



Centric Super

Death Benefit Nomination Guide

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Contents

Introduction.....3

Types of death benefit nominations offered by the Fund.....3

Who can you nominate as your beneficiary in your death benefit nomination?.....4

Taxation of superannuation death benefits.....5

The importance of making a Death Benefit Beneficiary Nomination.....5

The importance of renewing a lapsing Binding Death Benefit Nomination.....6

What might make a lapsing and non-lapsing Binding Death Benefit Nomination invalid?.....6

What happens if a valid Binding Death Benefit Nomination is not in place at the time of your death?.....7

A step by step guide to making a nomination.....8

Claims Process.....8

Complaints.....9

Introduction

Deciding on who will receive your super death benefit following your death and documenting those wishes correctly can provide some financial security and peace of mind for you and your loved ones. A super death benefit can comprise your superannuation portfolio balance and/or any life insurance death cover you may have at the time of your passing.

You can nominate the beneficiaries and/or Legal Personal Representative (LPR) for your super death benefit, by making a death benefit nomination.

Types of death benefit nominations offered by the Fund

Centric Super allows you to nominate a beneficiary via one of the following nomination types:

- **Binding Death Benefit Nomination (BDBN)** – You are able to nominate who you want your death benefit paid to using a BDBN and, as the Fund’s Trustee, we will be bound by your instructions in your BDBN as to who’ll receive your death benefit, provided the nomination remains valid and in-force at the time of your death.
- **Non-Binding Nomination** – You are able to nominate who you want your death benefit paid to using a non-binding nomination. As the Fund’s Trustee, we will take your wishes into account when distributing the death benefit. However, subject to Fund’s rules and Superannuation Law, we will decide how your death benefit will be paid after considering the needs of your dependants at the time of your death. Making a non-binding nomination means you have significantly less control over the distribution of your death benefit because as the Fund’s Trustee, we will not be bound by your instructions in your Non-Binding Nomination.
- **Reversionary Pension Nomination** - Only members who hold an account-based pension can make a reversionary nomination. If you pass away leaving a valid reversionary nomination, your regular income payments will continue to be paid to your nominated beneficiary until the balance is exhausted or the death of the reversionary pension beneficiary, whichever occurs first.

A BDBN can be either lapsing or non-lapsing. A lapsing BDBN remains in effect for three years from the date it was first signed, last confirmed or amended. Your lapsing BDBN reverts to a non-binding nomination from the date it expires.

A non-lapsing BDBN won’t expire (unless you amend or cancel it), so it doesn’t need to be confirmed or updated every three years. However, it’s important you regularly review your non-lapsing BDBN (similar to any other nomination) to ensure that it continues to reflect your wishes and does not become invalid due to a change in your circumstances.

A BDBN doesn’t take effect until it’s been received and accepted by the Trustee. To be valid, a BDBN should name an eligible beneficiary, be duly completed (names and dates are clear and correct) and comply with witnessing requirements.

If you have a reversionary nomination in place for your pension account and also a BDBN, the BDBN will only be considered if your reversionary beneficiary is deemed invalid at the time of your death. A reversionary nomination can only be changed by commuting your pension and initiating a new pension. Please seek advice before deciding to change or remove a reversionary nomination.

A reversionary beneficiary will have similar rights and obligations as the original member. However, people nominated as a reversionary beneficiary cannot select another reversionary beneficiary for that income stream. A person receiving a reversionary pension will also be unable to combine the reversionary income stream with other Portfolios. They can, however, select to commute the pension to take a lump sum death benefit payment.

Please contact your Nominated Financial Adviser or us on 1300 223 687 to obtain a death benefit nomination form and information on how they should be completed. Instructions on how to make a nomination are also addressed later in this guide.

Who can you nominate as your beneficiary in your death benefit nomination?

Ensuring your nominated beneficiary is a 'dependant' under the fund's rules and Superannuation Law is very important because if your nominated beneficiary is a person who is not or is no longer a dependant at the time of your death, then your nomination will be invalid.

Who is a 'dependant' of a deceased member?

For the purposes of the Superannuation Law, a 'dependant' is defined as:

- Your spouse or de facto partner. This includes:
 - married couples;
 - people who may have registered their relationship as being one of a domestic nature; and
 - another person who, although not legally married to you, lives with you on a genuine domestic basis in a relationship as a couple.
- Any of your children (i.e an adopted child, a step-child, child that was born out of wedlock, a child of your spouse including a de facto partner). Adult children that are not financially dependent can be nominated for a BDBN. The definition of eligible dependants for reversionary nomination is different to eligible dependants for other nominations.
- Under Superannuation Law, a reversionary beneficiary for a pension can be nominated as a spouse (including de facto), a child under 18, a financially dependent child aged 18-25, a child of any age with a disability, or someone in an interdependency relationship.
- Any person with whom you had an interdependency relationship. For this purpose, two persons, whether or not related by family, have an interdependency 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.
- Other financial dependants, which is someone who at the time of your passing had significant reliance on you for regular financial support.
- Your Legal Personal Representative. Where a superannuation death benefit is paid to a deceased person's Legal Personal Representative, it forms part of your estate and is distributed in accordance with the terms of your Will or (where there is no Will) pursuant to the applicable laws of intestacy. A Legal Personal Representative cannot be nominated as a Reversionary Pension nomination.

