

# Claiming a death benefit



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## What is a death benefit?

The death of a loved one can be a difficult time. A death benefit payment can consist of the member's REI Super account balance plus any death insurance cover they may hold within their account at the time of death.

If the Member had death insurance cover, our Insurer will review the claim and decide whether or not the death insured portion of our death benefit is payable to the Trustee. If accepted, the death insurance cover as at the date of the member's death will then form part of the total death benefit.

## Who can apply for a death benefit?

The Superannuation Industry Supervision (SIS) Act 1993 outlines that you need to be a dependant or the legal personal representative of the Member's estate at the time the member passed away to be considered for a Death Benefit payment. We can only consider another person if there are no dependants claiming.

## Who is a legal personal representative?

A legal personal representative (LPR) is defined in SIS as either an executor named in the Member's Will or the administrator of the Member's estate (where there is no Will) who has been granted Letters of Administration by a State (or Federal court for Territories).

## Who is a dependant?

A dependant under SIS includes:

- a spouse (including de facto or same sex partner),
- a child (which includes an adopted child, a step-child, an ex-nuptial child, a child of the deceased's spouse or someone who is a child within the meaning of the Family Law Act 1975),
- a person who is wholly or partially financially dependent on the member,
- a person with whom the member has an interdependency relationship,

An interdependency relationship will exist for SIS between two individuals if:

- they have a close personal relationship,
- they live together,
- 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.

An interdependency relationship may also exist if the two people have a close personal relationship but do not meet the other conditions listed above due to either or both suffering from a physical, intellectual or psychiatric disability or due to them temporarily living apart. An interdependency relationship must exist at the time of death.

## How we decide who gets a payment

When deciding who would receive the death benefit, the Trustee will check to see if the Member had completed a binding death benefit nomination form. If we hold a valid binding death benefit nomination form for the Member, the Trustee is bound to pay the death benefit in accordance with that nomination.

If there is no binding death benefit nomination form, or the nomination within is invalid, the Trustee will decide to who or whom the death benefit will be paid.

## Types of beneficiary nominations

A member has two options on their super account and three on their pension account when deciding what happens to their money.

### Binding beneficiary nomination:

A binding death benefit nomination is a formal written instruction that binds the Trustee to pay the death benefit to the deceased Member's dependants or legal personal representative as nominated by the Member. As long as it is valid, we must pay to the person(s) nominated as long as they qualify as dependants under SIS and in accordance with both SIS and the Fund's governing trust deed.

### Non-Binding Beneficiary nomination:

A member can nominate who they prefer to receive their death benefit if they pass away, but it is not legally binding. The Trustee will take into account the deceased's wishes but we are not bound by the nominations if we decide we have an obligation under our trust Deed and legislation or court, tribunal or authority order or decision, to pay someone else.

### Reversionary beneficiary nomination:

Where a valid reversionary beneficiary nomination has been made (transition to retirement (TTR) pension or retirement pension members only), the beneficiary can take the benefit as a continuing pension or may request to take a lump sum payment.

## Is Super covered by a Will?

Super doesn't form part of a person's estate unless a decision is made to pay the death benefit payment to the estate or there is a valid binding beneficiary nomination to pay to the LPR. If a valid binding beneficiary nomination does not exist, we will refer to a Will for guidance in understanding the member's personal circumstances and wishes but can also consider a non-binding nomination.

## Your Claims Manager

At REI Super, we know that making an insurance claim can be stressful that's why we have a dedicated claims manager to provide assistance and support to loved ones through the claims process.



## How long does the claim process take?

There are several steps involved in assessing a claim. We and the Insurer aim to finalise most claims within four months or sooner from when we receive all the necessary documentation and to reasonably attempt to keep you updated every 20 business days as to the current status of your claim - until a decision has been made. The process can sometimes take longer if:

- There are multiple claimants that need to be located and contacted,
- There are delays with supporting evidence being returned by all claimants or if information is missing,
- There is an objection to our decision that requires an additional review and decision; or
- Our decision is not accepted by all claimants and the claim is referred to AFCA.

Where there are multiple claimants, we need to write to each person and advise them of our decision. All claimants then have 28 days to lodge their objection should they disagree. If no objection is received, we will pay the benefit in accordance with our original decision.

## How to apply for a death benefit payment

The steps below outline what's involved in submitting, assessing, and processing a death benefit claim.

### 1. Contact us!

The member's beneficiaries or the legal representative (or their Solicitor) will notify us of the member's death. If they call it will be helpful to have the following information on hand:

- The member's REI Super member number
- Date of birth and date of death
- Contact details of all potential beneficiaries.

