

Binding death benefit nomination

This factsheet explains how binding nominations work and how you can set up a binding nomination on your account in the Fund.

A binding death benefit nomination allows you to nominate who will receive your superannuation benefits in the event of your death and ensures that the trustee is legally bound by your wishes.

Our members can make binding death benefit nominations on their accounts.

Generally, without a binding death benefit nomination in place, a trustee of a fund must follow trust deed rules when deciding who to pay the benefits to. In making its decision the trustee will be guided by any non-binding nominations and a number of other factors including your relationship with each of your dependants, their level of dependency or inter-dependency on you, the dictates of your Will, etc.

The decision may not always result in an equitable distribution of your superannuation benefit or one that satisfies your dependants.

By removing uncertainty from the decision-making process, a binding death benefit nomination helps you manage your estate planning process effectively and plan a tax strategy for death benefit payments.

In addition, by nominating who should receive your benefit and stipulating the amount they should receive, you may save your estate from costly litigation by dependants making competing claims on your superannuation benefits.

It doesn't cost you anything to set up a binding death benefit nomination for your account, but getting it right and making sure that you review your nomination as your personal circumstances change is important.

We offer both binding and non-binding death benefit nomination options on your account.

The distinction between the two is that a binding nomination (if it is valid), stays in force for a (renewable) three year period and the trustee must pay the benefit to the beneficiaries* you have nominated in the proportions that you have stipulated.

A non-binding nomination is used by the trustee only as a guide when deciding who should receive your death benefit. The trustee has ultimate discretion on who receives the benefit and how much each beneficiary* receives.

A non-binding nomination does not have an expiry date and therefore, does not need to be renewed.

* See glossary for more information.

Binding vs non-binding nominations

Who can you nominate as a beneficiary?

You can only nominate certain categories of people under superannuation law to receive your super benefit on death. These categories are:

- eligible dependants
- legal personal representative (LPR).

Eligible dependants

Eligible dependants are defined by superannuation law as:

- spouse (including a de facto, same-sex or opposite-sex spouse)
- child (including adopted, step, ex-nuptial children, children of your spouse, children within the meaning of the Family Law Act 1975, and adult children, whether or not they are financially dependent on you)
- person with whom you may have an interdependency relationship*
- person financially dependent on you at the time of your death.

If you make a binding nomination, the dependants you nominate must be eligible dependants as defined above, otherwise your binding nomination will be invalid.

To set up a binding death benefit nomination, you need to complete a Binding death benefit nomination form for each of the memberships you have.

Forms can be found in the Resources Hub of your personalised member homepage or by contacting us.

LPR

You can nominate your LPR or LPRs in a death benefit nomination. LPR is defined in the Fund's trust deed, and includes:

- the executor of a will
- the administrator of the estate of a deceased person
- a person who holds an enduring power of attorney on behalf of a member.

Please note, where you nominate an executor or an administrator, you may wish to nominate the 'Executor' or 'Administrator' instead of actually naming the individual(s) or body corporate that you envisage will hold that office. This may avoid a situation where a nomination is declared invalid should a named executor or administrator fail or refuse to act.

When you complete the form you must ensure that you tick the type of beneficiary they are, such as, spouse, child, financial dependant, person with whom you have an interdependency relationship and/or LPR.*

Benefit distribution

You can nominate one or more dependants or a combination of dependants and your LPR to receive your benefits on death.

For a binding nomination to be valid the percentages you stipulate must add up to 100% of your benefit.

If any of the beneficiaries* nominated in your form, die before you do, your binding nomination will become invalid because 100% of your benefit will not be accounted for.

Witnessing the form

Your *Binding death benefit nomination* form must be witnessed by two adults (over the age of 18) who are not your nominated beneficiaries*.

They must sign a declaration stating that you signed and dated the binding death benefit nomination form in their presence.

* See glossary for more information.

Renewing a binding death benefit nomination

For a binding nomination to be in force and apply to your nominated account or accounts you must have received acknowledgement from the trustee that the nomination is in place. A binding death benefit nomination expires three years from the day after the date of your signature.

The trustee will send you a renewal notice before your current binding nomination is due to expire. If you wish to renew your binding nomination for a further three years just sign and return the form.

Your annual benefit statement will include details of your current binding nomination:

- the names and relationships of your current beneficiaries
- the proportions that you have stipulated for each beneficiary
- the expiry date of your nomination.

If you wish to renew and extend the life of a current binding death benefit nomination you can do so at any time (before it expires) by completing a [Renewal of binding death benefit nomination](#) form and sending it to us.