- For a reversionary pension, if you nominate your child (under 18) as a reversionary beneficiary, you should be aware that restrictions apply to the continuation of pension payments to a child aged 18 or more.

Taxation of superannuation death benefits

Superannuation Law outlines who you can nominate as a beneficiary (i.e., a 'Superannuation Dependant'), while the taxation of the death benefit depends on whether the beneficiary qualifies as a 'Death Benefit Dependant' under Tax Law.

A 'death benefit dependant' under Tax Law is defined as:

- Your spouse or de facto spouse;
- Your former spouse or former de facto spouse;
- Your child, aged less than 18 years;
- Any person with whom you had an interdependency relationship just before your passing; or
- Any other person dependant on you just before your passing.

If you nominate a beneficiary who is both a dependant under Superannuation Law and a Death Benefit Dependant under Tax Law, your death benefit will generally be paid to them tax-free. However, if your beneficiary does not qualify as a Death Benefit Dependant, tax will typically be payable. The amount of tax depends on various factors, and you should seek professional advice to understand how these rules apply to your specific circumstances.

You can learn more about dependants on the Australian Taxation Office (ATO) website.

The importance of making a death benefit beneficiary nomination

If you leave a binding death benefit nomination (BDBN) that is valid and in effect at the date of your death, we are bound to pay your death benefit to the beneficiaries you've nominated in the proportions set out in your nomination.

A BDBN has the following advantages:

- It can provide you with greater certainty about who'll receive your death benefit in the event of your death. This removes a potential source of conflict between your loved ones.
- The death claim process will be simpler as the death benefit should be paid directly to your nominated beneficiaries as per your wishes outlined in the BDBN. This will avoid unnecessary delays and costs, including legal cost (i.e. remove the need for the probate process). Also, further investigations are not required to identify all potential beneficiaries based on their individual financial circumstances.
- If a BDBN is prepared as part of a properly executed financial plan, it can help minimise risk and tax for intended beneficiaries. For example, beneficiaries eligible to receive the death benefit tax-free (i.e. current spouse, current de-facto partner, minor children, persons who are financially dependent on the member or in an interdependent relationship with the member) could be nominated in your BDBN while other dependants (i.e. adult children) could receive alternative assets.
- By removing the requirement for Trustee discretion, a BDBN may reduce the processing time to make payment of the benefit, as Trustee discretion is not required to determine where the death benefit is paid.

If you have a lapsing BDBN in place, you should ensure your nomination is up-to-date so it reflects your current circumstances and wishes. If you update your BDBN regularly, you may be able to avoid undesired outcomes.

The importance of renewing a lapsing Binding Death Benefit Nomination

A lapsing BDBN expires after three (3) years unless renewed. If you do not renew your lapsing BDBN, the Trustee will consider it as a non-binding death benefit nomination. In this case we will not be legally bound to pay the death benefit according to your instructions and there is no guarantee that the benefit will be paid to the beneficiaries nominated. While the Trustee will take your expired nomination into account, subject to Fund's rules and the Superannuation Law, we will decide how the death benefit is paid. As a result, you will have significantly less control over the distribution of benefits.

The importance of reviewing and updating a nomination when circumstances change

Regardless of whether a BDBN is nearing expiry, if your circumstances change (e.g. by marriage, birth of a child, change of the status of a relationship including divorce or separation, death of a dependent nominated in your BDBN, or an alteration to financial situation) you should consider and potentially seek advice on whether the nominated beneficiaries continue to be dependants in line with the Fund's Rules and the Superannuation Law. A BDBN will be invalid if one or more individuals nominated are not dependants at the time of death notwithstanding the BDBN is well within the 3-year validity period.

If you do not review and update a lapsing BDBN periodically then there's a risk that your intentions are not up-to-date and loved ones are not provided for according to your wishes. Potential beneficiaries may also have to:

- go through a process which can be significantly more complex in relation to distribution of the death benefit;
- incur additional costs to seek professional assistance to prove their eligibility for the benefit; and
- experience delays in finalising the claim, especially if a potential beneficiary has objected to the death benefit distribution we propose.

What might make a lapsing and non-lapsing Binding Death Benefit Nomination invalid

As mentioned, a BDBN can be either lapsing or non-lapsing.

A lapsing or non-lapsing BDBN is *invalid* if:

1. Compulsory information in the BDBN is not completed clearly and without amendments. These items are:
 - Names of beneficiaries
 - Type of valid beneficiaries (each beneficiary nominated must be dependant at the date of your death – i.e. spouse, child, legal personal representative, financial dependant or interdependent)
 - The allocation of your death benefit among your beneficiaries is not clearly set out.
 - The percentage of benefit allocated to each beneficiary must total 100% (i.e. 33% + 33% + 34%; or 33.3% + 33.3% + 33.4%; or 10% + 30% + 60%; etc.)

