Cancer Council SA

Call us **13 11 20**

Superannuation and cancer

Content

Many people with cancer have concerns about superannuation.

This fact sheet explains how you may be able to access your superannuation and the insurance benefits attached to your fund.

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 Tax Office (ATO) keeps records of all superannuation accounts held by all 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. Let the operator know that you want the details of your current super accounts, not just super that has been reported as 'lost'.

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

Tip

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

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:

- if you will lose any insurance benefits that you are entitled to – see the Insurance section for more information.
- if you will pay any exit or transfer fees.

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

If you are unsure about whether to roll over your superannuation, seek professional advice from your 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 below.

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 super as a non-commutable 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 below.

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 your superannuation

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 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 apply to DHS.
Funeral costs	You need to pay for the funeral, burial, cremation or other expenses related to the death of a dependent. You will usually apply to DHS.
Palliative care	You need money to pay costs related to palliative care for yourself or a dependant. You will usually apply to DHS.
Terminal illness	Two doctors, including one specialist, have certified that you are likely to die within 12 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.

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 super 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 below.

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 super early, make sure you have investigated your insurance entitlements. If you are in any doubt, talk to a financial planner.

Tax on superannuation

People over 60

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

People under 60

Your super 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 super 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 2 years (or sometimes until you are 60 or 65).

There is usually a 1, 3 or 6-month qualifying period.

Payments are usually offset against WorkCover, motor vehicle accident and Centrelink payments.

Income protection insurance is for people who are intending to return to work. 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 (below).

Income protection insurance benefits may stop if your employment is terminated.

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).

You may also qualify for TPD benefits if you lose the use of your arms, legs or eyes, even if you can still work.

There is usually a 6-month qualifying period, but this can be reduced in some cases (this means that you will usually have to wait 6 months after becoming unable to work before your claim will be assessed).

TPD insurance is usually paid out as one payment (lump sum).

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 that you have a terminal medical condition. If you are applying for early release of your preserved superannuation on the ground of terminal illness, any terminal illness insurance benefit you have will usually be paid out automatically.

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, or up to six months after leaving.

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 they still decide who gets 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.

Tip

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

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

Claiming a death benefit

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

The super fund will let you know whether any tax is payable on a death benefit. This will depend on several factors, including:

- you were a dependant of the deceased
- the amount is paid as a lump sum or super income stream
- it was paid from an untaxed fund.

Super payouts and Centrelink

Receiving a lump sum payment or income stream from your super 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. 'Changed circumstances' 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 www.humanservices.gov.au or call the self service line on 13 62 40.

Appeals and complaints

If you are unhappy with your super fund's decision, you can appeal to the Superannuation Complaints Tribunal (SCT).

The SCT is an independent dispute resolution body that deals with superannuation-related complaints and appeals.

Before you make a complaint to the SCT, you should complain in writing to your superannuation fund. A sample complaint letter is available on the SCT website, www.sct.gov.au. If you have not received a response from the 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.

The Cancer Council Legal Referral Service can help you make a complaint to your fund or the SCT.

Where to get help and information

- Cancer Council Legal Referral Service 13 11 20
- Australian Tax Office Superseeker 13 10 20 www.ato.gov.au/super
- Centrelink 13 62 40 www.humanservices.gov.au

This is general information, which may be relevant to South Australia only and is not a substitute for legal advice. You should talk to a lawyer about your specific situation.