

Superannuation and cancer

Information for people affected by cancer

Many people with cancer have concerns about superannuation.

Finding all of your superannuation

It's common for people to have several superannuation accounts, especially if they have changed jobs or done casual or part-time work. Sometimes it can be difficult to keep track of where all your superannuation is held.

The Australian Taxation Office (ATO) keeps records of all superannuation accounts held by taxpayers in Australia.

Steps to finding all your superannuation

- Call the ATO on **13 10 20** and follow the prompts for 'lost and unclaimed super'.
- Provide your full name, date of birth, address and tax file number.
- Ask the call centre operator to perform an 'ATO System Search' for all of your lost, unclaimed and current superannuation.

You can also use the ATO's SuperSeeker service. This service only locates superannuation that has been reported by the fund as lost or unclaimed. This means the fund has not been able to contact you, or it has not received any contributions in the past five years. Call the ATO Superannuation Infoline on 13 10 20 or visit ato.gov.au/super.

Rolling your superannuation into a single fund

Keeping all of your superannuation in one account has many benefits, including:

- paying one set of fees
- making it easier to keep track of where your money is invested.

Before you roll over your super into a single fund (consolidate), you should check whether you will:

- lose any insurance benefits that you are entitled to – see *Super-related insurance* on page 3 for more information
- pay any exit or transfer fees.

If you decide to consolidate your accounts, contact the fund that you want to invest your superannuation in. This can be one of your existing funds or a new one. Usually the fund you choose will organise the rollover of superannuation for you.

If you are unsure about whether to roll over your superannuation, seek professional advice from an accountant or financial planner.

Accessing your superannuation People aged 65 and over, or aged 55–64 and permanently retired

You can access your superannuation as a lump sum or an income stream.

The tax you pay on your superannuation will depend on your age. For more information, see *Tax on superannuation* on page 3.

People aged 55–64 who are still working

You can usually access your super before you retire under the ATO's transition-to-retirement rules.

People in this age group who are still working can access their superannuation as a non-commutable



An ATO System Search is the most comprehensive way to find all of your superannuation.

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income stream to top up their salary. Non-commutable means that it cannot be converted to a lump-sum payment and must instead be taken as a pension or annuity. Depending on the fund, payments may be made fortnightly, monthly, quarterly or annually. You can receive up to 10% of your superannuation account balance each year.

The tax you pay on your superannuation will depend on your age. For more information, see *Tax on superannuation* on page 3.

People aged under 55

In Australia, you can access your superannuation when you reach the minimum age set by law (the preservation age). This is usually 55 years old.

However, under certain circumstances (called 'grounds'), the law allows you to access your superannuation earlier.

Grounds for early access to superannuation vary between funds, and some funds don't allow it at all. Contact your fund to check if you can access your superannuation early.

If you apply for access to superannuation due to terminal illness, your payments will not be taxed. Payments made under all other grounds will be taxed. For more information, see *Tax on superannuation* on page 3.

Grounds for early access to your superannuation

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| Medical treatment | You have medical bills, or quotes for treatment, for yourself or a dependant. The bills must be unpaid – you cannot be reimbursed for bills that you have already paid. You will need to apply to the Department of Human Services (DHS) and provide letters from two registered medical practitioners, one of whom must be a specialist. |
| Medical transport | You have unpaid medical transport bills for yourself or a dependant. You will usually need to apply to DHS and provide letters from two registered medical practitioners, one of whom must be a specialist. |
| Mortgage assistance | You need to prevent the sale of your home by your home lender (mortgagee). The lender must have indicated, in writing, its intention to foreclose. You can only apply if you are in arrears, the house is in your name and it's the house you normally live in (not an investment property). You will usually have to apply to DHS. |
| Home modifications | You need money to pay for essential modifications to your home if you or one of your dependants has a disability. You will usually have to apply to DHS. |
| Funeral costs | You need to pay for the funeral, burial, cremation or other expenses related to the death of a dependant. You will usually have to apply to DHS. |
| Palliative care | You need money to pay costs related to palliative care for yourself or a dependant. You will usually have to apply to DHS. |
| Terminal illness | Two doctors, including one specialist, have certified that you are likely to die within 24 months. You should apply directly to your super fund. |
| Permanent incapacity | You are unable to ever return to your usual occupation, or another occupation for which you are reasonably qualified. You should apply directly to your super fund. |
| Severe financial hardship | You have been receiving an eligible income support payment from Centrelink for at least 26 continuous weeks, and you are unable to meet immediate and reasonable living expenses. Apply directly to your super fund, attaching a Q230 form from Centrelink. You can withdraw up to \$10,000 each year. |



Premiums for insurance attached to superannuation accounts are often deducted directly from your preserved amount. This means that if you withdraw all of your super, you may no longer be up to date with insurance premiums. This can affect any claim you make. Before you access your superannuation early, make sure you have investigated your insurance entitlements. If you are in doubt, talk to a financial planner.

Tax on superannuation People over 60

Any superannuation payments you receive from a taxed fund will be tax-free, regardless of whether you are still working.

