

**money**  
**matters.**  
*with Alan Tickle*



## Market Jitters... is not a time to panic

***Interestingly, while share markets both domestically and overseas have taken a tumble and residential housing prices have also taken a dip, investors have generally not panicked.***

The average balanced portfolio where the assets are spread amongst Shares, Property, cash and Fixed interest securities, has dropped in value or even a bit behind to where those funds were sitting 12 months ago.

One client, who came in for a scheduled review, responded to their investment report with the positive response that he received three times the income over the past 5 years that he would have received in bank interest and his investment was still well ahead of what he started with.

This illustrates the need to be patient and to ride out market corrections and the benefit of diversifying investment assets.

Having an adviser relationship and regular reviews is important, to ensure that a portfolio and strategy remains appropriate.

### **Superannuation Death Benefit Nominations**

I recently had a difference of opinion with a Solicitor on what was the appropriate death benefit nomination for a client. The solicitor was insistent on having the nomination to the estate rather than to the spouse, whereas both myself and the client's accountant thought otherwise.

The pension proceeds going to the estate rather than to the spouse, would have resulted in a substantial ongoing tax liability for the spouse due to the amount involved.

The spouse was not eligible to contribute the proceeds back into superannuation so could not re-establish the tax-free pension that was in place.

The Superannuation Industry (Supervision) Regulations 1994 (SIS), the rules of a superannuation or pension fund, contribution rules and limits imposed by the ATO, Death Benefit Tax, as well as just who the superannuation member wants to receive their superannuation benefits, has to be considered

when making a beneficiary nomination. Self-Managed Superannuation Funds also have challenges that need addressing to cover succession should the member trustee or director die.

Many superannuation funds do not have provision for non-lapsing binding nominations but instead require a binding nomination to be renewed every three years.

Failure to do so, then results in the potential for a trustee to apply discretion on who receives the proceeds, though generally they consider the intent of the lapsed binding nomination.

This is particularly an issue to consider when there are blended families involved.

### **Death Benefit Tax**

Failure to time retirement to enable re-contribution of superannuation to remove taxable components, can leave potential death benefit tax on the taxable component of superannuation funds.

I often see beneficiary nominations to adult non-financial dependent children rather than the spouse of the later relationship, with the house going to the spouse.

Having the superannuation going to the spouse removes the death benefit tax that would otherwise apply to non-financial dependant beneficiaries.

For that reason, it is often preferable for the adult children to inherit from non-superannuation assets. However, closing a superannuation fund prior to death, avoids any death benefit tax attached to the superannuation or pension funds.

All of the issues described, make liaison with solicitors, financial planners and accountants of utmost importance when considering estate planning.

This information and advice is of a general nature only and no reliance should be placed on the information before seeking individual advice from a Financial Planner and Taxation Adviser to ensure the appropriateness to individual circumstances. Alan Tickle, Jonathon Tickle and Your Heritage Financial Planning are both authorised representatives of Securitor Financial Group AFSL 240687 ABN 48009189495.

**Our Client's Best Interest is Central to all our Endeavours**

- Income Protection & Life Insurance
- Superannuation
- Retirement Planning
- Investment Portfolio Management
- Centrelink and Aged Care Strategy



**6551 2333**  
[www.yhfp.com.au](http://www.yhfp.com.au)

**Alan Tickle & Jonathon Tickle (Directors)**  
 Your Heritage Financial Planning Pty Limited  
 Authorised Representatives  
 Securitor Financial Group Ltd ABN 48009189495  
 AFSL 240687