

PODCAST – Beneficiary nominations

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Hello, and welcome to the Plum Super Podcast Series.

My name is **Chris Odgers** and I'm here today with my colleague, **Marcus Thompson**, two of your Superannuation Consultants at Plum Super. Our role is to provide information, guidance and advice to our super members throughout their working life and into retirement.

Chris: Hi Marcus

Marcus: Hi Chris, great to be here.

Chris: And we're here today to talk about who gets your super if you die, and the benefits of having a valid beneficiary nomination. So, Marcus, why is making a beneficiary nomination important?

Marcus: A lot of people forget that super may be one of their largest assets. And many don't know that it generally doesn't automatically form part of their estate.

Chris: So, Marcus, I've heard the terms 'binding' and 'non-binding' in regard to this topic. What is a binding beneficiary nomination?

Marcus: Chris, with a binding nomination, the super fund trustee is legally required to pay your super benefits to the eligible persons you've nominated. Provided it's validly made and remains valid, it makes sure your super benefits are distributed according to your wishes and offers you peace of mind.

Chris: And how long is it valid for?

Marcus: From mid-March 2023 Plum Super offers binding death benefit nominations that do not lapse or expire automatically after three years. Before then all binding death benefit nominations in Plum had a three-year expiry period. It's important to note that if, at the time of your death, your binding death benefit nomination isn't valid, the trustee will decide who to pay your death benefit to (out of your dependants and/or your estate).

Chris: Marcus, and now to the other option, being a 'non-binding' nomination. Can you please explain the difference between a Binding and Non-Binding nomination?

Marcus: Chris, a binding nomination, if valid at the time of your death, is binding on the trustee. That means, in the event of your death, the trustee is required by law to pay your death benefit to the people named, in the proportions that have been nominated (subject to any contrary court order or family law splitting exceptions).

The difference with a non-binding nomination is that the trustee will consider all dependants and determine who receives the death benefit, taking into consideration their personal circumstances at the time of death. In this case, the trustee will refer to a non-binding nomination when making a decision but is not bound by it.

Chris: OK Marcus, if I'm going to make a beneficiary nomination, who can I nominate?

Marcus: Your death benefit can be paid to any combination of your dependants, or legal personal representative. There're quite a few you can nominate—I'll take you through them now:

- your spouse (including a legally married, de facto or same sex partner)
- your children (including stepchildren, ex-nuptial or adopted children)
- any other person (as permitted by the relevant law) wholly or partially financially dependent on you at the time of your death
- a legal personal representative (the executor of your will or the administrator of your estate), or
- any other person with whom you are in an interdependency relationship (as defined in the relevant law) at the time of your death.

Chris: And how *should* I determine who I nominate?

Marcus: The most appropriate beneficiaries to nominate in your binding death benefit nomination will depend on your personal circumstances. There can also be tax implications arising from your nomination, so we recommend you seek legal and/or financial advice before making it.

Chris: Marcus, you mentioned interdependency relationships. Can you provide some more detail on what that means?

Marcus: An interdependency relationship exists between two people who share a close personal relationship, live together and one or each of them provides the other with financial, domestic support and personal care. An interdependency relationship can also arise between two people if they have a close personal relationship (and satisfy the requirements mentioned earlier), but they don't live together because either one or both suffer from a physical, intellectual or psychiatric disability.

Chris: OK, Marcus, in practical terms, what might be an example of an interdependency relationship?

Marcus: Let's say two elderly brothers live together, share income and resources and help each other out on a regular basis.

Chris: You also mentioned you can nominate your legal personal representative. What do you mean by that?

Marcus: A legal personal representative is the executor of a Will or the administrator of an estate. A person can nominate their legal personal representative to receive the whole or part of their death benefit. If they nominate their legal personal representative as part of their binding nomination, the benefit will form part of their estate and be distributed in accordance with their Will (if they have one - and for everyone without a Will, the laws that govern people who die without a Will).

Chris: OK Marcus, I am now ready to make a valid binding nomination on my Plum super account. What do I need to do?

Marcus: You need to complete the Plum beneficiary form and return it to us via email or post. Remembering that a valid binding nomination must be:

- Made in writing, and
- Signed and witnessed by two adults over 18 years of age (who are not nominated as

beneficiaries on the form).

Chris: Marcus, I want to return to a point you made earlier about the period for which a binding nomination with Plum will remain valid? Does the nomination remain valid until I make a change? I just want to get comfortable with this position, for example, if I get married or divorced, can I make a change to the people I've nominated to receive my super in the event of my death?

Marcus: Chris, good question. With Plum, if you have made a binding nomination which doesn't lapse or have any expiry period then we encourage you to review your nomination as your personal circumstances change.

Examples of an event that may occur to invalidate your nomination include:

- Marriage, divorce or a change of partner or upon the death of a beneficiary, or
- Becoming a parent, step-parent or guardian.

Chris: And I can cancel my nomination?

Marcus: Yes, you can also cancel your nomination at any time.

Chris: Would there ever be a time where my binding nomination became invalid?

Marcus: Good question and yes, a binding nomination can become invalid if one of the following happens:

- One of your nominated beneficiaries dies before you even if other nominated beneficiaries are alive.
- A nominated beneficiary is not a dependant or legal personal representative at the time of your death. For example, if you nominated your de facto partner and subsequently separated, or you nominated your husband or wife and subsequently divorced.
- Or if you transfer from this fund to another fund.

If your nomination is found to be invalid at the time of your death or if your nomination had a three-year expiry period and has expired, the trustee will take your nomination into consideration but won't be bound by it. The trustee will consider all of your dependants and decide who receives the death benefit, taking into consideration your personal circumstances at the time of your death.

Chris: If someone is ready to make a binding nomination on their Plum super account, where do they get the form? And where do they send it?

Marcus: The beneficiary nomination form can be found on the Plum website under 'Forms and Publications', or they can request one by calling the Plum contact centre. They just need to complete the form and return it to Plum via mail, fax or email.

As mentioned earlier, a valid binding nomination must be:

- Made in writing, and
- Signed and witnessed by two adults over 18 years of age (who are not nominated as beneficiaries on the form).

Chris: So, finally, where can people go for further information about their Plum super account?

Marcus:

1. The Plum website at www.plum.com.au

Lots of information here. We remind people it's a great idea to set themselves up with online access to their account if they haven't already done so. You can also check out our range of podcast topics here, via our **Financial Wellness Hub**, which can be accessed from the 'News & views' tab on the website.

On the **Financial Wellness Hub**, you will also find educational and interactive content that goes beyond superannuation, addressing your holistic needs, by providing access to industry experts and thought leaders.

2. Plum contact centre on **1300 55 7586**
Between 8.00am and 7.00pm AEST, Monday to Friday
3. Conversation/personal financial advice

If you would like additional information on a more personal basis, a couple of options:

- 1:1 conversation with one of our Plum representatives (such as Chris or myself) – General Advice basis. This can be booked for a convenient time, also via the **Financial Wellness Hub**.
- Or for personal financial advice, you can set up an initial meeting with one of our licensed financial planners. This can be initiated through the Plum contact centre - **1300 55 7586**

Chris: Marcus, thanks for assisting us with this podcast; we hope this information has been helpful.

A reminder that the content today is information or advice of a general nature only.
Thanks, and bye for now.