

How to claim a death benefit

This guide will help you understand how to apply for a death benefit payment.

We understand this can be a difficult time and aim to make the claim process smooth and simple. We're here to help you understand what you need to do and make sure you're informed from beginning to end.

For further information, refer to the relevant *Insurance Handbook* and Product Disclosure Statement (PDS) available at [aware.com.au/pds](https://www.aware.com.au/pds)

What to expect in this guide

1 How we work with you

An overview of the service you can expect from us.

2 Our claims process

The five steps to assess your claim and reach an outcome.

3 Your questions answered

Have questions? You might find the answer here.

1. How we work with you

We'll connect you with your Aware Super case manager, who will oversee your assessment and keep you updated.

We can also help you complete the forms over the phone and give you tips on how to find any supporting documents you need.

Generally, it takes 2-3 months to fully assess a claim, provided everything was in order when the member died.

If you have any questions or concerns, just give us a call or email us – we're here to help.

2. Our claims process



1. Contact us



2. Claim paperwork



3. Claim assessment



4. Claim decision



5. Outcome

2. Our claims process



1. Contact us

- There are two ways to start the death benefit claim:
 - You can use our online notification system at **aware.com.au**
 - You can call us on **1300 650 873**, Monday to Friday 8:00am to 7:00pm (AEST/AEDT) to let us know what's happened as soon as you can.
- You'll need to have the late member's super account information ready so we can make sure we are referring to the right person. This may include their membership number, account number, date of birth and date of death.
- We'll ask some questions to help us send you the right claim pack and information.
- We'll then transfer the late member's super account balance to the Cash investment option to reduce the chance of negative returns.



2. Claim paperwork

- You'll receive a claim pack which will include:
 - a claim form, which also outlines the list of documents you need to provide with your claim
 - the name and phone number of your dedicated Aware Super case manager
 - confirmation if a nominated beneficiary is listed on the account
 - confirmation of the late member's estimated super account balance and whether there is a potential death insured benefit payable (which is subject to insurer assessment).
- We can only assess your claim once we have all the necessary paperwork.
- Some of your documents will need to be certified. To check how to certify a document go to **aware.com.au/verify** or read the claim form provided in your claim pack.



3. Claim assessment

- When you return your completed paperwork, we'll check to make sure we have everything we need. If there is something missing or incomplete, we'll let you know.
- Once we have everything, we'll start assessing your claim:

- We'll submit the claim to the insurer (if applicable), who'll decide whether to accept or decline the insurance claim and will let us know the outcome. If the claim is approved, the insured benefit will be added to the late member's super account balance and invested in the Cash investment option.
- We'll attempt to identify all potential beneficiaries who may have a claim to the benefit, in line with our legal obligations and the fund rules.
- During this process, we often need more information, especially if there are multiple claimants. If this happens, this step could take some time. Your case manager will let you know if there are any delays.



4. Claim decision

- If there is a valid binding beneficiary nomination on the late member's super account at the time of their death, generally we're required by law to pay the death benefit to the nominated beneficiaries.
- If there's no valid binding nomination on the super account, we pay the death benefit based on super law, the fund rules and the claim information we've received.
- Where there are several potential beneficiaries, and depending on the circumstances, we'll let them know how the death benefit will be paid, giving them 28 days to accept the decision or lodge an objection. If an objection is received, the benefit will not be paid until it's resolved.



5. Outcome

- Where there is no objection to our proposed payment decision, we'll request payment instructions from the relevant beneficiaries.
- The total death benefit payable will include the late member's super account balance plus any insured benefit (if applicable).
- Payment is made to the beneficiary's nominated bank account using electronic funds transfer (EFT). A beneficiary can also choose to receive their benefit as an income stream (pension) in certain circumstances. Talk to your case manager if you're interested in this option.
- Payments to estates are usually made via EFT to a bank account in the estate's name.

3. Your questions answered

What is a death benefit?

This is the benefit payable from a super fund when a fund member dies. It consists of the member's super account balance and any death cover (insured benefit) that may be payable, plus any earnings on the super balance to the date of payment, less any fees and any tax (if applicable).

Who can receive a death benefit?