- The BDBN must be signed by hand using a pen and dated by you and two witnesses over the age of 18 who are not beneficiaries named in the BDBN. Electronic signatures are not permitted. All signatures must be on the same date.

2. We receive your BDBN after the date of your death

3. Your BDBN is signed or renewed under Power of Attorney (POA) where:

- the POA does not authorise the attorney to sign or renew a BDBN; and/or
- the attorney is a potential beneficiary of your death benefit (directly or indirectly).

We recommend that you seek legal advice if your BDBN is required to be signed under POA.

What happens if a valid Binding Death Benefit Nomination is not in place at the time of your death

If you pass away without leaving a valid BDBN, you will not have the final say over who receives your death benefit and, subject to the Fund's Rules and Superannuation Law, the Trustee will decide which of your dependants and/or Legal Personal Representative will receive the death benefit and in what proportions. Nominating a beneficiary now can provide clarity about who you want to receive your death benefit upon your death and help avoid arguments between your loved ones.

If we cannot identify a dependant or Legal Personal Representative after reasonable enquiries, we may distribute your death benefit to other persons in accordance with the Fund's Rules (e.g. your parents or siblings) or pay it as unclaimed superannuation to the Australian Taxation Office. If paid to the Australian Taxation Office, the benefit can still be claimed.

You can learn more about this process on the Australian Taxation Office website.

Ensuring a valid BDBN is in place at the time of death helps streamline the distribution of death benefits, reducing paperwork, delays, uncertainty and burden on potential beneficiaries, and creating a more efficient system for death benefits.

A step by step guide to making a nomination

In order to make a nomination you will need to complete the Beneficiary Nomination Form available on the Client portal. You can access the form under the ‘Documents’ tab within the ‘Literature Library’ section. Alternatively, this form is available through your Nominated Financial Adviser. If you have trouble accessing the form please contact us directly on 1300 223 687.

Once complete, you can provide this form to your Nominated Financial Adviser who can provide this to us on your behalf. Otherwise, you can provide this to us directly via the Client Portal by following these steps.

1. Within the ‘Documents’ tab click the ‘Upload’ button.
2. Select ‘About My Account’ under Type.
3. Select ‘Beneficiary Nomination Form’ under the Select Category drop down menu.
4. Click ‘Upload File’ and select the file from your device.
5. Click ‘Add Document’.

Claims Process

For further details on the steps your beneficiaries need to follow in claiming your death benefit, please refer to the Centric Super Death Benefit Claim Guide. This document is available at centricwealth.com.au/policies

Complaints

Resolving complaints is a priority for us. As a first step, please contact us if you would like to make a complaint or have concerns about the products and services we provide. The contact details are:

Complaints Officer

1300 223 687

complaints@centricwealth.com.au

PO Box 446, Flinders Lane Melbourne VIC 8009

We will let you know that we have received your complaint and will work with you to try to resolve your complaint quickly and fairly in accordance with our internal dispute resolution process. We will respond within 45 days of receipt (*90 days for superannuation death benefit distribution complaints). If an issue has not been resolved to your satisfaction, you may lodge a complaint with the Australian Financial Complaints Authority (AFCA).

*The maximum timeframe for a response for complaints about superannuation death benefit distributions is no later than 90 calendar days after the expiry of the 28-calendar day period for objecting to a proposed death benefit distribution.

There are many variables that can affect complaint response times. This includes the complexity of the issues raised and the availability of information, including from third parties. Any delays in managing your complaint will be communicated to you within the response timeframe.

You may also lodge a complaint directly with AFCA although AFCA may not deal with a complaint and will likely refer the matter back to us if you have not previously raised the matter with us. AFCA's contact details are set out below.

Australian Financial Complaints Authority (AFCA)

Australian Financial Complaints Authority,

GPO Box 3, Melbourne VIC 3001

1800 931 678 (free call)

info@afca.org.au

afca.org.au

AFCA provides fair and independent financial services complaint resolution that is free to consumers. Time limits may apply to complain to AFCA so you should act promptly or otherwise consult the AFCA website to find out if or when the time limit relevant to your circumstances expires.

Please contact for assistance

Please contact your Nominated Financial Adviser or us on 1300 223 687 if you have any queries or need assistance.

The information in this guide is factual in nature and does not take account of your personal objectives, financial situation or needs. It reflects our understanding of existing legislation, proposed legislation, rulings etc as at the date of issue, and may be subject to change. Before deciding whether a particular product is appropriate for you, please read the relevant Product Disclosure Statement including any incorporated information, Target Market Determination and Financial Services Guide available at <https://www.centricwealth.com.au/disclosure> and consider speaking with a financial adviser.

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