

Application for Membership

Name of Fund: Wickett Superannuation Fund

Member's Name: Wickett, Derek George

(Minor's Name if on behalf of minor)

Address:

29 Highgate Grove

Ashburton VIC 3147

Date of Birth: 23/02/1969

Occupation:

Telephone:

Fax:

Tax File Number:

Contributing Employer(s):

I hereby apply to become a Member of the abovementioned Fund.

* I apply as the parent or guardian of and on behalf of the minor referred to above.
(Delete if inapplicable)

I understand that my membership is subject to terms and conditions specified in the Trust Deed governing the Fund.

This application is accompanied by a Product Disclosure Statement.

I nominate and agree to the Trustee named in the Deed acting as Trustee.

I have received from the Trustee a notice containing information needed for the purpose of understanding the main features of the Fund, its management and financial condition and investment performance. (The Trustee must attach these if the Member is joining at a time other than when the fund is established).

Signed: 

Dated: 12/7/13

Product Disclosure Statement

Wickett Superannuation Fund

This Product Disclosure Statement must be attached to all Application Form(s) for Membership by Members. Any omitted details must be inserted.

Name of Member: Wickett, Derek George

Address of Member:

29 Highgate Grove
Ashburton VIC 3147

Contact Details of Member:

Name & Address and Contact Details (ie Telephone, Fax, Email) of Trustee(s):

Highgate Palace Pty Ltd
A.C.N. 164 782 512
29 Highgate Grove
Ashburton VIC 3147

Product Disclosure Statement (PDS)

Version 270513

The PDS is current as at 27 May 2013

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To obtain a copy of this statement and a copy of any document that is applied, adopted or incorporated by this statement you may telephone the Trustee whose number is below.

Telephone Number:
(The Trustee must insert their telephone number here).

Issued by the Trustee on:

Product Disclosure Statement (PDS)

This PDS is a summary of significant information and contains a number of references to important information (each of which forms part of the Statement). You should consider this information before making a decision about the product.

The information provided in the Product Disclosure Statement is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

1. About your self managed superannuation Fund (SMSF)

Superannuation is to provide you with income for your retirement.

Your SMSF is established by the Trustee and the initial Member(s) signing a trust deed and contributions being paid to the Trustee who then invests that money as part of your super to provide retirement benefits to you.

For your Fund to be a SMSF it must meet several requirements. The requirements can vary depending on whether your Fund has individual Trustees or a corporate Trustee.

If your Fund has individual Trustees, the following must apply: it has four or fewer Members; each Member is a Trustee; each Trustee is a Member; no Member is an employee of another Member, unless they are related and no Trustee is paid for their duties or services as a Trustee.

If your Fund has a corporate Trustee, the following must apply: It has four or fewer Members; each Member of the Fund is a director of the corporate Trustee; each director of the corporate Trustee is a Member of the Fund; no Member is an employee of another Member, unless they are related; the corporate Trustee is not paid for its services as a Trustee; and no director of the corporate Trustee is paid for their duties or services as director in relation to the Fund.

Single Member Funds: If you have a corporate Trustee for a single Member Fund, the Member needs to be one of the following: the sole director of the corporate Trustee; one of only two directors, that is either of the following; related to the other director; not an employee of the other director. A single Member Fund can also have two individuals as Trustees. One Trustee needs to be the Member and the other a person related to the Member or a person who does not employ them.

If a Member is under 18 they cannot be a Trustee and special rules apply.

Investments are made by the Trustee and are pooled with contributions made to the Fund in respect of any other Members.

A SMSF Trustee is ultimately responsible for running your SMSF. It is important that the Trustee understand the duties, responsibilities and obligations of being a Trustee or director of a corporate Trustee.

Members can, generally speaking, withdraw their investment in a superannuation fund (called a "Benefit") when they retire after reaching 55 years of age. Benefits can also be paid if a Member dies or becomes totally and permanently disabled or if they are entitled to a transition to retirement pension. This means that you should only invest in superannuation money you can afford to put away until later.

2. How super works

Superannuation is a means of saving for retirement which is, in part, compulsory.

There are different types of contributions that may be paid to the Trustee of the Fund. For example, employer contributions, contributions by you, government co-contributions.

There are limitations on contributions to, and withdrawals from, superannuation.

Tax savings are provided by the Government.

Most people have the right to choose into which Fund the employer should direct their superannuation guarantee contributions. From 1 July 2013, they are 9.25% of your ordinary earnings.