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People under 60

Your superannuation payments are assessable income and are taxed at your marginal tax rate, plus the Medicare levy. You may be eligible for a 15% tax offset to use against any other tax you pay in the financial year.

The exception to this rule is where you receive your super early due to terminal illness. In this case, the lump-sum payment of your preserved amount, as well as any insurance benefits, will be tax-free.

If you are in an untaxed superannuation fund, any payments you receive will be taxable at your marginal rate plus the Medicare levy, regardless of your age. However, if you are 60 or over when you receive an income stream payment, you may be eligible for a 10% tax offset.

Super-related insurance

Many people don't know that they have insurance attached to their superannuation. Most industry funds, as well as many retail funds, offer insurance by default. In many cases, you will be covered as long as you did not 'opt out'.

Common types of insurance provided through superannuation funds include:

- income protection
- total and permanent disability
- death and terminal illness.

To find out whether you are covered, check your statements or contact your fund.

Income protection insurance

If you can't do your usual job because of cancer, you may be eligible to claim on your income protection insurance.

This can provide up to 85% of your usual wage and may be paid out weekly or monthly for up to two years (or sometimes until you are 60 or 65). There is usually a one-, three- or six-month qualifying period.

WorkCover and other insurance payments are usually offset from your income protection benefit. It is unlikely you will be entitled to any Centrelink

benefits while you are in receipt of income protection benefits.

Income protection insurance usually operates if you are assessed as totally temporarily disabled or partially temporarily disabled. If you will not be able to return to your job or another job that you are qualified for, you should consider total and permanent disability insurance.

Total and permanent disability (TPD) insurance

To be eligible for TPD benefits, you must show that you can't ever return to your usual job or any other work that fits your education, training or expertise. You don't have to be unfit for any work at all. For example, if you have only ever done manual work and you can no longer do that, it won't matter if you could possibly do office work.

There is usually a six-month qualifying period, but this can be reduced in some cases. This means you will usually have to wait six months after becoming unable to work before your claim will be assessed.

TPD insurance is usually paid out as one payment (lump sum). If it is paid into your superannuation fund, you can apply for an early release of the benefit to you on the basis of total and permanent disability. The ATO website explains the procedure.

Death and terminal illness cover

Some funds have death and terminal illness cover attached as a default option. You may be able to access this insurance if you are diagnosed with a terminal illness, even when the insurance is called death cover or life insurance.

You will usually need to provide medical certificates from two doctors that certify you have a terminal medical condition. Many life insurance policies require that the medical certificates state you have a prognosis of 12 months or less. Check your policy for the requirements for accessing your insurance.

Superannuation death benefits

Superannuation funds pay out death benefits, which are made up of super contributions plus any insurance benefits. Death benefits are paid if a member dies while still in a fund. Sometimes a

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death benefit will be paid if you die a short time after leaving the fund. Please check with your super fund.

Making a death benefit nomination

Most funds let you nominate whom you want your death benefit paid to. Options include:

- **Non-binding nomination** – This guides the fund, but the fund still decides who receives the death benefit. For example, if you have dependants but nominate a person who doesn't financially depend on you, the fund may decide to pay the benefit to your dependants.
- **Binding nomination** – The fund must pay the benefit to the people you nominate, such as:
 - your dependants (spouses, children under 18 and other people financially dependent on you)
 - your 'legal personal representative', who must distribute your benefit according to your will, or according to law if you have no will.

If you do not make a death benefit nomination, the fund will decide who should receive your death benefit payment.

Super payouts and Centrelink

Receiving a lump-sum payment or income stream from your superannuation fund may affect your entitlement to receive Centrelink payments.

If you currently receive payments from Centrelink, you need to let them know within 14 days if your circumstances change. This includes receiving a new payment from your super fund. If you don't tell Centrelink about the change, you may need to pay back some or all of your Centrelink benefits.

For more information, visit your local Centrelink office, log onto humanservices.gov.au or call the Self Service line on 13 62 40.

Appeals and complaints

If you are unhappy with your superannuation fund's decision, you should first complain in writing to your fund. A sample complaint letter is available on the Superannuation Complaints Tribunal (SCT) website, sct.gov.au. The SCT is an independent dispute-resolution body that deals with superannuation-related complaints and appeals.

If you do not receive a response from your fund within 90 days, or if you are not satisfied with the response, you can complain to the SCT in writing. For more information, call the SCT on 1300 884 114.



You may need to update or confirm binding nominations every three years.

Claiming a death benefit

If you think you are entitled to claim a death benefit from your loved one's superannuation fund, contact the fund immediately. You may need to provide details of your relationship and how you were financially dependent on the deceased.

The superannuation fund will let you know whether any tax is payable on a death benefit.

Where to get help and more information

- Cancer Council **13 11 20** for Information and Support
- Australian Taxation Office SuperSeeker – **13 10 20**; ato.gov.au/super
- Centrelink – **13 62 40**; humanservices.gov.au

Note to reader

This fact sheet provides general information relevant to NSW only and is not a substitute for legal advice. You should talk to a lawyer about your specific situation.

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For information and support on cancer-related issues, call Cancer Council **13 11 20**. This is a confidential service.