

## **Superannuation: Life & Disability Insurance Benefits**

**Superannuation is an important entitlement we earn over our working lives, and the benefits are not just for retirement.**

Default insurance is a key feature of superannuation as it is often the only form of Life & Disability Insurance people have. It is usually provided automatically, which means almost all members of a Fund will be covered, including many with pre-existing health conditions. This form of insurance is particularly important for people living with chronic or degenerative health conditions, as it is there to be claimed if you are unable to work due to any injury or illness, including motor neurone disease (MND).

### **Types of Disability Insurance**

The common types of life and disability insurance offered through super are:

- Income Protection (IP);
- Total & Permanent Disability (TPD) benefits;
- Terminal Illness (TI) benefits; and
- Death Benefits.

### **Income Protection**

IP benefits are usually monthly payments that you can claim if you are unable to perform your job, or one or more of the important duties of your job, because of an injury or an illness. You can usually still make a claim if you have returned to work, provided you are earning less than you did because you cannot perform the same hours or duties by reason of your medical condition. Waiting periods often apply (typically 30, 60 or 90 days), and reducing your hours or changing your duties at work can sometimes have an impact on your claim, as can receiving injury compensation payments or Centrelink payments, but this is not always the case. It is important to seek expert legal advice about your entitlements or a potential claim.

### **TPD**

TPD insurance is usually a lump sum benefit you can claim if you are unlikely to return to work because of your MND symptoms or another health condition. You don't usually have to be unfit for all work – only for your usual job or other suitable work that fits your previous education, training or experience. It is important to note that even if you have already accessed your superannuation account balance, or taken out all your contributions and closed the account, you might still be able to make a disability claim, provided you were covered by your insurance at the time when you had to stop work for health reasons.

### **Terminal Illness**

If you have a rapidly progressing life limiting illness, you can access your super immediately and tax free. This includes the accumulated contributions and any terminal illness insurance benefits. To claim you will need to complete the relevant claim forms from your Fund and also provide certificates from two doctors (one a treating specialist) stating that you have less than 24 months life expectancy. Most terminal illness claims take one to two months to process, although this can vary.

## **Life Insurance**

Almost every worker will have automatic life insurance as a member of a super Fund. This is commonly referred to as a 'Death benefit', which your dependents can claim if you die while still a member of the Fund. Dependents include:

- Your spouse or de facto partner;
- Your children (usually those under 18);
- Anyone who is dependent on you (especially financial dependents).

You can choose who will receive your Death benefit if you die by contacting your super Fund to nominate one or more beneficiaries. Nominations can be binding or non-binding. To be valid, the nominee must be your dependant when you pass, your legal personal representative (the executor of your Will) or your Estate. The trustee of the super Fund must decide who receives the Death benefit, unless there is a valid binding nomination, in which case they must pay the benefit to the beneficiaries nominated.

## **How do I claim?**

### *Disability Insurance*

You can contact your superannuation Fund to find out if you are insured and to request claim forms. If you stopped work some time ago, it will be important to confirm what you were covered for when you stopped work, rather than what you are covered for now. Sometimes this can be a complex process and you may wish to seek legal help to confirm your entitlements and to navigate this process.

### *Death Benefits*

If you are claiming a death benefit as a result of the death of a loved one, you must contact their super Fund as soon as possible to notify them. If the Fund makes a decision to pay the benefit but you disagree about where they propose to pay the benefit, you have a strict time limit of 28 days to lodge a complaint with the Fund. We strongly recommend that you seek legal assistance in disputing a Fund trustee's decision.

## **What if the super Fund rejects my claim?**

The Fund's decision is not final, and you can challenge their decision via their internal dispute resolution process. If they still choose to reject your claim, there are options to challenge the decision through court proceedings, or through the Australian Financial Complaints Authority. Time limits apply to both of these options and we recommend seeking legal help in challenging any rejected claims as soon as possible.

## **Who can help?**

Claims can be complex and often come at a time of great stress and anxiety, so you may wish to get help or advice from a professional before making any important financial decisions. The [Financial Information Service](#) is a free service that can inform and educate you about financial matters.

You can read more about [choosing a financial adviser](#) on the MoneySmart website and [find a financial counsellor](#) on the Financial Counselling Australia website.

Find out more information about early access to your superannuation on the [ATO website](#).

Maurice Blackburn can also provide a 'Free Super Check' at no cost and no obligation, Call **1800 196 050**.