You should read the important information about your SMSF before making a decision. Go to the “**YOUR SELF MANAGED SUPERANNUATION FUND**” (version 270513 prepared on 27 May 2013).

The material relating to your SMSF may change between the time when you read this Statement and the day when you sign the application form for membership.

Withdrawing Benefits

Benefits are generally for your retirement and normally cannot be paid out in cash until you turn age 65 years, retire after age 55 years (or later if you were born after 1 July 1980), you become permanently and totally unable to work, you are terminally ill or you die.

A condition of release includes: reaching preservation age, retiring after reaching preservation age, death, permanent incapacity, attaining age 65 years, terminal illness and severe financial hardship. Do not cash your benefits before they are unrestricted non preserved as those benefits will not be taxed concessional as a superannuation benefit and will be taxed at your marginal tax rate.

Any contributions made from 1 July 1999 are preserved benefits. Neither preserved, nor restricted non-preserved benefits may be accessed by you until a condition of release has been satisfied. Once a full condition of release is satisfied, the benefits in the Fund at that time become unrestricted non preserved benefits. Generally, only unrestricted non preserved benefits can be cashed by you from the Fund.

Your preservation age is worked out from the table below:

Birth Date	Preservation Age
Born before 01/07/1960	55
Born 01/07/1960 to 30/06/1961	56
Born 01/07/1961 to 30/06/1962	57
Born 01/07/1962 to 30/06/1963	58
Born 01/07/1963 to 30/06/1964	59
Born on or after 01/07/1964	60

When you are otherwise entitled to receive your benefit, it may be paid as a lump sum or pension.

Generally the amount that can be paid is the amount to the credit of your member account less tax.

Where your benefit is being paid as a pension, the Trustee may pay your benefit by any type of income stream permissible including account based pensions. Transition to retirement pensions may be paid if you have not retired however there are limitations and conditions.

You may transfer your investment in the Fund to another superannuation fund or retirement savings account at any time.

3. Benefits of investing in a Self Managed Super Fund

This paragraph covers the SMSF in respect of which you have been given an application for Membership so that you may become a Member of the Fund.

The Fund's significant features and benefits are:

- As a Member and also a Trustee or director of the corporate Trustee, you may have more control over investments and greater flexibility by comparison with being a Member of an industry fund or a retail fund that is not a SMSF where you would not be a Trustee and where you may usually have general investment options only.
- Fees may be lower, however, this will depend usually upon where the funds are invested and the costs of running the SMSF.
- SMSFs may perform better than industry and retail funds. The Trustee may be able to make quick changes to the investment portfolio if investment conditions change.
- A SMSF may have greater flexibility in establishing and managing pensions. It may give you the ability to transfer personally owned listed securities and business real property directly into the Fund. It has the ability to own business real property that may, in appropriate circumstances and conditions in superannuation law, be rented for your business.
- A SMSF may be able to borrow money to purchase real estate or shares where the security is limited to the single asset being acquired, subject to certain conditions in superannuation law.

- A SMSF has estate planning benefits by allowing family Members to combine their assets in the Fund to grow for retirement.
- The SMSF provides retirement benefits usually in the form of lump sums or pensions and may provide income streams as a transition to your retirement.

More information is available in the document mentioned in section 2.

4. Risks of super

All investments carry risk.

Different strategies may carry different levels of risk, depending on the assets that make up the strategy.

Assets with the highest long-term returns may also carry the highest level of short-term risk.

The significant risks of a SMSF are in summary:

- (a) the value of investments will vary;
- (b) the level of returns will vary, and future returns may differ from past returns;
- (c) returns are not guaranteed, and you may lose some or all of your money;
- (d) superannuation laws may change in the future;
- (e) the amount of your future superannuation savings (including contributions and returns) may not be enough to provide adequately for your retirement;
- (f) the level of risk for you will vary depending on a range of factors, including:
 - (i) age; and
 - (ii) investment time frames; and
 - (iii) where your other wealth is invested; and
 - (iv) your risk tolerance.

If the Trustee is not fully aware of Trustee obligations and fails to comply with the superannuation tax laws, penalties may apply and your super may be reduced or fail to perform as well as it should. Additional tax may be payable from your super.

There is a risk of theft or fraud and there is no insurance that will cover you for theft or fraud.

Costs associated with running a SMSF are usually fixed and therefore for smaller account balances (for example less than \$200,000) these costs can be significant and uncompetitive compared with other available super options.

