

## Application to become a Member

This Application Form contains your Death Benefit Nomination and undertakings which must be made by you. It is also accompanied by the Product Disclosure Statement relevant to the fund contained in Annexure A.

### Part 1 Application and undertakings

- I apply to become an initial member of this fund under the trust deed.
- I make each of the following undertakings:
  - I am not in an employment relationship with another member who is not a relative of mine
  - I am not a disqualified person under superannuation law from being a director of the trustee of the fund.
  - I will comply with the trust deed.
  - Upon request, I will fully disclose in writing any information required by the trustee in respect of my membership of the fund. This includes disclosing:
    - Any circumstance which may lead to my entering into an employment relationship with any other member of the fund who is not also a relative of mine.
    - That I may become disqualified under superannuation law from being a director of the trustee of the fund.
    - Any information in relation to my medical condition.
- I will act as a director of the trustee of the fund.
- I understand the trust deed, particularly its terms concerning the benefits payable under it, and I have read and understood the attached Product Disclosure Statement, annexed and marked 'A'.
- I have read and understand the prescribed information relating to the collection of Tax File Numbers by the trustees of superannuation funds.
- I attach a completed ATO Individual Tax File Number Notification form.

Applicant name	Anne Cherie Tubb
Applicant address	25 Coolibah Road, Gaven QLD 4211
Applicant occupation	Office Manager
Date of birth	01 February 1966
Applicant place of birth	Launceston, TAS, Australia

## **Part 2 Death benefit arrangements**

This part of the member's application form is blank because the member elected to 'do nothing'. When they are ready, the member can consider the matters below when they decide on their death benefit arrangements.

At that time, the member;

- could prepare the relevant documents using the relevant pro-forma in the schedules to the Fund's deed (if they're comfortable doing so); or
- could order those documents from the person or organisation who arranged this document for them.

### **First Notice: The types of death benefit arrangements and the order in which they take effect**

The Fund's Deed allows three types of death benefit payment arrangements. They, and the order in which they take effect, are as follows:

- a ***death benefit agreement*** — which binds the trustee and which does not expire, see Part H of the Deed;
- ***binding death benefit notices or binding nomination forms*** — which bind the trustee but which expire after 3 years or earlier if replaced or revoked; and
- ***non-binding nomination forms*** — which do not bind the trustee but which do not expire until replaced or revoked.

***Death benefit agreements take priority over binding death benefit notices and non-binding nomination forms.***

### **What you need to consider**

When you, as a member, are considering signing a binding death benefit notice or a non-binding nomination form it is important to consider that:

- a death benefit agreement takes priority over any binding death benefit notice or any non-binding nomination form;
- to the extent permitted by superannuation law, the trustee must pay or apply the relevant benefit in accordance with the death benefit agreement. Therefore if you sign a binding death benefit notice or a non-binding nomination form, then they will have no effect on any earlier or later death benefit agreement that you sign; and
- if any part of a death benefit agreement is invalid, then the trustee (as required by the Fund's Deed) will pay or apply the "invalid" part of the death benefit in accordance with any binding death benefit notice, or by reference to any non-binding nomination form, you have signed.

### **Second Notice: Consistency of death benefit arrangements with pension terms**

It is important to consider how any death benefit nomination or death benefit agreement interacts with the arrangements for payment of a pension to a reversionary beneficiary. The terms of the pension, and the terms of the death benefit nomination or death benefit agreement should be considered together.

For instance, if the pension terms require an automatic reversionary pension, then the death benefit nomination or death benefit agreement has no effect in relation to that pension. If the member wants to ensure all these arrangements – under pension terms, a death benefit nomination or death benefit agreement – are consistent, or to deliberately vary from one to the other, then careful drafting is required and the member should seek professional advice.


**Part 3 Provision of member's tax file number to regulated superannuation fund**

To the directors of the trustee of the Tubb Family SMSF.

I have been informed of the reasons why my TFN is sought by the fund.

My TFN is 673144089.

Date: 08-09-2022

Signed:   
Anne Cherie Tubb

## Important information about providing your tax file number (TFN) to the fund

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Under the *Superannuation Industry (Supervision) Act 1993*, the fund is required to request your TFN. Your TFN is confidential: you don't have to provide it.

### What your TFN may be used for

If you provide your TFN, it will be used for legal purposes only. The purposes for which your TFN may be used may change in the future. At present, they include:

- searching for other benefits that may exist for you in the fund;
- calculating reduced tax rates on eligible termination payments (ETPS) when benefits are paid;
- reporting payments to ATO for benefit limits purposes (such as the transfer balance cap);
- reporting contributions to ATO for contributions tax (surcharge) purposes which may not otherwise be subject to the surcharge;
- passing to other regulated superannuation fund, ADFs and RSAs if your benefits are rolled over. You may revoke this authority later in writing;
- passing on with other details if you become lost and your benefits are paid to the ATO as unclaimed money.

