

IOOF Portfolio Service

IPS fact sheet 306: Dependant nominations for term allocated pensions

- IOOF Portfolio Service Term Allocated Pension

If you die before the end of the fixed term, a lump sum benefit will be paid to one or more of your nominated dependants and/or your legal personal representative. The benefit payable will comprise the value of your pension account less any outstanding fees, costs and taxes (if applicable).

You can nominate one or more of your dependants and/or your legal personal representative to receive your benefit in the event of your death and allocate your benefit between them in any proportion.

Any dependant you nominate must be a dependant as defined by super law. A full list of eligible dependants appears below. You need to be aware that if you have an interdependency relationship with someone who you wish to nominate, the Trustee must receive a statutory declaration which sets out the nature of your interdependency relationship before any benefit can be paid to that person.

If you nominate your legal personal representative, your benefit will form part of your estate and be distributed in accordance with your will (if you have one) or in accordance with the laws that govern those persons who die without a will.

Eligible dependants

For super purposes, your dependant(s) are:

- your current spouse
- your children of any age (including ex-nuptial children, adopted children, step-children and your spouse's children)
- any person who is partially or wholly financially dependent on you at the date of your death
- any person with whom you have an interdependency relationship at the date of your death.

What is an interdependency relationship?

An interdependency relationship may exist between two people if they live together in a close personal relationship and one or each of them provides the other with financial and domestic support, and personal care.

For a full definition see **IPS fact sheet 108: Key words explained.**

Types of nomination

You are able to choose one of the following forms of nomination to inform us to whom you would prefer your benefit to be paid in the event of your death:

- Reversionary Beneficiary option.
- Binding Nomination.
- Non-Binding Nomination.

The most appropriate nomination will depend on your personal circumstances. As there may be taxation and other implications to consider, we recommend that you seek professional advice before making your nomination.

Reversionary Beneficiary option¹

If you nominate a Reversionary Beneficiary, in the event of your death, we must continue to pay the remaining balance of your pension account (if any) to your nominated Reversionary Beneficiary. The pension will automatically continue to be paid until the account balance is exhausted or for the remaining term, whichever occurs first.

If the term of your pension is based on your spouse's age, the pension must revert to your spouse on death and cannot be commuted until after the death of your spouse. On the other hand if the term of your pension is based on your age, your Reversionary Beneficiary may choose to take a lump sum, rather than continue to receive the pension payments upon your death.

¹ This option is not available to you if you have received the pension as a Reversionary Beneficiary. You can however make a Binding or Non-Binding Nomination.



If you wish to nominate your child as your Reversionary Beneficiary, you can only nominate:

- a child who is less than 18 years of age
- a child who is over the age of 18 years and under 25 years who is financially dependent on you at the date of nomination
- a child who is permanently disabled.

A pension that is paid to a Reversionary Beneficiary who is a child will automatically terminate on the child's 25th birthday and the remaining balance of the pension account (if any) will be paid to the child as a lump sum unless the child is permanently disabled. Similarly, if the nominated child has ceased to be entitled to receive a pension (if the child turns age 18 or, in the case of a financially dependent child over 18, ceases to be financially dependent or turns 25), the benefit will be paid to the nominated child as a lump sum on your death.

Your nomination cannot be changed once your pension commences. If the Reversionary Beneficiary can no longer receive a death benefit (if your nominee pre-deceases you, for example), you cannot nominate a new Reversionary Beneficiary. However, you can make a binding or non-binding nomination in favour of another dependant(s).

The nomination of a Reversionary Beneficiary must be made before your pension commences.

Important note

If a pension does revert to a Reversionary Beneficiary, the Reversionary Beneficiary may nominate (under a Binding Nomination or Non-Binding Nomination) for their dependant(s) and/or legal personal representative to receive any remaining benefit as a lump sum in the event of their death.

Binding Nomination

If you have a valid Binding Nomination in effect at the date of your death, we **must** pay your benefit to the dependant(s) and/or legal personal representative that you have nominated in the proportions that you have set out in your nomination. A valid Binding Nomination remains in effect for **three years** from the date it was first signed, last amended or confirmed.