Rates of tax on superannuation contributions and benefits may increase.

If the Fund has a variety of transactions and types of investments, the costs can be relatively higher than a public super fund due to their economies of scale.

If you have money in a fund now and plan to transfer that money to this Fund then if you have existing life insurance in that fund you may not be able to obtain life insurance at comparable rates outside the Fund or inside it.

You usually cannot access a super benefit payment from your SMSF until you reach your retirement age. You may be able to access pension payments when you reach 55 years of age subject to superannuation and tax laws.

5. How we invest your money

The Trustee of the SMSF will invest your money. The rules of the Fund permit a very broad range of investments and no particular investment option is offered. The Trustee must determine an investment strategy and should obtain professional advice for that purpose.

Once the investment strategy is determined investments must be made in accordance with that strategy. Professional advice should be sought to determine particular investments.

You, as a Member, are not required to determine how super is invested, however, as a Trustee, or a director of a corporate trustee you must do so. If you as a Member do not request the Trustee to invest in a particular manner the Trustee will invest as the Trustee sees fit and in accordance with the Fund's investment strategy. For example, it may be possible to have a separate investment strategy relating to your own interest in the Fund.

Professional advice should be sought.

WARNING

You must consider:

- (a) the likely investment return; and
- (b) the risk; and
- (c) your investment timeframe when investing.

Labour standards or environmental, social or ethical considerations are not taken into account in the selection, retention or realisation of investments relating to this superannuation product.

6. Fees and costs

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100 000 to \$80 000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.fido.asic.gov.au) has a superannuation calculator to help you check out different fee options.

As there are no investment options set out in the rules of the SMSF there are no fees detailed here with respect to investment options.

Initial set-up costs will include the costs of the trust deed and initial documentation. As a Trustee or as a director of a corporate Trustee, you will be aware of the costs for your Fund. The Trustees will also need accounting and relevant professional advice. You will be aware of these initial costs as you are a Trustee or a director of a corporate Trustee.

There will also be annual ongoing costs (which are likely to increase each year) such as the ATO supervisory levy (\$191 in 2012-13) accountancy fees to prepare financial accounts, audit fees, preparation and lodgement of annual taxation returns, tax advice and transaction costs on brokerage.

No fees and costs are charged by the Trustee for its services however where others are engaged to carry out work, such as accountants and financial planners and solicitors (and commissions on investments) then those costs are payable by the Trustee and are usually debited to member accounts on a proportionate basis unless, for example, a particular amount is payable owing to a particular investment that has been made as requested by a particular member and for that member only.

Fees and costs of investments are available from the Trustee when an investment has been determined. They are usually set out in a PDS relating to the proposed investment.

7. How super is taxed

A brief summary of significant tax information is set out below however you should always seek taxation advice from a professional adviser. See also the publication mentioned in this PDS.

When a contribution is made that is tax deductible (a concessional contribution) to the contributor, who may for example be you, if you are self employed or, your employer, if you are an employee, then tax at 15% is payable from

your Member account by the Trustees and this is usually paid quarterly to the ATO. The 2012 Federal Budget provided that the tax rate of 15% on concessional contributions will be increased to 30% for the financial year commencing 1 July 2012 if you earn more than \$300,000. The Tax and Superannuation Laws Amendment (Increased Concessional Contributions Cap and Other Measures) Bill 2013 was finally introduced to the House of Representatives in May 2013 and if passed will become law.

When the Fund earns income on its investments it must pay tax to the ATO. The rate is usually a maximum rate of 15% on these earnings and your account will be debited with the tax on the earnings on your interest in the Fund. These are usually paid quarterly and annually as appropriate by the Trustee from your Member account. If you commence certain types of pensions, this tax may not be payable.

If you withdraw money from the Fund as a lump sum or a pension, the amount may be tax free or tax may be payable. The amount of any tax may also depend upon the tax components that make up your superannuation benefit.

A **tax-free component** is the part of a benefit that is tax-free and does not count towards your assessable (or taxable) income.

A **taxable component** is the part of the benefit that is taxable. It may include two parts - one where tax has been paid and one where tax has not yet been paid. These are called taxed and untaxed elements respectively.

To work out how your super payout is taxed, you only need to understand how the taxed and untaxed elements of the taxable component are taxed. The tax-free component is not taxable.

- A **taxed element** is the super that has already had tax paid on it in the fund. It may or may not need to have additional tax paid on it once it is paid out. You may still need to include the taxed element in your tax return.

