' end up paying no tax on superannuation death benefits, those classified as non-dependants can be subject to tax consequences.

Having a binding nomination can be an efficient way of paying funds direct to beneficiaries (i.e. skipping the estate administration process). This can be a prudent arrangement if you feel your estate could be disputed by an eligible family member. Hence, in conjunction with well documented estate plans, a binding nomination can be utilised to effectively manage the flow of benefits.

A binding nomination option may not always be valid – this may occur if circumstances change and you do not revise the nomination or the nomination lapses.

### Conclusion

It is important to note that your superannuation can be distributed in accordance with beneficiary nominations. Binding death benefit nominations are documents in which you can remove the super fund trustee's discretion as to who is to receive your super fund assets upon death by specifying exactly to whom they are to be paid and in what amounts.

Careful consideration may be required so feel free to contact your adviser if you wish to discuss the process and documentation in further detail.

## Copyright and Distribution

The material contained in this communication (and all attachments) is prepared for the exclusive use of clients of Euroz Hartleys Limited (ACN 104 195 057) ("Euroz Hartleys") only. Euroz Hartleys is the holder of an Australian Financial Services Licence (AFSL 230052) issued by the Australian Securities and Investments Commission ("ASIC") and is a participant of the Australian Securities Exchange Group ("ASX Group").

The information contained herein is confidential and may be legally privileged. If you are not the intended recipient no confidentiality is lost nor privilege waived by your receipt of it. Please delete and destroy all copies, and contact Euroz Hartleys on (+618) 9268 2888. You should not use, copy, disclose or distribute this information without the express written authority of Euroz Hartleys.

## Disclosures & Disclaimers

Euroz Hartleys and its associates declare that they deal in securities as part of their securities business and consequently may have a relevant interest in the securities recommended herein (if any). This may include providing equity capital market services to their issuing company, hold a position in the securities, acting as principal or agent, or make a market therein and as such may effect transactions not consistent with the recommendation (if any) in this report.

Euroz Hartleys declares that it may have acted as an underwriter, arranger, co-arranger or advisor in equity capital raisings, and will have received a fee for its services, for any company mentioned within this report during the last 12 months.

Euroz Hartleys Limited advises that any advice, statement of opinion, or recommendation contained in this document is provided by way of unsolicited general information only and has been prepared without taking account of your investment objectives, financial situation or particular needs.

You should not act on any recommendation issued by Euroz Hartleys without first consulting your investment advisor in order to ascertain whether the recommendation (if any) is appropriate, having regard to your investment objectives, financial situation and particular needs. Nothing in this report shall be construed as a solicitation to buy or sell a security, or to engage in or refrain from engaging in any transaction.

Euroz Hartleys believes that the information and advice contained herein is correct at the time of compilation, however we make no representation or warranty that it is accurate, complete, reliable or up to date, nor do we accept any obligation to correct or update the opinions in it.

The opinions expressed are subject to change without notice. No member of Euroz Hartleys accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this material. We cannot guarantee that the integrity of this communication has been maintained, is free from errors, virus interception or interference.

# EUROZ HARTLEYS

info@eurozhartleys.com  
+61 8 9268 2888  
[www.eurozhartleys.com](http://www.eurozhartleys.com)

Euroz Hartleys Limited  
ACN 104 195 057  
AFSL 230052