The following conditions must be met to ensure that a Binding Nomination is valid:

- The nomination must be in favour of one or more of your dependant(s) and/or your legal personal representative.
- Each nominated dependant must be your dependant at the date of nomination and at the date of your death.
- The allocation of your benefit must be clearly set out.
- The total benefit must be allocated (the percentage nominated must add up to 100%), otherwise the entire nomination will be invalid.
- The nomination must be signed and dated by you in the presence of two witnesses both of whom are over 18 years of age and are not nominated to receive the benefit.
- The nomination must contain a declaration signed and dated by each witness stating that the notice was signed and dated by you in their presence.

Important note

If your Binding Nomination fails to meet any one of the stated conditions, the entire nomination will be deemed to be invalid. An invalid or expired Binding Nomination will be treated as a Non-Binding Nomination.

If any of the information provided in your Binding Nomination is unclear, we will contact you to confirm the details. An unclear Binding Nomination may be invalid.

To make a Binding Nomination, please complete a Death Benefit Binding Nomination form which is available from our website.

Details of your current Binding Nomination will appear on your annual Member Statement along with its expiry date.

You must confirm your nomination before it expires in order for it to remain valid. You can do this by giving us a written notice, signed and dated by you, to that effect before it expires. Alternatively, you may complete the Confirmation of Binding Nomination form issued with your annual Member Statement. It is your responsibility to ensure that your Binding Nomination is confirmed before it expires.

Your Binding Nomination can be amended or revoked at any time by advising us. In order to revoke your Binding Nomination, you must give us a written notice, signed and dated by you in the presence of two witnesses both of whom are over the age of 18 years and not nominated to receive the benefit. Alternatively, you may complete a Revocation of Binding Nomination form which is available from our website. You can amend your nomination at any time by making a new Binding Nomination and providing it to us.



Non-Binding Nomination

If you make a Non-Binding Nomination, we have the final say to determine which of your dependants and/or legal personal representative are to receive your benefit and the proportions payable to each. Your nomination is **not binding** on us but we will certainly take it into account when we determine who to pay your benefit to.

To make a Non-Binding Nomination, please complete a Death Benefit Non-Binding Nomination form which is available from our website.

You can amend your nomination at any time by making a new Non-Binding Nomination and providing it to us.

No nomination

If you have not nominated a Reversionary Beneficiary and you do not make a Binding Nomination or a Non-Binding Nomination, in the event of your death, the Trust Deed has certain rules we need to follow:

- We have to pay your benefit to your legal personal representative, unless your estate is insolvent.
- If your estate is insolvent, your benefit must be paid to such of your dependants and in such proportions as we consider appropriate. If you have no dependants, we must pay your benefit to the legal personal representative of your insolvent estate.
- If there is no legal personal representative of your estate, we must pay your benefit to such of your dependants and in such proportions as we consider appropriate.
- If you have no dependants and no legal personal representative, we must pay your benefit to any other person(s) as permitted by law.

Remember, everything we do when it comes to paying out your benefit upon death is heavily governed by super law and our Fund rules. So make sure you think about your nomination very carefully.

Payment options available

If you have selected the Reversionary Beneficiary option, in the event of your death, your benefit will be paid as an income stream to your nominated Reversionary Beneficiary.

Otherwise, your benefit will normally be paid as a lump sum. However, under a Binding Nomination or Non-Binding Nomination, we have discretion as to the form of payment to be made to your dependant(s). In most situations, the benefit can be paid as a lump sum or as an income stream. However, an income stream cannot be paid to a child of yours aged 18 or over unless they are:

- under age 25 and financially dependent on you immediately prior to your death
- permanently disabled.

As part of your nomination, you can indicate how you would prefer the benefit to be paid to your nominated dependant. Rest assured we will take into account the preference you indicated on your nomination, or that of your beneficiary, before making the decision as to the form of payment.

Important note

When we receive evidence of your death, your pension account balance will remain invested in the investment options selected prior to your death unless you have made a Binding or Non-Binding Nomination to pay your legal personal representative or no nomination is in place. In such case, upon proof of your death we will put all of your money into your Cash Account until the death benefit is paid.

General advice warning

The information contained in this fact sheet:

- does not and is not intended to contain any recommendations, statements of opinion or advice
- is of a general nature only and does not take into account your individual objectives, financial situation or needs.

You should consider the appropriateness of this information having regard to your objectives, financial situation and needs and you may want to seek advice before deciding whether to acquire this product.

Important notice

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