An **untaxed element** is the part of your payout that hasn't had any tax paid on it in the fund, but which is still taxable. It must be included in your tax return as assessable income.

If your Member Benefit is a taxed element of a taxable component and you are under 55, the maximum tax rate is 20% plus levies (Medicare and any National Disability levy). If you are over 55 and under 60, there is no tax payable up to the low rate cap amount (being \$175,000 for the 2012-2013 year, and \$180,000 for the 2013-2014 year) and 15% (plus levies) if above it. If you are 60 or over, no tax is payable.

If your Member Benefit is an untaxed element of a taxable component and you are under 55, the maximum tax rate up to the untaxed plan cap amount (being \$1,255,000 for the 2012-2013 year, and \$1,315,000 for the 2013-2014 year) is 30% (plus levies). If the amount is above the untaxed plan cap amount, the rate is 45% (plus levies). If you are over 55 and under 60, the rate is 15% (plus levies) up to the low rate cap amount and 30% (plus levies) if above it and up to the untaxed plan cap amount. If the amount is above the untaxed plan cap amount, the rate is 45% (plus levies). If you are 60 or over, the rate is 15% (plus levies) up to the untaxed plan cap amount, and 45% (plus levies) if above it.

A lump sum death benefit paid to dependants (generally spouse and children under 18) is tax free. The taxed element of a taxable component paid to non-dependants is 15% (plus levies). The untaxed element of a taxable component paid to non-dependants is 30% (plus levies).

If you are withdrawing a pension from an element taxed in the Fund, and you are under 55, you will be taxed at your marginal tax rate, with no tax offset unless you are disabled. If you are over 55 and under 60, you will be taxed at your marginal tax less any tax offset. If you are over 60, there is no tax payable.

If you are withdrawing a pension from an element untaxed in the Fund, and you are under 60, you will be taxed at your marginal tax rate, with no tax offset. If you are over 60, you will be taxed at your marginal tax rate less any tax offset.

Tax File Number

You must provide your tax file number as part of acquiring the superannuation product.

The Trustee must return all Member contributions to the person or entity who paid them within 30 days of becoming aware that the Trustee should not have accepted those contributions. The Trustee cannot accept any Member contributions nor contributions made by your spouse on your behalf without your TFN.

Tax on Excess Contributions

There will be taxation consequences if the contribution caps applicable to superannuation are exceeded. Professional advice should be obtained by you before contributing to the Fund.

Contribution caps are legal maximum limits on the amount of contributions that may be made by you and others for you. Contributions in excess of the respective caps are taxed at higher rates. The amount of tax you pay on the excess amount depends on which cap you exceed.

Any concessional contributions made into your super fund over the concessional cap will also count towards your non-concessional contributions cap.

You should read the important information about your SMSF before making a decision. Go to the **“YOUR SELF MANAGED SUPERANNUATION FUND”** (version 270513 prepared on 27 May 2013).

The material relating to your SMSF may change between the time when you read this Statement and the day when you sign the application form for membership.

8. Insurance in your super

The SMSF does not offer an insurance cover option at this time. Speak to the Trustee if you desire insurance and the Trustee should seek professional advice.

9. How to open an account

You join the fund by signing the application to the Trustee for membership. Contributions must be paid to the Trustee to commence your membership. There is no cooling-off period applicable to joining the Fund.

You may make a complaint in writing or verbally to the Trustee whose contact details are shown on this form.

YOUR SELF MANAGED SUPERANNUATION FUND
The information in this document forms part of the Product Disclosure Statement for
Wickett Superannuation Fund

Requirement for a Product Disclosure Statement (PDS)

As a member of the Fund you must ensure that you have read the PDS. The requirement to issue a PDS is in the *Corporations Act 2001* (Cth).

Generally, under superannuation law, each Member will be a Trustee or each Member will be a director of a corporate Trustee. The Trustee has the obligation to provide a PDS and the Member is to receive the PDS. There is an exemption in the case of a self managed superannuation fund if the Trustee (or its directors in the case of a corporate Trustee) believes, on reasonable grounds, that you as a prospective Member, for example, joining the Fund have received all of the information that the PDS should contain, or that you have and are known by the Trustee to have access to all that information. It is recommended that you ask the trustee for full access to all that information, even though you have received a PDS.

The Trustee can give you a PDS after you join the Fund, if you join when the Fund is first established and in this case it is to be given to you as soon as practicable and in any event within 3 months after you join the Fund.

