

Trustee Declaration

As trustee of the PJ & LJ Super Fund, I acknowledge my understanding of the following issues surrounding my non concessional contributions into the SMSF for 30th June 2023.

Eligibility to make Non Concessional Contributions

I understand that being aged between 67 and 74 I can only make Non Concessional Contributions into my SMSF if I pass a Work Test.

Passing the Work Test when aged between 67 and 74

The "Work Test" requires that an Individual is "Gainfully Employed" for at least 40 hours in a period of not more than 30 consecutive days in that Financial Year. The term "Gainfully Employed" is defined to mean employed or self-employed for gain or reward in any business, trade, profession, vocation, calling, occupation or employment. Gain or reward essentially means that I am remunerated in return for the personal services provided. (eg as a salary, business income, bonuses and commissions that are fully documented and declared for tax purposes). It does not include passive investment income (eg rental income or dividend income). In addition volunteers are generally not considered to be gainfully employed as they do not receive remuneration for their services. I should also take care if I involve family and friends in an attempt to satisfy the definition of 'gainful employment'. If I assist another family member by say, babysitting or gardening, the particular circumstances surrounding the arrangement will be critical. For example, if I look after my grandchildren while their parents are on holiday, it is likely that my motive for doing so would be for personal or domestic reasons rather than to derive financial gain as per a normal employer / employee arrangement. In this case, even if I am paid for my services, the definition of gainful employment may not be satisfied.

What happens if I contribute without passing the Work Test?

If I am aged between 67 and 74 and contribute to my SMSF without first meeting the work test, the amount must be returned to me by my SMSF within 30 days. If the 'ineligible' amounts are not returned within this time, my SMSF will have breached the superannuation contribution rules resulting in compliance issues that will be reported to the ATO in my SMSF Annual Audit.

Peter Franklin

Signed.....