



Welcome to our latest edition of the Informed Investor newsletter.

As always, should you have any questions or would like some further information, please get in touch and we'll be happy to help.

Make sure your super goes to your loved ones

While a Will states how you would like your hard-earned assets to be distributed, it doesn't automatically include your super. That's because, unlike directly owned property or shares, super doesn't necessarily form a part of your estate. The super fund trustee will distribute it in accordance with super law and the fund's trust deed and those decisions may not be what you had in mind.

That's why it's important to let your super fund know your wishes. Creating a valid binding death benefit nomination will bind the trustee to pay the death benefit according to your wishes.

A binding death benefit nomination is one of a variety of nominations – outlined below – which legally allows you to advise or bind the trustee to pay your super benefit to who you want when you die, provided the nominees meet certain eligibility criteria.

1. No nomination

If there is no nomination, the trustee has discretion and often pays the super benefit to the estate. In this situation there is a chance your super benefits could go to someone you didn't intend them to go to.

2. Non-binding death benefit nomination

When there is a non-binding death benefit nomination you can tell the trustee who you want your super benefits to go to. It will be considered by the trustee, but is not binding. The trustee can still exercise discretion which may suit you if your situation has changed. Ultimately, the trustee will make the decision as to who to pay your super benefits to.

3. Binding death benefit nomination

With a binding death benefit nomination the trustee must pay super benefits to the nominated dependants and in the proportions you set out. However your nomination must be renewed every three years to remain valid.

Contact Us

Mark Power
Evolution Road Wealth Management
Suite 5, 16 Clarence Street
Port Macquarie NSW 2444
Ph: (02) 6590 1030
mpower@evoroad.com.au
www.evoroad.com.au

Who can you nominate as a beneficiary?

There are government regulations around who can receive a superannuation benefit – it's not whoever you wish. The beneficiary must be a 'dependant'.

A dependant is:

- a spouse or de facto spouse
- children of any age, including step-children, adopted or children from previous relationships
- someone who is financially dependent on you
- someone in an interdependency relationship with you, such as a close living arrangement where one or both provides the financial, domestic, and personal support of the other.

In a situation where there is no nomination made, either binding or non-binding, then the super fund trustee will distribute your benefit in accordance with super law and the trust deed. In practice, this generally means the member's spouse or other dependants such as their children. In cases where the member doesn't have any dependants then it will most likely be paid to your personal legal representative.

Source: IOOF

For further information please contact Mark Power on (02) 6590 1030 or email mpower@evoroad.com.au

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