A PDS provides key information to Members of a newly established self managed superannuation fund and to Members where the Governing Rules (the Governing Rules are the provisions contained in the Trust Deed establishing the Fund and any amendments to it. A copy is available from the Trustees) are amended provided that matters required to be disclosed in the PDS or the information in it has not changed and the amendment has not required a change to the information in the PDS. **If the Fund has received contributions then this PDS must have attached to it further information concerning the investments of the Fund and its investment strategy.** A different PDS must be provided by the Trustee to you at other times, for example when a pension benefit is paid to you. These are matters on which the Trustees must obtain professional advice.

Choosing the right superannuation fund as part of your investment strategy can be a very effective way of achieving your financial goals.

A PDS helps you to understand the main features of this Fund. Professional advice before investing should be obtained.

Need Help?

If you need help about investing generally, then speak to a licensed financial adviser. If you have questions about this Fund particularly, speak to the Trustees and /or the Trustees' professional advisers.

Superannuation Generally

Superannuation provides you with income for your retirement. Superannuation funds with more than one Member pool contributions and invest them for the benefit of the Members.

Tax concessions apply to contributions to superannuation funds which comply with rules set out in superannuation law. Tax deductions are available for some contributions. Tax concessions also apply to Fund earnings and to benefit payments.

Members can, generally speaking, withdraw their investment in a superannuation fund (called a "Benefit") when they retire. Benefits can also be paid if a Member dies or becomes totally and permanently disabled or if they are entitled to a transition to retirement pension. This means that you should only invest in superannuation money you can afford to put away until later.

Trustees

For your fund to be a self managed superannuation fund (SMSF) it must meet several requirements. This fund must always remain a SMSF.

The requirements can vary depending on whether your fund has individual trustees or a corporate trustee.

Single member funds have some additional rules.

If your Fund has individual trustees, it is an SMSF if all of the following apply: it has four or fewer members; each member is a trustee; each trustee is a member; no member is an employee of another member, unless they are related and no trustee is paid for their duties or services *as a trustee* in relation to the Fund.

If your fund has a corporate trustee, it is a SMSF if all of the following apply: It has four or fewer members; each member of the fund is a director of the corporate trustee; each director of the corporate trustee is a member of the fund; no member is an employee of another member, unless they are related; the corporate trustee is not paid for its services as a trustee; and no director of the corporate trustee is paid for their duties or services *as director* in relation to the fund.

Single member funds

It is possible for you to set up your Fund with only one member.

If you have a corporate trustee for a single member fund, the member needs to be one of the following:

- the sole director of the trustee company
- one of only two directors, that is either of the following
 - related to the other director
 - not an employee of the other director.

A single member fund can also have two individuals as trustees. One trustee needs to be the member and the other needs to be one of the following:

- a person related to the member
- any other person who does not employ them.

A trustee or director cannot be paid for their services as a trustee or director in relation to the fund.

Your obligations

As an SMSF trustee, you are ultimately responsible for running your SMSF. It is important you understand the duties, responsibilities and obligations of being a trustee or director of a corporate trustee.

Trustees of a SMSF need to act according to the following:

- your fund's trust deed
 - the provisions of the laws that apply to superannuation funds, particularly self managed superannuation funds that include Superannuation Industry (Supervision) Act 1993 (Cth) (SISA)
 - Superannuation Industry (Supervision) Regulations 1994 (Cth) (SISR)
 - the Income Tax Assessment Acts
 - other general rules and rulings of the ATO, such as those imposed under other tax and trust laws.

If there is a conflict between the Superannuation law and the Trust Deed, the law overrides the Trust Deed. A trustee who fails to perform their duties according to the laws, may face penalties.

If you are a new trustee or newly appointed director of a corporate trustee, you need to sign the Trustee Declaration within 21 days of your appointment to show that you understand your duties as a trustee of an SMSF. To obtain a copy of the Trustee declaration (NAT 71089) see the ATO website at www.ato.gov.au

You should seek professional advice in relation to the succession to the trusteeship of the Fund in the event of your death or inability to continue to act as trustee or director of a corporate trustee.

Information about Benefits

Your Member's Benefit is the amount of contributions credited to your Member's Account in the records of the Fund from contributions made by you or your employer or other persons on your behalf, plus, where applicable, insurance policy proceeds. Contributions are invested and therefore the value of your Member's Benefit will vary from time to time.

You can generally take your benefits once you reach preservation age (see below) and retired. In addition, once you are aged 65 or more, you can take your superannuation even if you have not retired.

