

SMSF's

paying death benefits

Under superannuation legislation, trustees of super funds are generally prohibited from following directions or instructions from anyone else.

One exception to this rule allows members of a fund to direct their trustee about who should receive a payout of a death benefit. This is called a **binding** death benefit nomination (or BDBN).

An example of such a BDBN might be where, on their death, a member wanted to make specific provision for payments to be made to certain dependants, or even direct to the legal personal representative (or "LPR") of their estate.

The ATO has now confirmed that an SMSF's trust deed may permit members to make (lawful) death benefit nominations that are binding on the trustee, and can set out how they should be made.

However, trustees of super funds are still bound to generally only distribute to dependants or the deceased person's estate.



AFSL: 221235
