Legal and financial fact sheet

Superannuation and cancer

Information for people affected by cancer

Many people with cancer have concerns about superannuation (super). People may wish to find or access their super, understand any tax implications of accessing their super, or may be looking for information around insurance attached to their super.

Finding all your super

It's common for people to have several super 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 super is held.

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

How to find your super

- Create a myGov account at my.gov.au and link to ATO online services – you'll need an email address to create an account. The online service will show details of all your super accounts.
- Call the ATO on 13 10 20 8am–6pm Monday to Friday
  - Provide your full name, date of birth, address and tax file number (TFN).
  - Ask the call centre operator to perform a search for all your lost, unclaimed and current super.
- Ask your super fund to perform a SuperMatch search, if they offer this service (you will need your TFN).

Using ATO online services through myGov is the best way to find all your super.

ATO online services through myGov provides details of your super accounts. This service also allows you to find lost super held by your super funds or lost or unclaimed super held by the ATO.

Rolling your super into one fund

Moving your super into one account is known as consolidating. Having one super account has many benefits, including paying one set of fees and making it easier to keep track of where your money is invested.

Before rolling (consolidating) your super into one fund, 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
- lose any other benefits such as free advice or discounts.

If you are unsure whether to consolidate your super, get professional advice from a financial advisor, accountant or lawyer who specialises in super.

How to consolidate your super

Use the ATO's online services to consolidate several super accounts into one account.

If you do not have a myGov account, you can contact the fund that you want to move your super into (this could be your current fund or a new fund), or the fund that you would like to move your super from. If you have more than two accounts, contacting the fund you wish to consolidate your super into will generally be more efficient. Many funds can help consolidate your super.

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Accessing your super

In Australia, there are several ways you can access your super.

Aged 65 or over, or aged 55-64 and retired – You can access your super when you reach age 65, or when you meet the minimum age set by law known as your preservation age and you are permanently retired. The preservation age is usually between age 55 and 60, depending on the year you were born.

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

The amount of tax you pay on your super will depend on your age and other circumstances. For more information, see Tax on super on below.

Aged 55-64 and still working – You may be able to access your super before age 65 even if you are still working.

You can access some of your super under transition-to-retirement rules. This means you can receive 10% of your super account balance each year as income, but you can't withdraw lump-sum amounts. This is known as a non-commutable income stream. To access super through transition-to-retirement, you must meet minimum income requirements.

If you cease employment at or after age 60, you can access the super you have accumulated up to the time at which you cease your employment arrangement.

Early access to your super

In certain limited situations, you can access your super before you reach your preservation age. This includes:

- **Severe financial hardship –** if you receive Centrelink benefits for 26 weeks and can't pay your living expenses
- **Permanent incapacity –** you are usually required to provide medical certification saying that you are unable to ever return to your usual occupation, or another occupation for which you are reasonably qualified
- **Terminal medical condition –** you will need medical certification stating that you are suffering from a condition likely to result in death within 24 months
- **Compassionate grounds –** if you need to pay for unpaid expenses. These may include medical treatment or medical transport, palliative care for you or a dependant, pay home loan repayments so you don't lose your home, modify your home or vehicle or buy disability aids because of a severe disability, and expenses associated with a death, funeral or burial for a dependant.

How to access your super early:

- For applications relating to severe financial hardship, permanent incapacity and terminal medical condition, contact your super fund directly.
- For applications under compassionate grounds, applications are made to the ATO. Visit ato.gov.au and type "early access to your super" into the search bar or call the ATO on 13 10 20.

For detailed information around accessing your superannuation under any of the above grounds, visit the ATO website and type "early access to your super" into the search bar.

If you withdraw all your super, any insurance held through your account will be cancelled. Before you withdraw or move your superannuation make sure you have checked your insurance entitlements. If you are in doubt, talk to a financial advisor.

Tax on super

The money in your super is generally made up of two components: tax-free and taxable. Super that is tax free when withdrawn is known as the "tax-free component" of your super. Super that is taxable is known as the "taxable component" of your super.

The amount of tax you pay will depend on the following situations:

Reached preservation age and 60 or over – super will usually be tax free.

Reached preservation age and under 60 – if you are eligible to withdraw money from your super either as a lump sum payment or as a pension.

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You will generally not pay any tax on the tax-free component but will usually need to pay tax on the taxable component. Your super fund will usually deduct the tax from your payments.

Early access due to a terminal medical condition – super will be tax free. Tax concessions may also be available if benefits are paid to you as a result of ill health (whether physical or mental).

Income protection insurance through super – payments will be taxed. Your super fund will deduct the tax from your payments.

Super death benefits – This is super paid after a person's death. How much tax needs to be paid will depend on who receives the benefits. Generally, a spouse, children under 18 and other dependents as defined under tax law will receive lump sum benefits tax free. Other beneficiaries may have to pay tax.

