



ANTI-DETRIMENT PAYMENTS



FACT SHEET



What is an anti-detriment payment?

An anti-detriment payment is an additional payment made to certain beneficiaries of a deceased member, as part of the death benefit claim, relating to deaths prior to 1 July 2017.

The anti-detriment payment broadly represents a refund of the 15% contributions tax paid by the deceased member throughout their life.

The availability of the anti-detriment payment as part of death benefits was removed by the government from 1 July 2017. Anti-detriment payments will only be able to be paid where a member passed away prior to 1 July 2017 and the death benefits are paid before 1 July 2019.

Who is entitled to an anti-detriment payment?

Only certain beneficiaries are entitled to an anti-detriment payment, being a spouse, former spouse or child of any age.

What if the death benefit is being paid to the estate of the deceased member?

A death benefit paid to an estate may still be eligible for an anti-detriment payment, where the proceeds of the estate are being distributed to a spouse, former spouse or child of any age.

What is the purpose of the anti-detriment payment?

Anti-detriment payments were introduced by the Government after the 15% super contributions tax was implemented in 1988, as a way to refund the contributions tax paid by deceased members, so that the contributions tax wasn't seen as a 'death duty'.

Do all super funds pay anti-detriment payments?

No, it is not a requirement that super funds pay an anti-detriment payment as part of their death claims process.

What is the timing for an anti-detriment payment?

If a beneficiary is eligible for this payment, they will receive it as part of the lump sum death benefit.

The length of time between notification of death and the eventual payment of the death benefit varies, based on the circumstances of each individual death benefit claim.

What affect does a death benefit insurance component have on any anti-detriment payment?

None. The calculation of an anti-detriment payment disregards any insurance benefit.



How much is the anti-detriment payment?

The amount of the anti-detriment payment is different for each deceased member, depending on:

- the date of the death benefit payment;
- the member's eligible service date (generally when the member first joined an employer who made super contributions on their behalf); and
- the amount of the taxable super component.

A standard formula developed by the Australian Taxation Office (ATO) is used to calculate the anti-detriment amount payable.



Is there tax payable on the anti-detriment payment?

Possibly. An anti-detriment payment forms part of the taxable component of the super death benefit.

Tax of 17% to 32% (incl. Medicare Levy) is payable on the taxable component of super benefits when paid to beneficiaries who are not dependents for tax purposes.

As a spouse, a minor child or a former spouse are all dependents for tax purposes, any anti-detriment payment made to them would be tax-free.

However, as an adult child is not a dependent for tax purposes, they will pay tax on the anti-detriment payment.

Worked Example

John passed away on 1 January 2017 and his death benefit is paid to his daughter Jane, aged 18 on 1 August 2017. John's account balance is \$125,000 and he had no insurance. \$115,000 of his account balance is a taxable component.

John's eligible service date is 1 May 1980.

The anti-detriment amount payable to Jane in this case would be **\$16,822**, on top of the \$125,000 account value. In total, Jane would therefore receive **\$141,822**.

However, if Jane was not a dependent for tax purposes, she would then pay tax of 17% on the taxable component:

17% x \$131,822 (the taxable component plus the anti-detriment payment)

= \$22,409.74 tax payable

So in this case, after tax, Jane would receive a total of **\$119,412.26**.

For more information...

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