### What might happen if you don't provide your TFN

If you do not provide your TFN, the following may happen:

- other benefits existing for you in the fund may be more difficult to locate and amalgamate;
- higher tax rates may apply to ETPs paid to you. (This may be recovered with lodgement of your next income tax return);
- your benefits may be subject to an extra 15% contribution tax (surcharge). This may be reclaimed on application to the ATO;
- your TFN will not be passed to other regulated superannuation funds, ADFs and RSAs if your benefits are rolled over;

your benefits may be more difficult to locate if benefits are paid to the ATO as unclaimed money.

**Annexure A**

**Product Disclosure Statement**

**Tubb Family SMSF**

Anne Cherie Tubb  
25 Coolibah Road  
Gaven, QLD, 4211

# Product Disclosure Statement

## Introduction

This PDS contains a summary of the important provisions of the fund's deed and the effects which those provisions may have on you. The *Corporations Act* requires that you be given this PDS within 3 months after you become a member of the fund.

If you have any questions at any time, you should refer those to the trustee. However, the trustee can only provide you with information – so you will need to seek your own legal, accounting and financial advice.

Terms which are capitalised in this PDS are either defined in the fund's deed or are contained in Schedule 1.

## You should consider getting professional advice about the fund

Your decision to become a member of the fund is important and involves issues including retirement planning, estate planning, taxation, and social security. The trustee strongly recommends that you consider consulting an appropriately qualified adviser before you decide to become a member or to have contributions made to the fund on your behalf.

This PDS is prepared for your general information only and is not, and is not intended to be, a recommendation to become a member of the fund. This PDS does not take into account your investment objectives, financial situation or retirement planning needs. You should not base a decision whether to become a member solely on the information in this PDS. You need to consider, and obtain advice on, the suitability of the fund in view of your investment objectives, financial situation and retirement planning needs.

## Information about your potential benefits

### 26 Details of potential lump sum benefits

#### 26.1 On your retirement

On your retirement, you will become entitled to a lump sum benefit, equal to the amount in your Accumulation Account on your retirement. As the definition of retirement in Schedule 1 suggests, there will be some circumstances in which you will become entitled to payment of a retirement benefit while you are still employed or when you retire and have reached the relevant Preservation Age: in some circumstances those benefits may only be paid as a pension, rather than a lump sum. Your trustee will be able to advise you further in this regard at the relevant time.

#### 26.2 Total and permanent disability

If you become totally and permanently disabled, you may become entitled to a lump sum benefit from your Accumulation Account. Your trustee will be able to advise you further in this regard at the relevant time.

#### 26.3 Temporary total disability

If you become totally disabled temporarily, you may become entitled to payment of a pension or annuity representing the amount:

- decided by the trustee, provided it does not infringe the limit set out in the superannuation law; or
- payable to the trustee under an insurance policy which the trustee may

have purchased and which covers the disability you suffer. (Premiums for these insurance policies are generally paid by the trustee from your Accumulation Account but may be paid out of other Accounts of the fund (such as the Income Account)).

## 26.4 On death

On your death, the trustee may choose to or may be required to pay a pension or lump sum benefit from your Accumulation Account and any pension account to the persons named in your 'Death Benefit: Beneficiary Nomination' (which is on your Application for Membership) or to your dependants. The trustee may have also taken out a life insurance policy for you which may also entitle your dependants, or some other person, to a pension or lump sum benefit. Your 'Death Benefit: Beneficiary Nomination' can be binding or non-binding on the trustee (you can choose). Binding nominations need to be renewed every 3 years.

To overcome the requirement to renew binding nominations every 3 years, you can also choose to implement a 'death benefit agreement' under the fund's deed.

Your death benefits will also include any residue in a pension account previously established for you, unless the arrangements in respect of that pension are that the pension will revert on your death to a Pension Dependant.

Generally speaking, you should seek professional advice concerning what plans need to be made in respect of your death benefits and what options are available to you.

The Deed provides for:

- **death benefit agreements** (which binds the trustee and which do not expire, see 'Death benefit agreement payment arrangements' clause in Part H of the fund's deed);
- **binding death benefit notices** (which bind the trustee but which expire after 3 years or earlier if replaced or revoked); and
- **non-binding nomination forms** (which do not bind the trustee and which do not expire until replaced or revoked).

