

Notification of death form

Who can complete this form:

- Joint owner,
- Reversionary life insured or reversionary beneficiary,
- Next of kin, or
- Legal personal representative (executor or administrator) of the estate.

1. Details of deceased investor

Name

Date of death / / Date of birth / /

Residential address

Suburb/town State Postcode

Policy/account numbers (if known)

2. Details of the legal personal representative

As part of our process we will liaise with the legal personal representative (LPR). Please provide the details of the LPR who we should correspond with.

Name

Postal address

Suburb/town State Postcode

Telephone

If you are not the LPR, please provide your details below.

Name

Postal address

Suburb/town State Postcode

Relationship to the deceased

Telephone

3. Required documents

Please enclose the following documents. This will enable us to start reviewing the investments held by the deceased.

- A certified copy of the death certificate
- A certified copy of the will (if there is no valid will please provide us with letters of administration)

For a list of who can certify documents, please see over the page.

Challenger Guide to death benefits

21 September 2017

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The death benefit process

We understand losing a loved one or friend can be difficult. We've prepared this guide with useful information to assist you with some of the administrative tasks and make the death benefit process as stress free as possible.

The information contained in this document is a guide only and requirements can vary depending on the terms and conditions of an investment. As death benefits and estate planning more broadly can be complex we recommend you seek professional advice. If you would prefer to have a conversation with us, please call us on 13 35 66.

i Please note where regular payments are made from an investment, they will generally be suspended when we are notified of death. Payments will be released once all the requirements are completed.

The death benefit process

Start the process

Complete the Notification of death form, available at www.challenger.com.au or by contacting us.



Challenger seeks documentation

We will ask for documents necessary to progress to the next step of the process.



Send us the required documentation

We will review the documents received and advise if further requirements are necessary.



Death benefit processed

Once all the requirements are complete, we will process the death benefit.

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What is the death benefit payable?

A death benefit is any remaining amount payable under the terms and conditions of an investment. Sometimes an investment will end on death and there is no death benefit payable. Details of any death benefit are provided once we have received a completed Notification of death form.

Who can receive a death benefit?

Annuities

Non-superannuation annuities

Any remaining benefits are payable in accordance with the terms of the policy, which may include a beneficiary nomination. If multiple beneficiaries are nominated and one or more predeceased the investor then their portion is payable pro rata to the surviving beneficiaries. If there is no surviving beneficiary at the time of the investor's death then any remaining benefits are payable to the estate.

Superannuation annuities

Any remaining benefits are payable in accordance with the terms of the policy, which may include a beneficiary nomination. Nominated beneficiaries must meet the requirements under superannuation law, such as whether they were a dependant of the deceased at the date of death.

Where multiple beneficiaries are nominated and one or more predeceased the investor or was not a dependant at the time of the investor's death, then their portion is payable pro rata to the remaining surviving dependant beneficiaries. If there is no surviving beneficiary or none were dependants at the time of the investor's death, then any remaining benefits are payable to the estate.

i In the event an investor dies and the annuity was bought jointly or there is an eligible reversionary nomination, regular payments will continue to be paid to the surviving owner or reversionary.

Additional information for lifetime annuities

Lifetime annuities may have a withdrawal period or a guaranteed payment period, during which a death benefit is payable. If this period has ended or it is not applicable and there is no surviving life insured, then there is no death benefit payable.

Pensions and superannuation

Reversionary (for pensions only)

If there is an eligible reversionary nomination, any remaining benefits are payable to the reversionary, provided at the time the investor passed away the reversionary was a dependant for superannuation purposes.

Binding (non-lapsing) nomination

If there is a binding (non-lapsing) nomination, the superannuation trustee is bound to pay any remaining benefits in accordance with the nomination, provided the nomination is still valid at the time the investor passed away.

If multiple beneficiaries are nominated and one or more predeceased the investor or was not a dependant at the time of the investor's death, then their portion is payable pro rata to the remaining surviving dependant beneficiaries. If there is no surviving beneficiary or none were dependants at the time of the investor's death, then any remaining benefits are payable to the estate.

Non-binding nomination and no nomination

If a non-binding nomination or no nomination was made the superannuation trustee will use its discretion, subject to the trust deed rules and superannuation laws, to decide who receives the benefit and what proportion each recipient receives.