If you are aged 55 or over, you can reduce your working hours by taking some of your superannuation as a pension. You can then top up your reduced income by drawing on your superannuation. This transition to retirement measure only allows you to access your superannuation benefits as a 'non-commutable' pension, not a lump sum. This means that you generally still cannot take your superannuation as a lump sum cash payment while you are still working and will need to take your Member's Benefit as regular payments.

If you become totally and permanently disabled your Member's Benefit will be paid subject to Superannuation law. Benefits can also be paid if you become temporarily totally disabled.

Preservation of Benefits

The Federal Government restricts when you can access most of your superannuation. In general, access to your

superannuation will depend upon the 'preservation' classification that applies.

Preserved and non-preserved benefits

All contributions made by or on behalf of a Member and all earnings for the period 30 June 1999, are preserved benefits. Employer eligible termination payments (before 1 July 2007) rolled over into the Fund are also preserved benefits.

Preserved benefits may be cashed voluntarily only if a condition of release is met and then subject to any cashing restrictions imposed by the superannuation laws. Cashing restrictions tell you what form the benefits need to be taken in.

There are 2 other types of benefits:

Restricted non-preserved benefits – these cannot be cashed until you meet a condition of release. They are generally subject to the same cashing restrictions as preserved benefits.

Unrestricted non-preserved benefits - these do not require a condition of release to be met and may be paid upon demand by you. They include, for example, benefits for which a Member has previously satisfied a condition of release and decided to keep the money in the Fund.

Preserved Benefits

All contributions (including those you make) and earnings paid or accruing from 1 July 1999 are preserved. New employer eligible termination payments are also fully preserved. See below - Conditions of release.

Preservation of benefits is complex and the Government may change the rules from time to time and you should obtain professional advice.

Preserved benefits can generally only be paid on taking advantage of a transition to retirement strategy; permanent retirement at or after your preservation age; reaching age 65; satisfying the compassionate grounds tests; meeting the financial hardship requirements; death; suffering total and permanent disability; permanent departure from Australia if you are an eligible temporary resident; satisfying any other condition for release specified in the superannuation law. See *infra*

Your preservation age is worked out from the table below:

Birth Date	Preservation Age
Born before 01/07/1960	55
Born 01/07/1960 to 30/06/1961	56
Born 01/07/1961 to 30/06/1962	57
Born 01/07/1962 to 30/06/1963	58
Born 01/07/1963 to 30/06/1964	59
Born on or after 01/07/1964	60

Conditions of release

These are the events you need to satisfy to withdraw benefits. The most common conditions of release for paying out benefits are:

Retirement: Actual retirement depends on your age and for those less than 60 years of age, their future employment intentions. A retired Member cannot access their preserved benefits before they reach their preservation age.

Transition to retirement: (attaining preservation age). Members who are under the age of 65 and have reached preservation age, but remain gainfully employed on a full-time or part-time basis, may access their benefits as a non-commutable income stream.

Attaining age 65: When you reach age 65 you may cash your benefits at any time. There are no cashing restrictions. (It is not compulsory to cash benefits simply because you have reached a certain age).

There are other circumstances when benefits can be released to you. For example, the Trustees may pay you or your dependants a benefit if you meet a condition of release in the event of compassionate grounds, severe financial hardship, temporary incapacity, permanent incapacity or death. Some of these permit early access to benefits before reaching preservation age. There are specific rules for each of these and some have restrictions on the way the benefits can be cashed.

Compassionate grounds: You can apply to the Department of Human Services for a release on compassionate grounds. More information can be obtained from them or the Trustee.

You may be granted a release on compassionate grounds to pay for medical treatment or medical transport for you or a dependant of yours, to make a payment on a loan to prevent you from losing your house, to modify your home or vehicle to

accommodate the special needs of yourself or a dependant as a result of a severe disability or to pay for expenses associated with a death, funeral or burial.

Severe financial hardship: To be eligible for this condition of release, you must have received Commonwealth income-support payments continuously for 26 weeks and be unable to meet reasonable and immediate family living expenses. Only one lump-sum payment can be made in any 12 month period. The minimum amount that can be paid is \$1,000 (unless your superannuation interest is less than this amount) and the maximum amount is \$10,000.

Temporary incapacity: You may be eligible to receive a benefit if you have temporarily ceased to be gainfully employed due to physical or mental ill-health, but are not permanently incapacitated. The benefit must be paid as a non-commutable income stream – that is, as regular payments.