***Death benefit agreements take priority over binding death benefit notices and non-binding nomination forms.***

### What you need to consider

When you, as a member, are considering signing a death benefit agreement, a binding death benefit notice or a non-binding nomination form it is important to consider that:

- a death benefit agreement *takes priority* over any binding death benefit notice or any non-binding nomination form;
- to the extent permitted by superannuation law, the trustee must pay or apply the relevant benefit in accordance with the death benefit agreement. Therefore if you sign a binding death benefit notice or a non-binding nomination form, then they will have no effect on any earlier or later death benefit agreement that you sign; and
- if any part of a death benefit agreement is invalid, then the trustee (as



required by the fund's deed) will pay or apply the "invalid" part of the death benefit in accordance with any binding death benefit notice, or by reference to any non-binding nomination form, you have signed.

## 26.5 Other circumstances

'Severe Financial Hardship' – in the case of severe financial hardship, you may be able to apply to have all benefits owing to you, paid to you by the trustee. There are certain conditions to be met and the benefits can only be paid to you to meet expenses in the nature of treatment of life-threatening illnesses, prevention of foreclosure under a mortgage, medical transport costs, palliative care costs and so on.

## 27 Details of potential income benefits

*Income benefits where you retire or reach your preservation age*

When you become entitled to payment of a **lump sum benefit**, the trustee may allow you to choose to receive that lump sum in the form of regularly paid income. This is called a pension. The fund can only provide you with an 'account-based pension'.

The rules for an 'account-based pension' include:

- **Minimum annual amount:** a minimum amount of the capital funding the pension must be paid to the pensioner each year. The minimum, which is expressed as a percentage of the capital, is determined by reference to the pensioner's age. You should speak to your adviser about relief from minimum pension payment amounts as the government does provide relief from time to time.
- **No maximum:** there will be no maximum amount that can be paid in a year, reflecting the fact that pensions and lump sums will be taxed in the same way.
- **But a maximum for transition to retirement pensions:** pensioners being paid a transition to retirement pension will only be able to be paid a maximum of 10% of the capital per annum. This also means that there are restrictions on when you can commute your transition to retirement pension.
- **Transfer on death:** on death, the pension may only be transferred to a Pension Dependant or cashed as a lump sum to the pensioner's dependants or estate.
- **Transfer balance cap:** rules apply from 1 July 2017 which limit the amount you may have (whether held in one or more superannuation funds) to fund the payment of a pension. This is discussed in paragraph 4 below.

### **Existing pensions**

If this PDS is being provided as a consequence of an update to the fund's existing deed, and the fund is presently paying you a pension, and is not a regular account-based pension (so, for example, it was one of the following pensions), then:

- for a pension which started before 20 September 2007, the pension will be deemed to meet the current rules provided that it was commenced before 20 September 2007 in accordance with the rules that applied at that time (and continues to be paid in accordance with those rules);
- if the pension is a complying pension (such as a life pension) then it must be paid, and will only be able to be terminated, pursuant to the rules as they were in force before 1 July 2007; and
- if the pension is an allocated pension then it may be transferred to an 'account-

based' pension without having to first be commuted.

### ***Social Security Eligibility***

Your eligibility for a government age pension is means tested.

The assets test reduces the amount of any aged pension payments to which a member may be eligible. This will give you a part pension, which will reduce to zero once your assets reach the amount set out in the current asset tables specified by the Government. The current asset tables are available [here](#).

### ***Income benefits where you may not have retired but you have reached your preservation age.***

In some circumstances, you may be able to be paid a pension before you actually retire but after you have reached your preservation age. In the fund's deed these are referred to as 'Transition to retirement pensions'.

### ***Income benefits which may become payable on the death of another person.***

In some circumstances, you may be able to be paid a pension from an amount which is rolled-over or transferred into the fund on the death of another person. In those circumstances, the trustee must use that amount to pay a pension to you. The amount will depend entirely on the balance transferred to the fund from the other person's fund.

In those circumstances, you must work closely with the trustee to ensure that the pension will not result in your transfer balance exceeding your transfer balance cap (see paragraph 4). In some circumstances, if you are already receiving a pension, and the new pension will result in you breaching your transfer balance cap, then it may be beneficial to commute part of your existing pension to ensure compliance with the transfer balance cap, and transfer the relevant assets back to your accumulation account.

## **28 Transition to retirement pensions**

Once you reach your preservation age you may still be restricted from accessing your superannuation benefits (because, for instance, you may not have retired). However, once you reach your preservation age you may access a non-commutable pension, or what the fund's deed refers to as a transition to retirement pension.

So you may receive an 'account-based' pension as a 'transition to retirement pension', but additional restrictions apply if you want to commute (or cash out) that pension. Essentially the transition to retirement pensions are 'non-commutable' but there are some very limited exceptions. If you are interested in a transition to retirement pension, you should discuss this in detail with the trustee before requesting the payment of such a pension.

