

## Nominating Beneficiaries

This Fact Sheet only applies to members of the Retirement scheme.

**Please note:** If you are a member of the Retirement Scheme who has a reversionary spouse entitlement because of your predecessor scheme membership, then you should note that the reversionary pension can only be paid to the spouse. Where a member has a reversionary spouse entitlement and the member makes a binding nomination, the binding nomination will not be valid. The member's spouse will continue to be entitled to the reversionary spouse entitlement. In all other cases where a death benefit becomes payable the trustee will follow your binding nomination.

Nobody likes to think about what would happen if they should die. For most people, superannuation is a significant asset, so it is important that you consider where it should be paid in the event of your death.

The Trust Deed that governs Local Government Super (LGS) has specific rules about the payment of death benefits. As a member, you have the option to make:

- a binding nomination; or
- no nomination at all.

### What is a binding nomination?

A binding nomination means that the Trustee must pay the benefit in accordance with your instruction.

Making a binding nomination means you have the final say, so you can ensure that your super is paid, as you want, after your death.

You can make a binding nomination in favour of:

- One or more of your dependants

and/or

- Your Legal Personal Representative (the executor of your will or administrator of your estate).

**In the event of your death, the Trustee must pay your benefit in accordance with your valid binding nomination to your Legal Personal Representative and/or dependant(s) if all your nominated dependants survive you and are your dependants at the time of your death.**

## What is the definition of dependant?

At the time of your death, a dependant is defined under superannuation law to include:

- Your spouse
- Your child or children
- Any other dependant; and
- Any other person with whom you had an “interdependency relationship”\*.

\*Two persons have an interdependency relationship if:

- They have a close personal relationship; and
- They live together; and
- 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.

## Can I nominate more than one beneficiary?

Yes, you may nominate a combination of one or more of your dependants, and/or your Legal Personal Representative as your beneficiaries, and you will need to specify the proportion of the benefit that will be paid to each beneficiary.

To be valid, each benefit allocation percentage must be a whole number with the total allocation equalling 100%. For example, if you nominate 3 beneficiaries, you may wish to allocate the percentages as 33%, 33% and 34%.

## How do I make a valid binding death benefit nomination?

To make a binding death benefit nomination you must complete the ‘Binding Nomination’ form available from Member Services or our website and return it to us.

For the Trustee to consider your binding nomination form to be valid and effective:

- The form must state the proportion of the benefit that will be paid to each such beneficiary (in whole numbers) with the total allocation equalling 100% of the benefit
- It must be signed and dated by you in the presence of two witnesses who are at least 18 years old AND are not a person nominated on the form. The witnesses must sign and date their declaration on the same date as you sign the form.

There are strict legal requirements for a binding nomination to be validly made and to remain valid. You can amend or revoke your nomination at any time. To remain valid, a binding nomination must be renewed at least every 3 years.

When you make a valid binding nomination we will confirm in writing back to you that the nomination has been made. If you make a binding nomination that we consider to be invalid we will write to you advising that we are unable to accept the binding nomination.

## When does a valid binding nomination become effective and how long does it last?

If you make a valid binding nomination it becomes effective from the date of signing.

A binding nomination will usually expire and cease to have effect 3 years after being made or last amended. You can confirm or amend it at any time by completing the 'Binding Nomination' form and returning it to us, which extends the term for another 3 years from the date of signing.

The Trustee must follow a valid binding nomination, regardless of whether your circumstances have changed, so it is important that you keep it up to date.

## Payment of a death benefit where you have not made a nomination or your nomination is invalid

- (a) If your binding death benefit nomination notice is not valid at the time of your death; or
- (b) If you have not made a nomination

The Trustee will, at its discretion, pay the benefit to one or more of your Legal Personal Representative or dependants.

Where benefits are paid to your Legal Personal Representative, the lump sum will form part of your estate. If you die leaving a Will, your estate will be distributed according to your Will. If you do not leave a Will and letters of administration for your estate have been taken out, the benefit will be distributed according to law.

## What if I want my superannuation death benefit to go to an organisation like a charity?

The Trustee cannot pay your death benefit to an organisation like a charity. However if you make a binding nomination to your Legal Personal Representative, and you have included the charity in your will, your estate would be distributed accordingly.

## More information

If you would like to discuss any of this information or would like further details, please call Member Services on 1300 369 901.

Issued by LGSS Pty Limited (ABN 68 078 003 497) (AFSL 383558), as Trustee for Local Government Superannuation Scheme – Pool A (ABN 74 925 979 278) and Pool B (ABN 28 901 371 321) – collectively known as Local Government Super. This document contains general information only and is not intended to be a substitute for advice. It does not take into account any individual's or organisation's investment objectives, financial situation or particular needs. Accordingly any individual or organisation should seek professional advice that takes account of investment objectives, financial situation, and particular needs before making a decision in relation to any of the matters covered in this document. Date issued: 16 May 2011