If a binding death benefit nomination expires you cannot renew it and you will have to complete a new [Binding death benefit nomination](#) form.

A renewal of a current binding death benefit nomination does not need to be witnessed.

Cancelling a current binding death benefit nomination

You can cancel a current binding death benefit nomination at any time by completing and sending us a [Revocation of binding death benefit nomination](#) form.

You can override a current binding death benefit nomination by sending in a new [Binding death benefit nomination](#) form.

In both cases, the completed form must be signed, dated and witnessed as stipulated on the form.

How does a binding death benefit nomination become invalid?

A binding death benefit nomination could become invalid for a number of reasons, including:

- it expires after three years
- you revoke it
- you send a new binding death benefit nomination to the trustee
- your instructions are not clear
- the benefit percentages you stipulate do not add up to 100%
- the form is not witnessed or signed appropriately
- your beneficiaries do not fall into the categories defined under superannuation law (see the section Who can you nominate as a beneficiary?)
- one or more of your beneficiaries* die before you die.

It is important that you review your binding death benefit nomination as your (and your beneficiaries*) personal circumstances change. Your nominated beneficiaries* must fall into a category defined under superannuation law, at both the set up stage and the death benefit assessment stage.

If a binding nomination is valid, the trustee must follow it no matter how your circumstances have changed. An example of this is if you separated from a spouse who had been nominated as a beneficiary in your binding death benefit nomination. A separated (but not divorced) spouse would still be considered a dependant under superannuation law.

Certain circumstances, such as a divorce, or the death of a nominated dependant would make your binding death benefit nomination invalid.

* See glossary for more information.



If for any reason a binding death benefit nomination is invalid, it expires or is revoked, it will not be binding on the trustee of the Fund.

Therefore the trustee retains the discretion of distributing the death benefit according to the terms of the trust deed governing the Fund.

Points to note

You can make a non-binding death benefit nomination online by logging in at smartMonday.com.au.

- By making a binding nomination you invalidate any previous binding or non-binding nominations that you might have made while a member of the Fund.
- A nomination will be binding on the trustee only if it is considered valid and when it is received and acknowledged by the trustee.
- If you wish to hold binding nominations for all your memberships in smartMonday products, you must complete separate *Binding death benefit nomination* forms for each of the accounts.
- If there is a court order, a family law agreement or a flagging order placed by a court on an account the trustee may be prevented from complying with your binding nomination on that account.
- Incomplete *Binding death benefit nomination* forms will be returned to you and your binding death benefit nomination will not be in force until a correctly completed form is received and acknowledged by the trustee.
- Your nominated beneficiaries/LPRs will receive lump sum payments in the proportions you have stipulated in your *Binding death benefit nomination* form.
- If any family members, next of kin or LPRs contest the terms of a nomination or any legal proceedings arise from a nomination at the death benefit stage, the trustee will recoup the cost of resolving the dispute, including litigation, from the death benefit payable by the Fund.

You must send the completed original Binding death benefit nomination form to us.

We will not accept faxed or photocopied forms, and may not accept forms containing corrections.

Personal information and privacy

Unless required or authorised by law, we will only provide your personal information to authorised service providers and other Aon companies who use the information to administer your account and provide services to you.

For more information about privacy, including a copy of Aon's privacy policy, call us or visit smartMonday.com.au.

Estate planning and tax

You should consult a licensed financial planner before making any decisions regarding a binding death benefit nomination, as there are significant tax and estate planning consequences.

Please see the information on binding death nominations in your current Product Disclosure Statement (PDS). You can download a PDS from our website smartMonday.com.au.

Beneficiary

The term 'beneficiaries' covers dependants and LPR(s).

Interdependency relationship

For the purposes of superannuation law, two people have an interdependency relationship if:

- a. they have a close personal relationship; and
- b. they live together; and
- c. one or each of them provides the other with financial support; and
- d. one or each of them provides the other with domestic support and personal care (other than under an employment contract or a contract for services or on behalf of another person or organisation such as a government agency, a body corporate or a benevolent or charitable organisation).


If two persons (whether or not related by family) satisfy (a) and they do not satisfy (b), (c) and (d) and the reason they do not satisfy (b), (c) and (d) is that either of these two persons suffer from a disability, or they are temporarily living apart, they will still have an interdependency relationship.

If two persons satisfy (a) (b) and (c) but not (d) and one of them provides the other with support and care of a type and quality normally provided in a close personal relationship rather than by a mere friend or flatmate, they will still have an interdependency relationship.

It all adds up



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