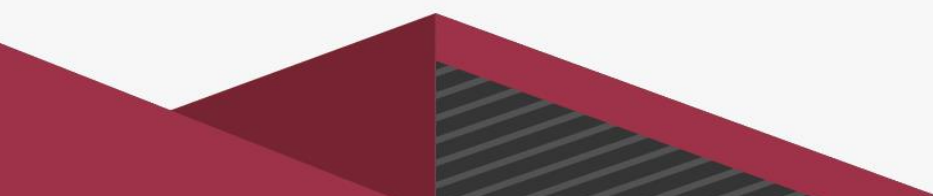




Super & Your Estate Planning



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Information brought to you by **Shartru** Wealth

*Superannuation assets do
not form part of an Estate*



The times in which we live allow individuals superannuation fund amounts to grow and as a result a significant percentage of the portfolio will pass through to beneficiaries upon death of the superannuation account holder. As , how do we make sure superannuation is effectively managed with the remaining Estate's assets?

Binding Death-Benefit Nominations (BDBN) are essentially the Will for the superannuation fund. Ensure your clients know how important these forms are and their effect, and then make sure they are executed correctly.

1. Will the Trust Deed allow binding nominations? Will the nominations expire?
2. Does the Trust have particular provisions in regards to binding nominations (i.e. should they be "presented" to the Trustee)?

Superannuation laws dictate binding nomination forms lapse every three years, yet SMSFs are excluded from these rules (providing the Trust Deed doesn't intervene). Contemporary SMSF Trust Deeds allow for non-lapsing nominations.

In comparing Reversionary Pensions against BDBN's - When a pension indicates the death of the pension holder, their pension passes to the surviving partner, and they can be deemed to have held the pension from its inception. A reversionary nomination can only be created on the commencement of the pension and will always supersede the BDBN.

With blended households the best way to provide for the partner and ensure your children additionally gain through SMSF with ensuring your partner's children do not ultimately gain (when their partner later passes) can be done using a pension contract.

Pension contracts may be useful to supply:

- a) Surety of income with their partner, and
- b) A residual amount to your own kids (not your stepchildren).

These contracts can only be initiated at the commencement of a pension.

Living Bequest

Many clients appreciate the option of letting them provide for his or their child(ren)'s potential while they're still alive. One way of doing this is by making non-concessional contributions for their children's superannuation fund. By doing this the funds may profit from tax concessions and it restricts the access of the funds until the child(ren) have retired.

Anti-Detriment News

It has been indicated the Government will remove anti-detriment payments in the forthcoming tax reforms. Anti-detriment is a mechanism that allows the beneficiaries to increase any death benefit by an amount which approximates the tax paid on contributions over the deceased's lifetime. The extra payments must be funded separately from the member's superannuation balance (most commonly from a reserve).

Anti-detriment was a useful mechanism to create an extra death benefit payment amount and possibly create large tax deductions (and in most cases, tax losses) which the remaining super fund members could also benefit from.

Tips for Implementation

- Planners need to be attentive when stopping/beginning present pensions when implementing reversionary pensions or pension contracts as Centrelink deeming might apply.
- Planners need to make certain that BDBNs are done right due to recent case-law.
- For SMSF's ensure the Trust Deed allows non-lapsing BDBNs if that is what your customer would like to do.

-- Ensure your customer understands what forms their Estate - there might be a natural tendency to suppose all assets are "theirs" when fact may suggest that there are others who may profit from these assets unknowingly.

-- Talking openly and listening proactively can help develop an entire Estate Strategy to help make sure that your client's wealth transfer takes place in a way they expect.