Generally, a super death benefit can only be paid to:

- a) the late member's legal personal representative (LPR), and/or
- b) one or more of their dependants.

If we are unable to find a LPR or a dependant after making reasonable enquiries we may pay the benefit to another person.

Who is considered a dependant?

Dependants include the member's spouse or de facto spouse, children and anyone who was financially dependent on the member, or in an interdependency relationship with them, when they died.

A **Spouse or de facto spouse** is someone (whether of the same sex or a different sex) with whom the member is in a relationship that is registered under a law of a State or Territory, or another person who, although not legally married to the person, lives with the person on a genuine domestic basis in a relationship as a couple.

A **Child** includes:

- a) an adopted child, a stepchild or an ex-nuptial child of the member
- b) a child of the member's spouse, and
- c) someone who is a child of the member within the meaning of the *Family Law Act 1975*.

There is no age limit imposed on this definition. This means that an adult child can apply for a death benefit, but minor children and financially dependent children will be considered first.

Where we decide to pay to a child under age 18, we may need a surviving parent or guardian to accept the benefit in trust for the minor child or children.

A **financial dependant** is someone who relied on the member to help them meet their daily living expenses and any shared financial commitments.

An **interdependency relationship** exists when two people have a close personal relationship and live together, and one or each of them provides the other with financial and domestic support, and personal care. An interdependency relationship may also exist if two people have a 'close personal relationship' which does not meet the other criteria, because one or both suffer from a disability, or they are temporarily living apart.

Who is considered a Legal Personal Representative (LPR)?

The LPR is an executor named in the late member's will who can be granted Probate (which authorises the executor to manage the member's estate in accordance with the will). If there is no will, the LPR is the administrator of the late member's estate, who has been granted Letters of Administration.

What if there are no dependants or an LPR to pay the benefit to?

If there are no dependants or LPR, we will consider paying the death benefit to another person.

It is important to understand that super doesn't automatically form part of an estate. Its purpose is not to pay the debts of the member's estate, but to provide for those who had a right to look to the member for financial support had the member not died. This means that where there are known dependants, we will usually consider their claims as a priority over an estate.



What if there is a binding death benefit nomination on the account?

Where a member has a **valid binding** death benefit nomination in effect at the time of their death, we are generally legally bound to pay the death benefit as per the nomination.

Where there is a **non-binding** nomination, we will consider any nominated beneficiaries. However, as we are not legally bound by the nomination, we will need to decide how the benefit can be paid (in accordance with super law and the fund rules) after all potential beneficiary applications and the necessary documents have been received.

How can I help speed up the claim?

Generally, the easiest way to speed up your claim is to provide all requested documents with your application and to respond to requests quickly. We have a duty to pay a member's benefit without unnecessary delay.

Where we've been advised of a member's death and are unable to contact a beneficiary after several attempts, we must report and pay unclaimed super monies to the Australian Taxation Office (ATO). This is because we cannot ensure payment of the benefit to a person entitled to receive the benefit. To find out more details about ATO unclaimed monies, go to ato.gov.au

What are everyone's roles and responsibilities?

We, as the trustee will*:

- assign an Aware Super case manager to the claim who will:
 - explain the claim process to you and help guide you through it
 - answer any queries you might have, and
 - keep you and identified beneficiaries updated on the progress of the claim.
- oversee the claim assessment process and minimise any delays
- oversee the conduct and timeframes of the insurer and other service providers
- complete an independent review if the insurer declines the claim, to check the decision is fair and reasonable
- decide who is eligible to receive the death

benefit and arrange payment of the late member's super account balance and any death insured benefit (if applicable), less any relevant tax.

The insurer will*:

- review the documents and request more information if needed
- assess if a death insured benefit is payable based on the policy terms and conditions
- if approved, pay the death insured benefit to the late member's Aware Super account
- notify us if they are likely to decline the claim. They will give us the necessary information to review the decision and provide information for further assessment.

**In line with the standards and timeframes set out in the Financial Services Council's:*

- *Standard on Claims Handling for Superannuation Funds*
- *Life Insurance Code of Practice*

What happens if I'm not happy with the decision?