You will need to seek professional advice as to your eligibility for this condition of release.

Permanent incapacity: You may be eligible to receive all your benefits if you are permanently incapacitated. Permanent incapacity means that you are unlikely, because of ill-health (whether physical or mental) to ever engage in gainful employment of the type for which you are reasonably qualified by education, training or experience. At least two medical practitioners will need to certify this.

You will need to approach the Trustee of the Fund for further information about your eligibility for this condition of release.

Death: The Trustees may pay your Member's Benefit on your death.

Nominations - Death Benefits

You may elect that the Trustee exercises its discretion to decide who is to be paid your death benefit. If you do not give the Trustee any direction at all then the Trustee will decide this. However you can give a Nomination to the Trustee which is available from the Trustee. However, you should seek professional advice before signing.

If you want to leave money to someone who is not your dependant, you must nominate your legal personal representative in your binding nomination and the person you wish to leave money to in your will.

Your dependant is your spouse or de facto spouse, your child (including step child and adult child) and any other person (whether related to you or not) with whom you have an interdependency relationship. Two persons (whether or not related by family) have an "interdependency relationship" if:

- (a) they have a close personal relationship;
- (b) they live together;
- (c) one or each of them provides the other with financial support; and
- (d) one or each of them provides the other with domestic support and personal care.

If two persons (whether or not related) have a close relationship, but do not satisfy these requirements because either or both of them suffer from a physical, intellectual or psychiatric disability, they are considered to have an interdependency relationship.

The following matters are to be taken into account when determining whether two people have an interdependency relationship, or had an interdependency relationship immediately before death:

- (a) all of the circumstances of the relationship between the persons, including (where relevant):
 - (i) the duration of the relationship
 - (ii) whether or not a sexual relationship exists
 - (iii) the ownership, use and acquisition of property
 - (iv) the degree of mutual commitment to a shared life
 - (v) the care and support of children
 - (vi) the reputation and public aspects of the relationship
 - (vii) the degree of emotional support
 - (viii) the extent to which the relationship is one of mere convenience, and
 - (ix) any evidence suggesting that the parties intend the relationship to be permanent.
- (b) the existence of a statutory declaration signed by one of the persons to the effect that the person is, or (in the case of a statutory declaration made after the end of the relationship) was, in an interdependency relationship with the other person.

Each one of the above need not be met and the extent to which any one matter exists or does not exist does not necessarily of itself confirm or exclude an interdependency relationship.

The provisions of the SISA and regulations regarding Binding Death Benefit Nominations do not apply to self-managed superannuation funds. However, you may still make a Binding Death Benefit Nomination under the Governing Rules of the Fund. If you want the Trustee to pay your benefit on your death to the people you chose by making a Binding Death Benefit Nomination you must:

- (a) complete a binding nomination form telling the Trustee who you want them to pay a benefit to and in what proportions; and
- (b) renew your binding nomination regularly.

If you have a valid binding death benefit nomination at the time of your death the Trustee will follow it even if your circumstances have changed. You should therefore review as your circumstances change or those of the nominated beneficiaries.

If you do not make a binding nomination or if a nomination is invalid or if you make a Non-Binding Nomination, the Trustee will choose who to pay your benefit to. In this event the Trustee may take your wishes into account, however will not be bound by them. The Trustee will consider the circumstances of all of your dependants in choosing to whom to pay the benefit and in what proportions.

When your Member's Benefit becomes payable it will be paid as a lump sum benefit or as a pension. You should discuss these matters with your professional adviser before making any nomination. If you have previously signed a death benefit nomination, you should review it and it is best to make a new one especially if the Superannuation Trust Deed is amended or updated.

PENSIONS

The Federal Government "Simplified Superannuation" reforms altered the number and type of pensions that could be paid by superannuation funds. The Trustee must give Members a separate PDS relating to their pension before it commences. You should seek professional advice before asking the Trustee to commence paying you a pension.

Pensions that commenced before 1 July 2007

Pensions that commenced before 1 July 2007, the Trustee may generally continue to pay them under the pension payment standards that operated before that date.

Pensions that commenced between 1 July and 19 September 2007

Pensions that commenced between 1 July 2007 and 19 September 2007 may continue to be paid under the previous standards or the new standards.

