Dear Trustees,

Your Self-Managed Superannuation Fund Administrator has requested that we prepare an actuarial certificate for your SMSF to comply with Section 295.390 of the Income Tax Assessment Act 1997. David Quinn-Watson of DeeDeeRa Actuaries has calculated the tax exempt percentage and has prepared the certificate as requested. This letter and the enclosed certificate and attachments set out the information and assumptions used to calculate the tax exempt percentage.

We understand that the circumstances of the Fund are such that just prior to the start of the income year in question, at least one member with a superannuation interest in the Fund (during the income year in question) had a Total Superannuation Balance exceeding $1.6 million and that member was a retirement phase recipient of a superannuation income stream. This situation excludes the Fund from being able to use the Segregated Method for claiming Exempt Current Pension Income (ECPI) and so a Section 295.390 certificate is required to support the claim for ECPI.

Effective from the 2017/18 year onwards, if there are any periods of the income year where the only accounts held by the Fund are Retirement Phase accounts, these periods are known as Deemed Segregated Periods (DSPs) and the Segregated Method is generally used to determine the Exempt Current Pension Income (ECPI) during those periods. However the above circumstances of your Fund override that requirement and the ECPI proportion stated in the attached certificate should be applied to all of the relevant income for the whole income year, even if the Fund had one or more DSPs during the year.

The tax exempt percentage specified in the actuarial certificate applies to the net ordinary and statutory assessable income (excluding assessable contributions, non-arm's length income and income derived from any segregated assets) received during the Unsegregated Periods for the given income year.

As a general guide, the tax exempt percentage is calculated as the average Retirement Phase balances as a proportion of the average total Fund balances.

Regards,

Andy O'Meagher
Director
Act2 Solutions Pty Ltd
Ph 1800 230 737
andy@act2.com.au

ACTUARIAL CERTIFICATE

INCOME TAX ASSESSMENT ACT, 1997 - SECTION 295.390

ACTIVE SHOPFITTERS PTY LTD NO 2 SUPERANNUATION FUND

Section 295.390 of the Income Tax Assessment Act 1997 (the Act) provides that the proportion of a complying superannuation fund's ordinary and statutory income which relates to current pension liabilities (other than income derived from segregated current or non-current pension assets and certain other income) is exempt from tax. This exemption is subject to the Trustee obtaining an actuary's certificate before the date for lodgement of the fund's income tax return for the income year.

Actuary's statements

Subject to the Qualifications and Limitations listed below, I make the following statements pursuant to subsection 295.390 of the Act and Professional Standard 406 *Unsegregated Superannuation Liabilities* issued by the Institute of Actuaries of Australia:

I, David Quinn-Watson BSc(Hons) FIAA, state that, in respect of The Active Shopfitters Pty Ltd No 2 Superannuation Fund:

- The exempt proportion of normal assessable income for the year of income ended 30/06/2018 - is:

  80.407%.

- I am satisfied that the value of the Fund's liabilities in respect of the pensions in payment at 30/06/2018, together with any future contributions in respect of the benefits concerned, together with expected earnings on the assets and contributions after that time (as applicable), would provide the amount required to meet in full the liabilities as they fall due.

- The values of the liabilities set out in this certificate have been determined in accordance with Professional Standard 406 *Unsegregated Superannuation Liabilities* issued by the Institute of Actuaries of Australia.

Qualifications and Limitations

1. I have relied upon the information that has been provided to me. In particular, the calculations have been based on draft financial statements and I have NOT checked that the pensions valued met the requirements to be considered Retirement Phase superannuation income streams under the Act, in the relevant year of income.

2. This certificate ceases to be valid if there are any changes to the information that has been provided to me.

Signed   ....
              David B Quinn-Watson BSc(Hons)
              Fellow of the Institute of Actuaries of Australia

Date   **18th April 2019**

Active Shopfitters Pty Ltd No 2 Superannuation Fund
Actuarial Certificate - ITAA S295.390

ATTACHMENT

1. DATA

The data used for this certificate has been provided by BGL Corporate Solutions Pty Ltd via Simple Fund 360 who advised us that:

- all of the Retirement Phase Income Streams provided by the Fund during the year of income were account-based pensions (being either Allocated Pensions, Market-Linked/Term-Allocated Pensions, Transition to Retirement Income Streams (in Retirement Phase) or Account-Based Income Streams); and
- the Fund did not hold a reserve during the income year.
- there were no actively segregated assets during the year of income; and
- there were one or more periods during the income year during which the Fund held accumulation accounts and/or reserves that were supported by unsegregated assets.

A summary of the information that we used to prepare the certificate is:

1.1 Members and Accounts

	Member 1
Member Name	ROBERT JAMES WASSON
Accounts held	Pension & Accumulation
Pensions started during income year	n.a.
Pensions stopped during income year	n.a.
Date member exited Fund (if applicable)	n.a.
Total Pension Balance at end of income year*	$1,529,000
Total Account Balances at end of income year*	$1,913,189

* These figures are prior to taxes

1.2 Relevant Periods of the Income Year

Start Date	End Date	ECPI Method	Taxation treatment of relevant earnings*
01/07/2017	30/06/2018	Unsegregated	Claim 80.407% of earnings* in this period as exempt.

I understand that the Fund is ineligible to use the Segregated Method to claim Exempt Current

Pension Income (ECPI) for any part of the income year in question.