If a claimant objects to how we propose to distribute the death benefit, they can submit a complaint. We will review their concerns and provide a response. If they are not satisfied with our decision, they can contact the Australian Financial Complaints Authority (AFCA). AFCA is an independent body set up by the government to help resolve complaints relating to superannuation, including the payment of death benefits. We'll provide further details about this process and AFCA's contact details if required.

How long does the claim take to be assessed and a decision made?

It generally takes five business days to review your claim paperwork and decide next steps.

If we don't have all the information we need, your claim can't progress.

It typically takes 2-3 months to fully assess a claim. For complex cases involving multiple potential beneficiaries, it may take longer.

In most cases, once a decision is made, potential beneficiaries need to accept our decision before the claim can be paid. If the claim is in dispute the benefit will not be paid until a response to the complaint has been provided.

Your case manager will update you regularly on how the claim is progressing. You can also contact them at any time for an update.

Are there any financial or tax implications?

A lump sum benefit paid to a dependant for tax purposes is generally tax free. It's important to note that the definition of a dependant for tax purposes is different from the definition that we need to consider when deciding where to pay a death benefit. A dependant for tax purposes includes:

- a spouse, former spouse or de facto spouse (of any sex)
- children under age 18
- a person with whom the member had an interdependency relationship, and
- any other person who was financially dependent on the member.

If the benefit is paid to the estate, then the LPR is responsible for withholding any tax.

Where the benefit is payable to a non-dependant for tax purposes (this includes adult children who are not financial dependants) the benefit is taxed as follows:

- 15% tax plus the Medicare Levy on the taxed element, and
- 30% plus the Medicare Levy on the untaxed element of the taxable component of the benefit.

It is important to note that a death benefit paid as an income stream will be treated differently to a lump sum death benefit. Consider obtaining independent financial advice before you make any decisions about your payment.

For more information about tax on death benefits read the *Super Handbook* at aware.com.au/pds



Defined benefit accounts

If a defined benefit account was held by the late member, there may be rules relating to the payment options available, based on the category of membership. Read the relevant defined benefit factsheet at aware.com.au or speak to your Aware Super case manager for further information.

What happens if the insurer declines the death insured benefit?

If the insurer has reached an initial view that the insurance claim should be declined, they will write to us, with a copy of all the evidence they will be relying on to reach their decision and an explanation, referring to the evidence and the insurance policy, as to why they have reached this view.

A period of 28 days will be provided for review of the proposed decision, for the potential beneficiary to clarify or provide any additional information they wish the insurer to consider. At the end of the 28 day period, the insurer will again assess the claim,

including any additional information provided, and reach a final decision on the claim, which will be advised to the Trustee.

We will review the decision and if we disagree, we'll ask for clarification or challenge the decision on the potential beneficiary's behalf. In some cases, we may need to ask for more information to support the claim. If we agree with the insurer's decision, we'll write to the potential beneficiary with the decision, and advise the further steps they can take if they disagree.

Where a claimant is not satisfied with the final decision, they can submit a complaint to us. If the complaint is not resolved to their satisfaction, they can contact AFCA.

Do I need legal representation?

We cannot advise you on legal issues that may arise out of your claim. It may become necessary for you to obtain legal advice. This is entirely up to you. Please note that:

- your dedicated Aware Super case manager will help you through each step of the process
- we have a legal obligation to act in the best interests of our members and their beneficiaries
- all claims are assessed on a fair and reasonable basis
- you will need to pay for the costs involved in having your own legal representative.

We're here to help

Contact us

Phone: 1300 650 873

Online: aware.com.au/contact



Important information

Any advice in this document has been prepared without taking account of your objectives, financial situation or needs. Because of this, you should, before acting on any advice in this document, consider its appropriateness, having regard to your objectives, financial situation and needs. You should obtain the *Product Disclosure Statement*, the *Insurance Handbook* and *Target Market Determination* (TMD) and consider it before making any decision about whether to acquire the superannuation product. These documents are available on our website at aware.com.au/pds or call us and we'll send you a copy. The superannuation product is issued by Aware Super Pty Ltd (ABN 11 118 202 672, AFSL 293340) as trustee for Aware Super (ABN 53 226 460 365). The information in this document is a high-level summary only and you should refer to the *Product Disclosure Statement* and the *Insurance Handbook*.