## **29 Transfer balance cap of \$1.6 million (indexed over time)**

From 1 July 2017, persons receiving a pension will have a 'transfer balance'. In short, this is an amount, which is generally capped \$1.6 - \$1.7 million (which is subject to indexing), determined by reference to the assets which have been transferred into the pension accounts of your superannuation fund(s) for the purpose of paying pensions to you.

Before 1 July 2021, all individuals had a personal transfer balance cap of \$1.6 million. From 1 July 2021, individuals have a personal transfer balance cap between \$1.6 million and \$1.7 million. Individuals who start their first retirement phase income stream on or after 1 July 2021 have a personal transfer balance cap of \$1.7 million.

Your transfer balance takes into account, for instance, assets which fund a pension from this fund, as well as assets which fund pensions paid to you from other funds. Your

'transfer balance account' must not, at any time, exceed the 'transfer balance cap'. Where your transfer balance account exceeds the transfer balance cap, either you or the trustee will be required to remove the excess assets from the pension account and either:

- 29.1** transfer the excess capital back into your accumulation account (with any earnings attributable to the excess assets being taxed in accordance with the Tax Act); or
- 29.2** withdraw the excess assets from superannuation.

If you or the trustee become aware of your transfer balance account breaching the transfer balance cap, you should immediately consult with the trustee to take the necessary action. This may involve withdrawing the excess assets from the pension account under this fund, or it may involve withdrawing the excess assets from the pension account you have with another fund, or both. Withdrawing the excess occurs by 'commuting' part or all of your pension.

Where the fund has borrowed money under a limited recourse borrowing arrangement, and the loan is secured by property which supports a retirement phase income stream — any repayment of the loan sourced from money in the fund's accumulation account (without a proportional repayment from the pension account) will result in a credit to your transfer balance account which is equal to the proportional amount of the loan repayment which should have been funded from the pension account. As such, you and the trustee will need to ensure that repayments of this loan are made appropriately from your accumulation account and pension account.

## **30 Taxation of benefits**

### **30.1 Seek advice**

This section is general only. You must seek professional advice concerning your own circumstances and how tax will impact on your participation in the fund and on amounts payable to you.

### **30.2 Benefits paid to you**

Superannuation benefits paid to persons **aged less than 60** are taxed as follows:

- **Lump sum benefits** have two components: an exempt component and a taxed component. The exempt component is tax free (it includes amounts such as pre-1983 contributions and undeducted contributions). The taxed component is tax free up to a low rate threshold (in 2020-2021 \$215,000, and in 2021-2022 \$225,000 and in 2022-2023 \$230,000). After that threshold, it is taxed in accordance with applicable rates. These rates, and the relevant thresholds, are available on the ATO website and should always be checked before they are relied upon.
- **Pension benefits** are taxed in a similar manner to lump sums at the moment, though overall tax can be less in some circumstances. Once the recipient turns 60, the pension is tax free provided that you comply with your transfer balance cap.
- **Proportional drawdown:** In both cases, payments are deemed to include both exempt and taxable components, paid in proportion to the amount these components constitute of the recipient's total benefit.

### 30.3 Death benefits

Benefits paid in the event of your death are taxed as follows:

- **Lump sum benefits** to a member's dependant are tax free, as long as they are also a death benefits dependant as defined in section 302-195 of the ITAA97. Lump sum benefits paid to a dependant (who is not a death benefits dependant for ITAA97 purposes) have the taxable component taxed in accordance with applicable rates. These rates are available on the ATO website.
- **Reversionary pensions** are taxed according to the age of the primary and reversionary beneficiaries. If the primary beneficiary was aged 60 or over at the time of death, then the payments to the reversionary will be tax free. If the primary beneficiary was aged less than 60, then the payments will be taxed at the reversionary beneficiary's marginal tax rate until the reversionary turns 60 (then it will be tax-free). However, a reversionary pension will only be payable to a Pension Dependand. Also a pension paid to a Pension Dependand who is a child will have to be cashed to a lump sum when the child turns 25 (unless they're permanently disabled).
- Pensions can only revert to a Pension Dependand: simply being a dependant is not sufficient. Therefore, benefits which cannot be paid to a Pension Dependand as a pension must be paid as a lump sum to a dependant or the member's estate.

## Information about risks associated with the fund

### 31 Details of risks: General

The assets of the fund must be invested in accordance with an appropriate investment strategy as devised by the trustee. Although the trustee decides on an investment strategy aimed at increasing the value of the fund's assets, this value can be reduced by movements in the underlying value of the fund's assets, for instances movement in share or property prices. This may mean the value of the assets held in the fund for your benefit, or to pay you a pension, may be reduced. Indeed, if the performance of the fund's assets is very poor, the value of the assets held in the fund for your benefit, or to pay you a pension, may be less than the value of the contributions made to the fund on your behalf. Poor investment performance may also affect the trustee's capacity to make payments to you or to sustain the level of payments made to you. More information about risks associated with the fund borrowing in order to invest are set out under "Investment of fund assets" at paragraph 44 below.