A non-binding nomination indicates the member's preference for the distribution of the death benefit. Although we are not bound to pay the benefit in accordance with the nomination, it will be an important consideration when determining the recipients of the benefits.

Who is a dependant for superannuation purposes?

A person is a dependant under superannuation laws if, at the time of the death of the investor, they were either:

- a spouse (whether of the same or opposite sex) to whom the deceased was legally married or was in a de facto relationship;
- a child (of any age including an adopted child or stepchild);
- someone who was financially dependent on the deceased (i.e. the deceased contributed necessary financial support to maintain that person); or
- someone who had an interdependency relationship with the deceased. This is a close personal relationship between two people who lived together where one or both provided for the financial, domestic and personal support of the other (or who would have met these conditions except they were temporarily living apart due to a physical, intellectual, psychiatric or other disability).

How will the death benefit be paid?

Depending on the type of investment and its terms and conditions, a benefit may be paid as a lump sum, as a continuation of the regular payments, or as a new income stream.

Additional information for superannuation investments

In order for a beneficiary or reversionary to continue the regular payments or be paid a new income stream, they must be a dependant for superannuation purposes.

If a child of the deceased investor is continuing regular payments, they must also be:

- under the age of 18;
- between the age of 18 and 24 and financially dependent on the deceased; or
- disabled as defined in s8(1) of the Disability Services Act 1986.

i If regular payments are being made to a child, any remaining benefits must be paid to them as a tax free lump sum by the time they turn 25, unless they have a permanent disability.

An income stream paid to a beneficiary or reversionary upon the death of another person is classed under superannuation law as a 'death benefit income stream' and is subject to certain rollover restrictions.

A death benefit income stream can only be rolled over to commence a new death benefit income stream. The funds cannot be rolled over to a superannuation account in accumulation phase or mixed with any of the beneficiary's own superannuation interests in pension or accumulation phase.

Who is a dependant for tax purposes?

A person is a dependant under taxation laws if, at the time of the death of the investor, they were either:

- a spouse (whether of the same or opposite sex), to whom the deceased was legally married or was in a de facto relationship;
- a child under the age of 18;
- someone who was financially dependent on the deceased
- someone who had an interdependency relationship (as described in the 'Who is a dependant for superannuation purposes?' section).

What tax is payable on death benefits?

Taxation of a death benefit depends on whether it is paid as a lump sum or regular payments and whether it is paid to a dependant or non-dependant for taxation purposes.

As death benefits and their tax consequences can be complex, we recommend you seek financial and tax advice in respect of your own circumstances.

Non-superannuation money

When the income stream was bought with ordinary non superannuation money, the regular payments or lump sum payable to a beneficiary is generally made up of a capital and income component.

The capital component of regular payments to an individual is known as the deductible amount and is considered for tax purposes to represent the return of the original capital

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investment. The amount of regular payments received that is greater than the deductible amount represents the income component which is assessable for tax purposes.

The capital component of a death benefit lump sum represents the return of any remaining capital after taking into account any capital previously paid out as part of regular payments. The income component of the lump represents the amount received which is greater than the remaining capital and is assessable for tax purposes.

Taxation of death benefit	
Paid to an individual	Lump sum or regular payments: The capital portion is tax free and the income portion is taxable at the recipient's marginal tax rate plus the applicable Government levies.
Paid to the estate	Lump sum or regular payments: The capital portion is tax free and the income portion is taxable in the hands of the estate.

Superannuation money

Taxation of death benefit	
Paid to an individual	<p>Lump sum: Tax free if paid to a tax dependant. If paid to a non-tax dependant, the taxable component is subject to a maximum of 15% tax plus the applicable Government levies.</p> <p>Regular payments: Tax free if the deceased or the beneficiary was aged 60 or over at the date of death. Otherwise, the taxable component is taxed at the recipient's marginal tax rate plus the applicable Government levies (a 15% tax rebate applies).</p>
Paid to the estate	<p>Lump sum only: The benefit is taxable in the hands of the estate.</p> <p>Generally tax free if estate pays to a tax dependant. If the estate pays to a non-tax dependant, the taxable component is subject to a maximum of 15% tax.</p>

Frequently asked questions

If the deceased investor was receiving an asset test exempt (complying) annuity, will it remain complying for a beneficiary or reversionary?