For more information, visit ato.gov.au and type "withdrawing and using your super" into the search bar or call the ATO on 13 10 20.

Super-related insurance

Many people don't know that they have insurance attached to their super. Employment super funds offer insurance by default. For other types of funds, you may need to apply for insurance.

Common types of insurance provided through super 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. You might have insurance under more than one super fund, which can mean you may have multiple claims. You can also have insurance separately, but the information covered in this fact sheet is only about insurance through your super fund. It is important to note that if you have not made any contributions to your superannuation account for 16 months or more, your insurance will be cancelled. Contact your super fund if you are concerned about this.

Income protection insurance

If you can't do your usual job because of cancer or other illness, you may be eligible to claim on your income protection insurance. This may be the case if you are assessed as totally disabled or partially disabled and not able to work (or only able to work reduced hours) due to injury or illness. This is sometimes referred to as being temporarily disabled.

The income protection insurance covers part of your salary, usually for a fixed period, and once a waiting period has passed after you make a claim on the insurance. Usually, the payments you will receive will be offset by other payments you are entitled to during that time such as workers compensation or sick leave payments.

Total and permanent disability (TPD) insurance

To be eligible for payment under TPD insurance, you must show that you have met the insurer's definition. Usually this means that you can't ever return to work that fits your education, training or experience. It doesn't mean you are unfit for any work at all. For example, if you have only ever done manual work and you can no longer do that, it is unlikely to matter if you could possibly do office work.

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

TPD insurance is usually paid by the insurer as one payment (lump sum) into your super fund. You will also need to satisfy a condition of release, usually permanent incapacity, to access this money.

Death and terminal illness cover

If you have death cover through your super fund, 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.

Before changing, consolidating or cancelling any super accounts, keep in mind that it may be hard to get insurance cover again. Get legal or financial advice before making any decisions.

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You will usually need to provide medical certificates from two doctors that certify you have a terminal illness. Many life insurance policies require that the medical certificates state you have a prognosis of either 12 or 24 months or less. Check your policy for the requirements for accessing your insurance.

For more information on insurance, see our Life Insurance fact sheet

Super death benefits

When a person dies, their super funds pay their super fund balance plus any relevant insurance benefits to the person they nominate (their beneficiary), or the money is distributed as per fund rules.

Making a death benefit nomination

Most funds let you nominate the beneficiary of your super. This person must be your “dependant”, meaning:

- spouses, children 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.

Your nomination may be non-binding or binding, and this guides how the fund will distribute your super.

Non-binding nomination – This guides the fund, but the fund still decides who receives the death benefit.

Binding nomination – The fund must pay the benefit to the people you nominate, as long as the law permits payment to that person (e.g. they are your dependants or your estate).

You may need to update or confirm binding nominations every three years, depending on fund rules.

If you do not make a death benefit nomination, the fund rules will determine how your death benefits are paid. Usually it will be to your estate.

How to claim a death benefit

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

Depending on the recipient, tax may be payable on a death benefit. Generally, payments to a spouse, children under 18 and some other financial dependants will be tax free.

Super payouts and Centrelink

If you currently receive Centrelink payments and receive a lump-sum payment or income stream from your super fund, this may affect your entitlement to receive Centrelink. You need to let Centrelink know within 14 days. If you don’t tell Centrelink about the change, you may need to pay back some or all of your Centrelink payments.

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

How to appeal and complain

If you are unhappy with your super fund’s decision in relation to any super or insurance claim you make, you should first complain in writing to your fund.

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 Australian Financial Complaints Authority (AFCA) in writing or online. AFCA is an independent dispute-resolution body that deals with financial complaints including those related to super. For more information, call AFCA on 1800 931 678 or visit afca.org.au.

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Where to get help and more information

- Australian Taxation Office **13 10 20**; **ato.gov.au/super**
- Centrelink **13 62 40**; **humanservices.gov.au**
- ASIC's MoneySmart website: **moneysmart.gov.au**
- Cancer Council **13 11 20** for information and support. Download information from your local website.

ACT.. **actcancer.org**
NSW .... **cancercouncil.com.au**
NT... **nt.cancer.org.au**
QLD .... **cancerqld.org.au**
SA... **cancersa.org.au**
TAS .... **cancertas.org.au**
VIC .... **cancervic.org.au**
WA .... **cancerwa.asn.au**
Australia.. **cancer.org.au**

Note to reader
This fact sheet is intended to provide general information and is not a substitute for professional medical, legal or financial advice. You should talk to a professional about your specific situation.

All care is taken to ensure that the information in this factsheet is correct at the time of publication. Please note that laws, regulations and entitlements that affect people with cancer may change. Cancer Council Australia and its members exclude all liability for any injury, loss or damage incurred by use of or reliance on the information provided in this factsheet.

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Cancer Council 13 11 20

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