* The relevant earnings should be determined in accordance with sections 295.390(1) and (2) of the Act

Active Shopfitters Pty Ltd No 2 Superannuation Fund
Actuarial Certificate - ITAA S295.390

1.3 Financial Information

A summary of the financial information provided to us, is:

Net Assets at 01/07/2017	$1,984,189
Total Contributions for income year	$0
Transfers in (from external source)	$0
Benefits Paid	($71,000)
Net Income	$0
Net Assets at 30/06/2018 (before taxes)	$1,913,189

1.4 Other Information

Based on the information provided to us, we understand that:

- During the income year, some or all of the assets of the Fund were Disregarded Small Fund Assets as defined in section 295-387 of the Act. Consequently, the Fund is ineligible to use the Segregated Method to claim ECPI;

- there were no unusual terms or guarantees applicable to the Retirement Phase superannuation income streams that would prevent the current pension liability in respect those income streams being taken to be the balance of the individual pension accounts;

- the advised value of Net Assets of $1,913,189 is the amount of the assets that are available to meet superannuation liabilities after making appropriate adjustments for any accrual items such as receivables, payables and other amounts due.

1.5 Changes to Data Provided

If it is found that the data and information summarised above, and/or supplied to us with the request to prepare this certificate, is not complete, entirely accurate or differs from the events that unfolded in the Fund during the income year in question, this certificate becomes invalid and a replacement certificate should be obtained, using data that accurately reflects the entire circumstances of the Fund for the income year.

2. DEEMED SEGREGATED PERIODS

The ATO holds the view that:

- Where a fund's only superannuation liabilities at a particular time are in respect of Retirement Phase superannuation income stream benefits prescribed by the relevant regulations, sections 295-285(4) & (5) of the Act mean that the assets supporting those income streams are deemed to be segregated current pension assets at that time, even if this applies for only part of an income year.

- Therefore, segregated current pension assets, whether held for all or part of a year, must be excluded from the calculation of the tax-exempt proportion under section 295-390 of the Act.

We refer to any period in which the Fund's only superannuation liabilities at a particular time were in respect of Retirement Phase superannuation income stream benefits prescribed by the relevant regulations as a "Deemed Segregated Period (DSP)".

The information provided to us indicates that the Fund is not eligible to use the Segregated Method to claim ECPI and so Deemed Segregated Periods are not relevant in this certificate.

Active Shopfitters Pty Ltd No 2 Superannuation Fund
Actuarial Certificate - ITAA S295.390

3.   CALCULATIONS

3.1   Unsegregated Pension Liabilities

We calculated the average value of the unsegregated current pension liabilities for all of the Unsegregated Periods in the income year on a weighted average basis, taking account of:

1. the value of the unsegregated pension liabilities as at the start of each Unsegregated Period;

2. the amounts and timing of any pension commencements/commutations during each Unsegregated Period;

3. the pension payments and other transactions that occurred in the members' Retirement Phase accounts during each Unsegregated Period.

3.2   Unsegregated Superannuation Liabilities

We determined the value of the superannuation liabilities of the Fund at a point in time to be equal to be the Net Assets of the Fund at that point in time.

We calculated the average value of the unsegregated superannuation liabilities over the year of income on a weighted average basis, taking account of the amounts and timing of:

1. the unsegregated accumulation and pension account balances at the start of each Unsegregated Period;

2. the member transactions that occurred in the unsegregated accumulation and pension accounts during the Unsegregated Periods of the income year.

3.3   Investment Earnings

We assumed that investment income on the assets supporting the unsegregated pension liabilities and the unsegregated superannuation liabilities was earned uniformly throughout all of the Unsegregated Periods on a basis that is proportional with the relevant account balances from time to time.

Active Shopfitters Pty Ltd No 2 Superannuation Fund
Actuarial Certificate - ITAA S295.390

4. INFORMATION REQUIRED UNDER PS 406

Name of Complying Fund ("the Fund")	:	**Active Shopfitters Pty Ltd No 2 Superannuation Fund**
Name of Trustee 1	:	**ROBERT WASSON PTY LTD**
Name of Trustee 2	:	
Name of Trustee 3	:	
Name of Trustee 4	:	
Year of Income for this Certificate	:	**01/07/2017** to **30/06/2018**
Date to which the following values of Assets and Liabilities relate	:	**30/06/2018**
Value of Liabilities in respect of Retirement Phase Income Stream benefits [Note (i)]	:	**$1,529,000**
Value of Superannuation Liabilities [Note (ii)]	:	**$1,913,189**
Value of Net Fund Assets [Note (iii)]	:	**$1,913,189**
Description of Pension Benefits which have been valued	:	Retirement Phase superannuation income streams that are based on account balances only
Summary of the data on which the certificate is based	:	Refer Section 1 of this Attachment
Statement of assumptions used to value the benefits	:	No assumptions were required to perform the calculations under PS 406
Average Value of Current Pension Liabilities for Unsegregated Periods	:	**$1,576,674**
Average Value of Superannuation Liabilities for Unsegregated Periods	:	**$1,960,863**
Exempt Proportion of Assessable Income	:	**80.407**%
Estimated rate or amount of recommended future contributions	:	Nil

(i) Excludes liabilities in respect of which any segregated current pension assets are held. This figure also excludes investment income.

(ii) Excludes liabilities in respect of which any segregated current pension assets or segregated non-current assets are held. This figure also excludes investment income.

(iii) Includes any segregated current pension assets or segregated non-current assets, adjusted as appropriate for any accrual items such as receivables, payables and other amounts due.

END OF ATTACHMENT