Prior to legislative changes in September 2007, investors were able to buy a complying annuity. A complying annuity is either 50% or 100% exempt from the assets test for social security purposes.

A complying annuity that is continued by a beneficiary or reversionary will only remain complying if it meets the conditions set out in the following table.

Complying status	
100% asset test exempt	<p>Term (life expectancy) annuities: Only if the remaining term of the annuity equals the nominated beneficiary's life expectancy.</p> <p>Lifetime annuities: Yes, if continued by a reversionary. No, if continued by a nominated beneficiary.</p>
50% asset test exempt	<p>Term and lifetime annuities: Yes, if continued by a reversionary. No, if continued by a nominated beneficiary.</p>

Can a payment be made to a trust account of a solicitor who is acting on behalf of the estate?

We will only make a payment to an account held in the name of the estate or issue a cheque payable to the estate.

What is a certified copy of a document?

A certified copy is a document which has been certified by an authorised person that it is a true and correct copy of the original.

The authorised person needs to write or stamp on the copy that it is a true and correct copy of the original document, which they have sighted, followed by their signature, printed name, qualification (e.g. Justice of the Peace) and date.

This must be in original ink.

An example is below:

I certify this to be a true copy of the document shown and reported to me as the original.
Date: <u>1/04/16</u>
Signature: 
Michael N Dalley JP No. 225177

Who can certify a document?

Any of the following people can certify copies of original documents.

- Justice of the Peace
- Police officer
- Legal practitioner
- Officer with, or authorised representative of, a holder of an Australian financial services licence or Australian credit licence, having two or more continuous years of service with one or more licensees
- Member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with two or more years of continuous membership, i.e. an accountant
- Permanent employee of the Australian Postal Corporation with two or more years of continuous service who is employed in an office supplying postal services to the public
- Notary public (for the purposes of the Statutory Declaration Regulations 1993)

For details of other authorised persons, please contact us.

Other information

Privacy and personal information

We collect, use and disclose personal information to:

- process the death benefit;
- provide and administer the investment and send information to a beneficiary or legal personal representative;
- improve and personalise our products and services;
- inform you about other products and services that may be useful to you;

- conduct product and market research; and
- comply with our obligations under the law, including, in respect of anti-money laundering, financial services and taxation, life insurance and, for an Annuity purchased with superannuation money, superannuation laws.

We collect personal information about a beneficiary from the beneficiary or a legal personal representative and, if relevant, from the financial adviser or solicitor who is looking after the estate. We will typically correspond with the legal personal representative (executor or administrator) of the estate with matters relating to processing any death benefit.

We may also collect personal information if you purchased your annuity via a platform. We may take steps to verify the information collected. Where personal information is provided about someone else (for example, if you are a legal personal representative of an estate and you are providing us with information about a beneficiary), you must have their consent to provide their personal information to us and you must have shown them this 'Privacy and other personal information' of the Guide to death benefits.

If you choose not to provide some of the personal information to us, the following may apply (depending on the type of information):

- TFN: we may have to deduct tax at the highest marginal rate (plus applicable Government levies) from any payments we make.
- Account details: we may not be able to make any payments.
- Incomplete forms: we may not be able to process the death benefit.
- Insufficient identity verification documents: we may not be able to process the death benefit.

Disclosing personal information

We disclose information to the appointed financial adviser. In addition, we may disclose information we hold about a beneficiary or legal personal representative, as relevant:

- if they consent to the disclosure;
- if the disclosure is required or authorised by law;
- to organisations acting on our behalf (for example, sending your statements or providing platform administration services);

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- to professional service firms that provide services to us such as legal and audit services, or data or information services;
- to reinsurers;
- to related companies;
- to electronic identity verification service providers, in order for identity information (about a beneficiary or a legal personal representative) to be verified against relevant government and other databases for the purpose of complying with anti-money laundering laws;
- to organisations with which we have an association and they are a member (such as National Seniors Australia); or
- otherwise in accordance with our privacy policy.

