

# Managing a death in super

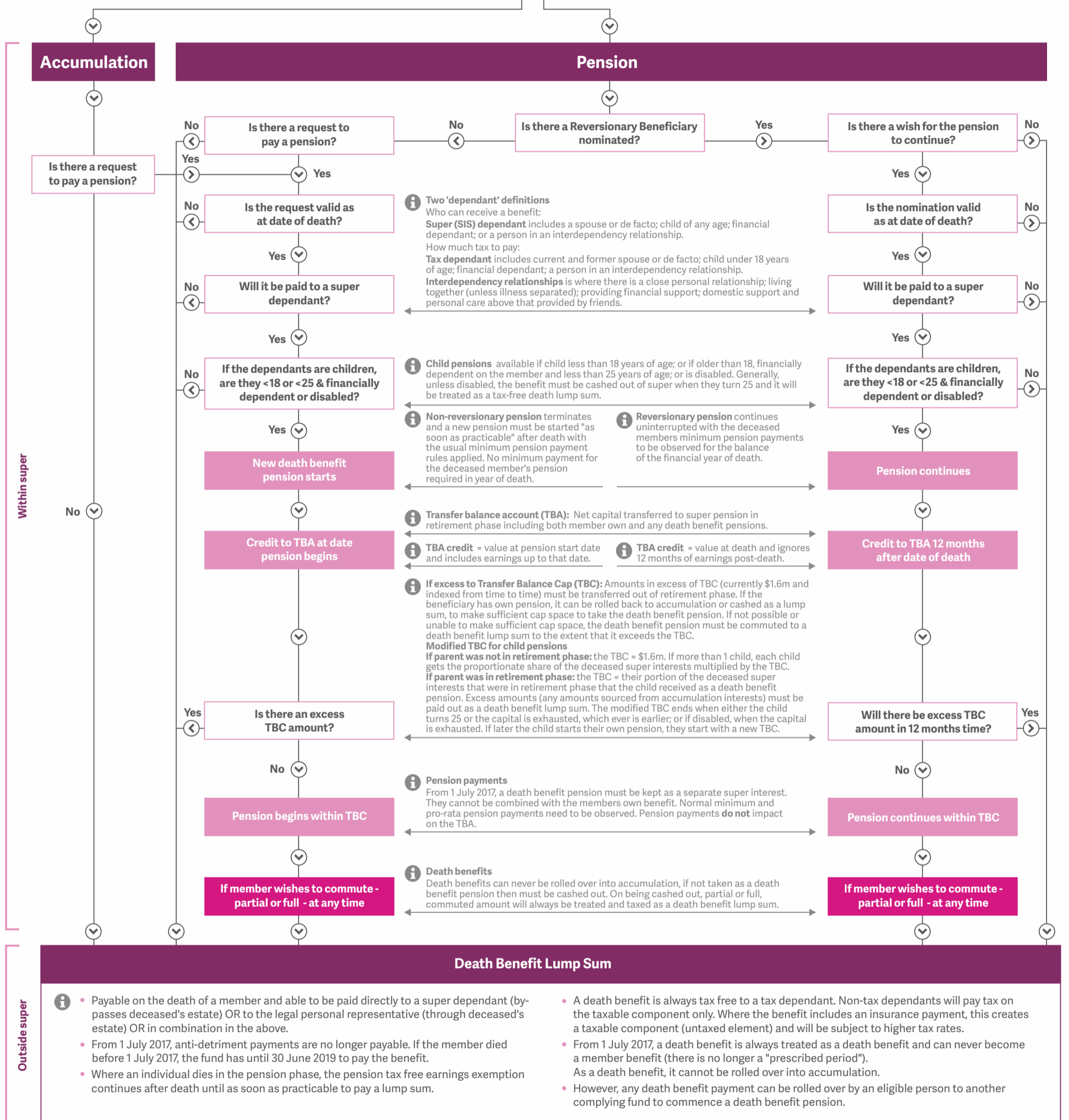
- Consideration
- Outcome
- Action required

**i** Upon death, benefits must be cashed as soon as practicable - either taking a lump sum or, if a dependant, a lump sum or a pension. Subject to Fund rules, one can choose at any time before death how the death benefits are to be dealt with - binding or non-binding nomination, a reversionary pension, or do nothing and allow trustees discretion.

## Did the death\* occur in accumulation or pension phase?

**i** If the trustee cannot find a dependant or Legal Personal Representative (LPR), subject to Fund rules, it may pay the benefit to another person on a fair and reasonable basis to those likely to have an interest in the payment.

**i** Where reversionary pension is in place, member should not overlay with a binding nomination.



### Death Benefit Lump Sum

- i** Payable on the death of a member and able to be paid directly to a super dependant (bypasses deceased's estate) OR to the legal personal representative (through deceased's estate) OR in combination in the above.
- From 1 July 2017, anti-detriment payments are no longer payable. If the member died before 1 July 2017, the fund has until 30 June 2019 to pay the benefit.
- Where an individual dies in the pension phase, the pension tax free earnings exemption continues after death until as soon as practicable to pay a lump sum.
- A death benefit is always tax free to a tax dependant. Non-tax dependants will pay tax on the taxable component only. Where the benefit includes an insurance payment, this creates a taxable component (untaxed element) and will be subject to higher tax rates.
- From 1 July 2017, a death benefit is always treated as a death benefit and can never become a member benefit (there is no longer a "prescribed period"). As a death benefit, it cannot be rolled over into accumulation.
- However, any death benefit payment can be rolled over by an eligible person to another complying fund to commence a death benefit pension.

### Lump sum tax rates (excludes Medicare levy)

Recipient	Tax free component	Taxable component (taxed element)	Taxable component (untaxed element)
Death benefit dependant	0%	0%	0%
Death benefit non-dependant	0%	15%	30%

### Pension tax rates (excludes Medicare levy)

Age of deceased	Age of recipient	Tax free proportion	Taxable proportion (taxed element)	Taxable proportion (untaxed element)
60 & above	Any age	0%	0%	0%
Under age 60	60 & above	0%	0%	MTR - 10% tax offset
	Under age 60	0%	MTR - 15% tax offset	MTR - with no tax offset

\*Excludes death considerations for those who die with a TRIS, TAP, or an unfunded scheme. Important: This guide only applies to death on and after 1 July 2017.

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