If you choose to receive a pension then the amounts you receive are calculated by reference to the value of the assets in the fund. Therefore, if the value of the assets decreases, there may be a corresponding decrease in benefit or pension amounts payable to you and you effectively bear the risk associated with potentially poor investment performance of those assets. Broadly speaking, 100% of the amount used to fund the pension will be taken into account for the aged pension means test.

Finally, if a benefit payable to you is commuted so that the trustee may purchase:

- an annuity from a third party (such as a life assurance company), then you will have a regular income stream and the associated risk will be born by the third

party; or

- an 'account-based' pension from a third party (such as a life assurance company), then the situation is the same as for an 'account-based' pension from the trustee and you effectively bear the risk associated with the variations in the value of the assets which fund the pension.

## **32 Regulatory Risk**

The fund is a self-managed superannuation fund regulated by the ATO. As a member, you will also have to be a trustee, or a director of the corporate trustee. These persons are responsible for ensuring the fund complies with all relevant superannuation laws, as enforced by the ATO.

Serious consequences flow if the fund is operated in a manner inconsistent with these rules. The consequences include prosecution by the ATO or a determination by the ATO that the fund is non-complying, with the result that the concessional tax treatment of the fund ends, and the fund will receive a very significant tax assessment which is aimed at recouping the value of tax concessions previously received by the fund. Accordingly compliance of the fund with regulatory requirements is essential.

You must ensure that you are familiar with, and understand these rules. If you are not confident of this, then you should seek professional advice as to whether you will be in a position to comply with these obligations on joining the fund as a member.

## **Information about amounts paid to the fund for or by you**

### **33 Contributions**

If you have an employer, then with the member's consent, contributions can be paid by deduction from wages or salary. In that case, the member will procure that its employer pays them to the fund in the way the trustee directs. If you are unemployed or self-employed, then you may make contributions to the fund yourself. These contributions are deductible for tax purposes, subject to the caps discussed immediately below.

Alternatively you may make contributions, or another person may make contributions on your behalf.

From 1 July 2017 up until 30 June 2022, if you are under age 65, or aged 65 to 74 and meet the work test, you are eligible to claim a tax deduction for personal contributions to eligible superannuation funds up to the concessional contributions cap.

In relation to contributions made on or after 1 July 2022:

- if you wish to claim a tax deduction for personal contributions, you can do so if you are:
  - under age 18 and you are carrying on a business or derive income as an employee;
  - aged 18 to 66 (inclusive) (you do not need to meet the work test);
  - aged 67 to 74 (inclusive) if you meet the work test,

The above rules reflect that from 1 July 2022, individuals aged 65-66 (inclusive) are not required to meet the work test in order to claim this tax deduction.

If you are aged 67 to 74 inclusive, but do not meet the work test, you are still eligible to make these contributions, but you will not be entitled to claim a tax deduction.

As with all such contributions, they must be made to an eligible superannuation fund and

concessional contributions caps apply.

#### **34 Superannuation co-contributions**

You will be eligible to receive a co-contribution from the Federal Government up to a maximum amount (\$500 in 2020-2021, 2021-2022 and 2022-2023) if:

- you have a total superannuation balance of less than the general transfer balance cap on 30 June of the year before the year contributions are being made;
- you have not exceeded your non-concessional contributions cap in the relevant financial year;
- you make one or more eligible personal super contributions by 30 June of a financial year;
- your total income is less than the prescribed amount (\$56,122 in 2021-2022 and \$57,016 in 2022-2023). Co-contribution income thresholds from previous financial years can be found [here](#);
- 10% of your income is from employment sources, such as an employer or running your own business;
- you are 71 years or younger;
- you did not hold a temporary visa at any time during the financial year (unless you are a New Zealand citizen or it was a prescribed visa); and
- you lodge your income tax return.

You are not entitled to a super co-contribution for personal contributions that have been allowed as a tax deduction.

#### **35 Low Income Superannuation Tax Offset**

The Federal Government introduced the Low Income Superannuation Tax Offset (**LISTO**) so that if

you have an adjustable income up to \$37,000, you will receive a refund into your fund account of the tax paid on your concessional superannuation contributions, up to a cap of \$500. In effect, this means that most low income earners will pay no tax on their superannuation contributions.

#### **36 Tax on concessional contributions:**

A tax of 15% applies to all 'concessional' superannuation contributions. An additional amount of tax is payable by individuals who exceed a high income threshold of \$250,000. Where an individual's adjusted income and low-tax contributions are greater than \$250,000, they may have to pay an extra 15% tax on either of the following amounts, whichever is less:

- excess over the threshold; or
- actual taxable contributions.