Claimants (or via their Solicitor) will be assigned a claims manager who will review the information provided to confirm eligibility to claim. This includes confirming the member had cover in place and insurance premiums were paid. They will send out some forms to be completed. A copy of this Information Sheet and other summary material of the claims process will also be sent.

Various timeframes apply to this part of the claims process, including 5 business days for sending forms, taking telephone appointment information and 10 business days for initial eligibility to claim assessment with acknowledgement of that being sent.

### 2. Documents

The claims manager will forward a Death Benefit Claim Form to potential beneficiaries. That Form outlines the documentation we will require to commence the claim, which is as follows:

- An original certified copy of the Member's Death Certificate,
- An original certified copy of the member's proof of age (Birth Certificate/Passport/Driver's Licence),
- An original certified copy of the marriage certificate and/or divorce certificate,
- An original certified copy of the member's Will (if available); and
- An original certified copy of Grant of Probate or Letters of Administration (if either exists).

### 3. Assessment

If the member had insured death cover when they passed away, we will lodge the claim with our Insurer who will assess whether a death benefit is payable under REI Super's Group Life insurance policy. They may require further information such as medical reports or a Coroner's report. If further information is required, we will let you know.

### 4. Decision

The Trustee will make a decision based on the documents and evidence provided. Any decision about who is eligible to receive a payment will be influenced by whether the member made a binding or non-binding beneficiary nomination. We will determine how much (if any) of the member's benefit should be paid to particular beneficiaries and/or to the member's LPR. Once the decision has been reached, we will notify claimants to advise them of the outcome and if there is no dispute, the payment will be made.

If any claimant objects to the planned distribution, they have 28 days to lodge a formal objection with the trustee. Any objection will be reviewed by the trustee, and its decision to affirm or vary the original decision will be communicated to all interested parties in the death benefit payment. If the claimant is still not satisfied with the trustee's final decision, they have 28 days to lodge a complaint with the Australian Financial Complaints Authority (AFCA), we'll provide the details about how to do this at that time.

## 5. Payment

Once a decision is made and all beneficiaries accept the trustee's decision, or if a complaint has been made to AFCA and a decision about the payment has been reached, the benefit can be released to the beneficiary(ies) by:

- a lump sum payment to their bank account via EFT; or
- commencing a Pension (available to certain eligible dependants).

## Tax on death benefit payments

The tables below show how the Trustee understands the taxable component of a death benefit payment may be taxed.

	Tax payable on death benefit	
	Super account	Pension (income stream) or Transition to retirement (TTR) account
Payment to a dependant as defined for tax purposes*	Nil	Death benefit paid as a lump sum: Nil tax payable. Death benefit paid as an income stream: If the member or their dependant are over age 60: nil tax payable. If both the member and their dependant are under age 60: • nil tax on the tax-free component • the dependant's marginal tax rate (with a 15% rebate) applies to the taxable component — taxed element.
Payment to a non-dependant As defined for tax purposes*	Nil on the tax -free component For taxed element of the taxable component, the non-dependant's marginal tax rate will apply	
Payment to an estate	Tax is payable on the classification of the beneficiaries. The estate will be required to pay any applicable tax	

\* Please note in the Tax Act, the meaning of the term 'dependant' is slightly different to the meaning in SIS Act. The Tax Act does not count a child over 18 as a dependant whereas SIS classifies any child of the member as a dependant. It is also possible that you may be considered a 'financial dependant' under SIS and not under the Tax Act. **Before deciding on payment, you may wish to seek independent financial advice.**

**Note: The Trustee is not a taxation expert and you should take legal advice on your final taxation position should you want to be certain of your individual situation.**

## Roles and responsibilities

When it comes to applying for a death benefit payment, several parties have a role to play in the claim process.

Party	Responsibilities
You	Complete any documentation sent to you. Provide any information requested by your claims manager, Insurer or the Administrator.
Your Claims Manager	The primary liaison and co-ordinator between the Trustee office, the Insurer and the Administrator regarding your claim. Explain the application process to you and guide you through your claim. Respond to any queries you might have. Keep you updated on the progress of your claim.
The Insurer	Decide if an insured component of a death benefit payment can be made based on the policy definitions and information about the member's insurance cover.
Us	Oversee the claim process. Oversee the conduct of the Insurer and other service providers. Make inquiries about who may be eligible to receive some part or all of the death benefit payment. Complete an independent review when the Insurer doesn't believe an insured portion of a death benefit payment should be made to the Trustee. Decide who will receive and in what proportion a payment should be made. Come to a final decision on payment of the death benefit including on any objection received.

## Need help?

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