

# Estate planning and beneficiaries

## Beneficiaries

Have you contemplated what happens to your super and insurance in the event of your death? Help make sure your super is distributed correctly in the event of your death – nominate a beneficiary.

## What is a beneficiary?

A beneficiary is a person whom you wish to receive your super in the event of your death. With Media Super, you can nominate preferred beneficiaries and your nomination is taken into account when deciding who will receive your super or pension benefit in the event of your death. However, Media Super is bound by superannuation laws to ensure that your dependants are considered even if you haven't listed them as preferred beneficiaries. You can also nominate a reversionary beneficiary who will receive the balance of your death benefit as an income stream. Only spouses, certain children and interdependants are eligible to become reversionary beneficiaries. For more information refer to your *Member Booklet (Product Disclosure Statement)*.

## Who is a dependant?

Dependants eligible to receive your super benefit include:

<b>Spouse</b>	Husband, wife or defacto, including same-sex couples
<b>Children</b>	Natural, step or adopted and children of your spouse
<b>People in an interdependent relationship</b>	Two people are deemed to have an interdependent relationship 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 interdependent relationship also exists if two people have a close personal relationship and the other requirements are satisfied because of physical, intellectual or psychiatric disability.

## What if I don't have any dependants?

If you do not have dependants, you can nominate anyone as your preferred beneficiary but your benefit will be paid at the Trustee's discretion. This usually means that your benefit will be paid to your estate and distributed according to your will or State Law (if you do not have a will).

## How do I nominate a beneficiary?

To nominate beneficiaries with Media Super you can:

- complete a **Change of details – super form** or **Change of details – pension form**, or
- use your online account.

The change of details forms are available at [www.mediasuper.com.au/forms](http://www.mediasuper.com.au/forms).

## Tax on your death benefit

### Paid as a lump sum

When a super or pension death benefit is paid to a dependant as a lump sum, the benefit is tax-free. If your death benefit is paid to a non-dependant, tax is deducted from the taxable component of the benefit at a rate of up to 31.5%.<sup>1</sup>

It is important to note that the definition of 'dependant' is different for tax purposes and means your:

- Spouse or former spouse, including defacto and same-sex couples
- Child under 18
- Financial dependant
- Interdependant (as described in the section "Who is a dependant?")

Example:

John nominates his daughter Emily as his preferred beneficiary. At the time of his death, Emily is 22 and is not financially dependent on him. Under superannuation laws, Emily is eligible to receive John's death benefit as she is considered a dependant. However, she does not satisfy the tax definition of 'dependant'; and is therefore not entitled to receive John's death benefit tax free.

### Paid by regular instalments as a pension

If you currently have a super pension or a transition to retirement pension, your death benefit may be paid as a pension if your beneficiary is a dependant (as described in the section "Who is a dependant?"), although they may elect to receive a lump sum instead. It's important to note that for a child to receive a pension in this way, they must satisfy at least one of these requirements:

- Be aged under 18
- Be financially dependent and aged under 25
- Have a disability as defined under the Disability Services Act 1986

If your child does not satisfy one of the requirements outlined above, your death benefit cannot be paid as a pension, it will be paid as a lump sum.

If your benefit is paid as a pension, the tax treatment is dependent on your age and your beneficiary's age as outlined in the table below.

Your age	Your beneficiary's age	Tax treatment
60 and over	60 and over	Tax free
60 and over	Under 60	Tax free
Under 60	60 and over	Tax free
Under 60	Under 60	Until your beneficiary reaches the age of 60, the following will apply: <b>PAYG Tax</b> Pay as you go tax will be applied to the taxable component of the income received from the pension. This is the same tax that is applied to salary and wages. <b>Pension Tax Offset</b> If your beneficiary has reached his or her preservation age, a 15% tax offset will be applied to any pension income paid from the taxable component. <b>Tax on additional withdrawals</b> If additional withdrawals are made on top of regular pension payments, they will be taxed as lump sums.

<sup>1</sup> This includes the Medicare levy and assumes that the non-dependant has provided their tax file number to us.

## Paid to your estate

In some instances, your benefit may be paid to your estate. The tax treatment is the same as described on the previous page if your benefit is first paid to your estate and then distributed to your beneficiaries, i.e. tax-free if paid to a dependant and taxable on the taxable component if paid to a non-dependant. In this situation your estate is responsible for deducting the appropriate amount of tax.

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