We do not generally disclose personal information to recipients in foreign jurisdictions. However, in some cases (such as where your annuity was purchased via a Platform) personal information may be used (or accessed) by third party service providers located overseas to perform administrative functions in relation to your annuity. For more information please refer to our privacy policy at www.challenger.com.au or by contacting our Investor Services team on 13 35 66. If a beneficiary, a legal personal representative or a solicitor (who is looking after the estate) is overseas, it may be necessary to provide personal information to them in order to process the death benefits.

Direct marketing and opting out

From time to time we or our related companies may contact a person who continues an investment with us to tell them about other products and services that might be useful to them, including financial, superannuation, investment, insurance and funds management products and services. Please contact us or, if relevant, the platform provider if you do not want to receive any of this kind of marketing material.

Updating, correcting or accessing your information

To correct, update or access personal information we hold, please contact our Investor Services team on 13 35 66 or, if relevant, the platform provider.

You can also contact us or, if relevant, the platform provider if you believe personal information has been misused and you would like to make a complaint.

Our privacy policy also contains this information as well as further details about our handling of personal information.

You can obtain a copy of our privacy policy at www.challenger.com.au or by contacting our Investor Services team on 13 35 66. Please contact the relevant platform provider for a copy of the platform provider's privacy policy.

Customer identification program

In accordance with Anti-Money Laundering and Counter-Terrorism Financing legislation, we need verification of the identity of the beneficiary or legal personal representative(s), as applicable, before a payment can be made in relation to the investment. We may pass any information we collect and hold to the relevant government authority in accordance with Anti-Money Laundering and Counter-Terrorism Financing legislation.

Non-resident account holder reporting requirements

As a result of an increased international focus on account holder data exchange, a number of countries have legislated that financial institutions (which includes us) identify and report certain information about the financial accounts of investors. The regimes include the United States Foreign Account Tax Compliance Act (FATCA), and the OECD's Common Reporting Standard (CRS). The United States FATCA regime was introduced in 2014 and CRS is effective in Australia from 1 July 2017. To comply with our obligations under various reporting legislation, we will provide to the Australian Taxation Office such data as required in respect of the investment with us. This will be required if you are a US citizen or a foreign tax resident of any jurisdiction outside of Australia.

If at any time you are required to provide tax residency information to us and have chosen not to provide it, we will be required to make a report to the ATO.

If we attempted to confirm your tax status with you but have been unable to do so, we may still be required to notify the ATO.

Common terms

Term	Definition
Administrator	Person appointed by the Supreme Court to deal with the estate when the deceased has died without leaving a valid will (intestate).
Executor	Person appointed by the deceased in their will to carry out their wishes after they die, including distributing the assets to the beneficiaries in accordance with the will.
Grant of Probate	A Grant of Probate is a legal document issued by the Supreme Court which validates the will and confirms the appointment of an executor(s) to administer the deceased estate.
Intestate	When a person dies without leaving a will, or it is invalid, they are said to have died 'intestate'.

Term	Definition
Letters of administration	Letters of administration is a legal document issued by the Supreme Court which appoints a person(s) to administer the deceased estate and is generally obtained where the deceased died without leaving a valid will (intestate).
Original policy documents	Confirmation documents sent at the commencement, reinvestment and reversion of an annuity.
Investment	Terminology used broadly to refer to any product the deceased held with Challenger and includes annuities, pensions and superannuation.
Legal personal representative	Person who is legally recognised to manage the estate can be either an executor or administrator.
Reversionary	Person nominated at commencement of the investment to continue the payment.

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Contact us

Please contact us if you require more information or have any questions or feedback on our death benefit process.

By phone

Investor Services team

13 35 66 (during Sydney business hours)

+ 61 2 9994 7000 (If calling from overseas)

By mail

Challenger

Reply Paid 3698

Sydney NSW 2001

(No stamp required if posted in Australia)

By email

info@challenger.com.au

The information in this guide is current as at 21 September 2017 and is subject to change. This guide provides limited information about investments offered by Challenger Life Company Limited ABN 44 072 486 938, AFSL 234670 and Challenger Retirement and Investment Services Limited ABN 80 115 534 453, AFSL 295642 (trustee of the Challenger Retirement Fund ABN 87 883 998 803) (reference to 'Challenger' 'we' 'us' and 'our' refer to each of these entities). This information is general only and not financial or product advice.

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Adviser Services

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