This means that:

- if your excess is greater than your taxable contributions, then you will pay the extra 15% tax on all your taxable contributions; alternatively

- if your excess is less than your taxable contributions, then you will pay the extra 15% tax (30% tax in total) on the excess and 15% tax only on the rest of your taxable contributions.

**37 Caps on concessional contributions:** This paragraph sets out the cap which applies to concessional contributions. How much you can contribute to your super before having to pay extra tax depends on your age at the end of the financial year:

Financial Year	Concession (General Cap)	Age	Tax on amounts over the cap
2019-2020	\$25,000	All ages	Included in your income tax return and taxed at your marginal rates plus the excess concessional contributions (ECC) charge.
2020-2021	\$25,000	All ages	Included in your income tax return and taxed at your marginal rates.
2021-2022	\$27,500	All ages	Included in your income tax return and taxed at your marginal rates.
2022-2023	\$27,500	All ages	Included in your income tax return and taxed at your marginal rates.

There is 15% tax payable by your fund on concessional contributions paid into your superannuation fund (subject to the discussion above about the high income threshold). Generally, concessional contributions can only be made by employers or persons who are self-employed.

#### **Going over the concessional contributions cap**

For years up to 2020-2021, if you exceed your concessional contributions cap the excess contributions are included in your taxable income and taxed at your marginal tax rate plus an interest charge known as the 'excess concessional contributions' (ECC) charge (as set out in the above table).

From 1 July 2021 the ECC charge has been removed.

To assist you in paying this additional tax:

- you can choose to release up to 85% of your excess concessional contributions from the fund by requesting that a release authority be issued to the trustee, which is a process pursued with the ATO; and
- you will receive a 15% tax offset in your tax return (to account for the tax paid by your fund on the excess concessional contributions).

#### **Catch-up concessional contributions**

From 1 July 2018, if you have a total superannuation balance of less than \$500,000, you can make 'catch-up' contributions, up to your unused cap space amounts.

The ability to carry over any unused cap space amounts commenced from 1 July 2018. If you fail to use any unused cap space after five years it will expire.

Prior to 1 July 2022, individuals aged 65 to 74 who met the work test were able to access these arrangements. From 1 July 2022, individuals aged 65-74 are not required to meet the work test to access these arrangements.

**38 Caps on non-concessional contributions:** This paragraph sets out the caps which apply to non-concessional contributions:

<b>Financial Year</b>	<b>Non-Concession Cap</b>	<b>Tax on amounts over the cap</b>
2020-2021	\$100,000	47%
2021-2022	\$110,000	47%
2022-2023	\$110,000	47%

In addition, if you are under 67 (or under 75 for contributions made on or after 1 July 2022) and eligible to contribute to super, then you may bring forward two or three years (depending on your total superannuation balance) of contributions and contribute non-concessional contributions up to three times your cap in one year (the 'bring-forward' option), and not make any contributions for the following two years.

If your total superannuation balance is greater than or equal to:

- \$1.6 million (from 2017-2021); or
- \$1.7 million (from 2021-2022 onwards),

at the end of the previous financial year, then you are not eligible to make non-concessional contributions.

#### **Going over the non-concessional contributions cap**

If you exceed your non-concessional contributions cap (as set out in the above table) you have the following options:

- Withdraw the excess non-concessional contributions (and 85% of all associated earnings on these contributions) from your fund by requesting that a release



authority be issued to the trustee, which is a process pursued with the ATO. If you choose this option then the total amount of associated earnings will be included in your assessable income and taxed at your marginal tax rate. You will receive a 15% tax offset for this in your tax return.

- Keep the excess non-concessional contributions in your fund. If you choose this option then the excess will be taxed at the rate set out in the above table.

### 39 **Contributions-splitting**

Spouses may split superannuation contributions between them. Contributions-splitting allows members to ask the trustee to transfer certain contributions (**Splittable contributions**) made in respect of the member to the superannuation fund, or account of that member's spouse.

The contributions splitting applications must be lodged with the fund by 30 June in the financial year.

At present, the split can only take place in respect of splittable contributions made in the previous financial year.

## **Information about amounts deducted from the fund**

### 40 **Debits from your Accumulation and Pension Accounts**

The trustee can make deductions from your Accumulation or Pension Accounts to, for example, meet the fund's expenses, to pay taxes (or to set aside for anticipated taxes), to pay for an insurance policy or Annuity premiums or to pay an amount from your Pension Account to your Accumulation Account or vice versa.

### 41 **Other application of income**

The trustee also:

- maintains an income account: This is a general account of the fund and does not relate to a specific member. Amounts such as the income and profits of the fund or proceeds of insurance policies (which the trustee decides not to pay to a member or beneficiary) are paid into this account. From this income account the trustee can make payments to your Accumulation Account, but it may also make deductions from the income account to:
  - pay the expenses of the fund;
  - pay taxes due and payable, or likely to become due and payable;
  - pay costs of insurance policies;
  - meet losses suffered on disposal of an asset of the fund and so on.
- may maintain an Equalisation Account: This is also a general account of the fund. The trustee may decide to pay amounts into this account to:
  - smooth the investment earnings of the fund (that is, to even out years of good growth and performance with years of poor growth and performance);
  - provide for tax liabilities;
  - pay fund expenses;
  - otherwise provide for contingencies of the fund.

The trustee is not permitted to charge fees in relation to the services it provides to the fund.

## **Other significant information about the fund**

### **42 Preservation Age**

Set out below are the Preservation Ages relevant to members of the fund:

- for a person born before 1 July 1960 – 55 years
- for a person born during the year 1 July 1960 to 30 June 1961 – 56 years
- for a person born during the year 1 July 1961 to 30 June 1962 – 57 years
- for a person born during the year 1 July 1962 to 30 June 1963 – 58 years
- for a person born during the year 1 July 1963 to 30 June 1964 – 59 years
- for a person born after 30 June 1964 – 60 years.

### **43 Reporting Transfer Balance Account Events**

From 1 July 2018, the trustee of a self-managed super fund must lodge a Transfer Balance Account Report (**TBAR**) with the ATO using the prescribed form in respect of each member to whom a 'transfer balance account event' occurs. The ATO uses this information to record and track a member's transfer balance account and total superannuation balance. The deadline by which the report must be lodged depends on the member's total superannuation balance.

Events which require reporting, include but aren't limited to the following:

- retirement phase income streams that have commenced;
- member commutations; and
- commutations effected to comply with a commutation authority issued by the Commissioner of Taxation.

### **44 Investment of fund assets**

The trustee is permitted to make a wide range of investments provided that they accord with the trustee's investment strategy. The trustee is required to establish an investment strategy or strategies, outlining how the assets of the fund will be invested. The trustee can alter the strategy or strategies provided they remain appropriate. If the trustee offers more than one strategy, you may choose the appropriate strategy but you cannot choose the investments the trustee is to make within the strategy.

The trustee cannot loan money from the fund to a member or a member's relative.

The trustee may borrow money to make any investment — but only in restricted circumstances. In such cases:

- the only fund asset that may be used as security for the borrowing is the asset that the fund is acquiring with the borrowed money;
- the asset acquired must be an asset which the fund could ordinarily and lawfully acquire (for example, the fund is prohibited from acquiring assets which do not satisfy the sole purpose test in section 62 of the SIS Act – this stays the same even though the fund is borrowing to acquire the asset);
- the terms on which the asset is acquired must meet strict requirements set out in superannuation law.

The risks associated with any investment (as described generally under "Details of risks: General" at paragraph 31 above) increase when made using borrowed money. You should always obtain professional advice before making any such investment.

The trustee is required to hold money and other assets of the fund separately from those which it holds personally.

When preparing statements of the fund's financial position, the fund's operating statement or any other account or statement required by the SIS Act or the SIS Regulations, the trustee is required to value the fund's assets at their market value. Market value has the same meaning as in the SIS Act.

#### **45 Valuation of fund assets**

The Trustee will ensure that the fund's assets are valued at their market value. Market value has the same meaning as in the SIS Act.

#### **46 Taxation**

##### **46.1 Income of the fund**

For tax purposes, the fund's income is divided into 2 components:

- Non-arms length component: which includes income such as private company distributions, non arms-length income and trust distributions, reduced by tax deductions relating to that special income.
- Low tax component: which is the total of all fund income, less the non-arms length component.

The low tax component is taxed at the concessional rate of 15% in the hands of the trustee. The non-arm's length component is taxed at the rate of 45% plus the 2% Temporary Budget Repair Levy (which will cease to apply after the 2016-2017 income year).

##### **46.2 Pension earnings**

Generally, while you are alive the fund will not have to pay income tax on income or capital gains attributable to the assets in your pension account.

Earnings from assets supporting transition to retirement pensions are taxed concessional at 15%.

##### **46.3 Contributions**

Contributions to the fund (made by your employer, yourself, your spouse, etc) are generally treated as contributions of capital and will not be included in the fund's Income. However, if the person making a contribution is entitled to a tax deduction in relation to that contribution, then the contribution will usually be treated as fund Income and will be taxed as outlined in paragraph 46.1 above.

Information about the deductibility of contributions is in paragraph 33 above.

##### **46.4 Low Income Spouse Offset**

If a person makes a contribution on behalf of a member who is their low income (or no income) spouse, the person making the contribution may be entitled to a tax offset of up to \$540 per year.

A member who makes a contribution can get the full tax rebate if, amongst other conditions the spouse's assessable income (disregarding any First Home Super

Saver released amount for the income year) was less than \$40,000 and the contributions were not deductible by the person making the contribution.

The 18% offset of up to \$540 applies to contributions made on behalf of spouses with an income of up to \$37,000 (the tax offset reduces when the spouse's income is greater than \$37,000 and is completely phased out once the spouse's income reaches \$40,000).

**47 Insurance**

As part of its investment strategy, the trustee will consider whether to hold a contract of insurance that provides insurance cover for one or more members of the fund.

**48 The fund deed**

The fund deed is written in plain English. Provisions that are not relevant to the particular fund of which you are a member have been excluded. For example, if individuals are trustees of the fund, then all provisions relevant to a company being a trustee of the fund have been removed. Therefore, if a company is later appointed as trustee, the fund deed will have to be varied to include the relevant provisions.

You should read the trust deed and seek professional advice if you do not understand it.

**49 Other considerations concerning investments made by the fund**

The trustee is required to inform you of whether labour standards or environmental, social or ethical considerations are, or will be, taken into account when the trustee selects, retains or realises an investment. At this stage, the trustee does not take any such considerations into account. However, the trustee is obviously free to incorporate this into its investment strategy if it sees fit.

**50 Contacting the trustee for additional information**

If at any time you require further information including information concerning the fund, the fund deed, the fund's performance or your rights as a member, you can contact the trustee using the contact details at the beginning of this PDS.

# Product Disclosure Statement – Schedule 1

## Definitions

Where a term is capitalised in this PDS, the meaning is either explained below or is explained in the trust deed:

**Accumulation Account** means the account established for you by the trustee. Each member of the fund has an Accumulation Account, into which are paid that member's contributions or contributions made on behalf of that member, as well as other amounts specific to that member (such as the proceeds of an insurance policy taken out by the trustee for your benefit).

**Annuity** means what it means under superannuation law. Essentially, it refers to a financial product which is purchased by providing a lump sum (capital) to the financial product supplier who undertakes to pay you an income for a specified time. Unlike a pension, the capital disappears when you purchase the annuity and you receive a contractual right to receive income.

**Commute** has the same meaning as under superannuation law. Generally, it refers to when a right to receive a **regular payment** (like pension or annuity payments) is converted into the right to receive a **lump sum payment**.

**Dependant** – in relation to a member, former member or beneficiary (the 'primary person'), means each of the following:

- the spouse or widow or widower of that primary person.
- any child of that primary person, including a person who, in the trustee's opinion, is or was actually maintained by the primary person as the child of the primary person.
- any person with whom the primary person has an interdependency relationship.
- any other person who, in the trustee's opinion, was substantially dependent on the primary person at the relevant time.

**Pension** refers to a financial product which is purchased by providing a lump sum (capital) to the financial product supplier, who invests the lump sum, manages that investment, and pays you a regular income from the proceeds of those investments. As well as paying you the proceeds of the investments, the financial product supplier may include in your payments part of the initial capital you contributed.

**Pension Dependant** means a dependant of a member to whom a pension may be paid on the member's death, as defined by regulation 6.21(2A) of the SIS Regulations.

**Preservation Age** means what it means under superannuation law. Essentially it is the minimum age after which your benefit arising from a preserved payment may be paid to you. Those ages are set out in paragraph 42 above.

**Preserved Payment** means a payment made to the fund which is required to be preserved under superannuation law if the fund is to be a complying superannuation fund.

**Retirement** occurs:

- if you have reached a Preservation Age less than 60, and
  - an arrangement under which you were gainfully employed comes to an end; and
  - the trustee is reasonably satisfied that you never intend to become gainfully employed (either full time or part time); or

- if you have reached age 60 and an arrangement under which you were gainfully employed has come to an end and either of the following circumstances apply;
  - you have attained that age on or before ending employment; or
  - the trustee is reasonably satisfied that you never intend to become gainfully employed (either full time or part time).

**Superannuation Contributions Surcharge** means an amount which you may be liable to pay if your taxable income is greater than the relevant superannuation surcharge level for a year of income.

**Tax Act** means the *Income Tax Assessment Act 1936* or *Income Tax Assessment Act 1997*, as appropriate, and the regulations made under the relevant Act.

**Total Superannuation Balance** has the same meaning as in section 995-1(1) of the Tax Act.

**Transfer Balance Account** has the same meaning as in section 995-1(1) of the Tax Act.

**Transfer Balance Cap** has the same meaning as in section 995-1(1) of the Tax Act.