Pensions that commenced after 19 September 2007

All pensions commencing after 19 September 2007 must meet the minimum pension standards that were introduced with the Simplified Superannuation reforms and these require that the pensions must satisfy all of the following requirements:

1. The pension must be account-based, except in limited circumstances.
2. A minimum amount must be paid at least annually. See *infra*.
3. The capital supporting the pension cannot be increased using contributions or rollover amounts once the pension has started.
4. The pension can be transferred only if a Member dies, to one of their dependants.
5. Neither the capital value of the pension nor the income from it as security can be used for borrowing.
6. Before commuting a pension, a minimum amount must be paid in certain circumstances.

There are no maximum draw down limits for these pensions (that commenced after 19 September 2007) except for transition to retirement pensions. See below for further details about these requirements.

Account-based pension

An account-based pension refers to a pension where an account balance is attributable to the Member. That is, the amount supporting the pension is allocated to a separate account for each Member. All newly commenced pensions paid by your fund (post 1 July 2007) will be account-based.

Minimum annual payments for super income streams

Once you start a pension or annuity on or after 1 July 2007, a minimum amount is required to be paid each year. There is no maximum amount other than the balance of your super account, unless it is a transition to retirement pension in which case the maximum amount is 10% of the account balance.

The minimum payment amounts have been halved for certain pensions and annuities for the 2008-09, 2009-10 and 2010-11 years and reduced by 25% for the 2011-12 and 2012-13 years. The reductions in these years apply only to

account-based pensions and annuities (allocated pensions and annuities and market-linked pensions and annuities). The following table shows the minimum percentage factor (indicative only) for each age group.

Age	Minimum % withdrawal for the 2011-12 and 2012-13 years for certain pensions and annuities	Minimum % withdrawal (in all other cases)
Under 65	3%	4%
65-74	3.75%	5%
75-79	4.5%	6%
80-84	5.25%	7%
85-89	6.75%	9%
90-94	8.25%	11%
95 or more	10.5%	14%

Note that these withdrawal factors are indicative only. To determine the precise minimum annual payment, see the pro-rating, rounding and other rules in the SISR.

Certain payments cannot be used to boost a Member's pension

Once a pension has begun to be paid to the Member no further amounts can be added to the capital from which the pension is being paid. This means that the Member's pension account cannot be increased by contributions or rollover amounts however a new pension may be commenced from another part of your Member's account.

Transfer of pension

If a Member dies the pension can only be transferred or paid to another person who is a dependant of the Member, which includes:

- a surviving spouse or de facto spouse
- a child of the deceased who is under 18 years of age
- a child of the deceased aged between 18 years and 25 years of age, who was financially dependent on the deceased
- a child of the deceased aged 18 years of age or over, who has a permanent disability
- any person who relied on the deceased for financial maintenance at the time of their death, or
- any person who lived with the deceased in a close personal relationship where one or both of them provided financial and domestic support and personal care.

You should ensure that you sign the necessary documents in respect of the payment of the pension after your death and obtain professional advice in that regard.

Capital value of pension cannot be used as security for borrowings

When applying for loans, Members cannot use the capital value of the pension or the income from it as security for a borrowing.

Minimum payment prior to commutation

If a pension that commenced after 19 September 2007 is to be commuted, at least a minimum amount must be paid from the pension beforehand. The minimum payment(s) must occur in the financial year in which the commutation is to take place. The amount paid must be at least the pro rata of the minimum annual payment amount.

For pensions that commence in the same financial year in which they are commuted, the pro-rata minimum payment amount is calculated based on the number of days from the start date of the pension to the day it is commuted.

Pro-rata minimum payment amount = minimum annual payment amount x days from start of pension to day pension commuted / 365 (or 366).

The requirement to make a minimum payment prior to commutation does not apply in circumstances where the commutation arises on the death of a Member or where the purpose of the commutation is to:

- Pay a superannuation contributions surcharge liability;
- Give effect to a payment split under the family law provisions; or
- Give effect to a client's right to return a financial product under the Corporations Act 2001.

'Commutation' generally means withdrawing some or all of your money as a lump sum. Some retirement pensions do not allow the withdrawal of a lump sum. These are non-commutable pensions.

Transition to retirement pensions

The transition to retirement measure allows Members who have reached their preservation age, to have access to their superannuation benefits without having to retire or leave their job. This allows Members access to their superannuation by drawing down transition to retirement pensions.

Pensions which commenced before 1 July 2007 and that complied with the transition to retirement rules at the time satisfy the new requirements and may continue to be paid under the former rules.

All pensions commencing on or after 1 July 2007 to be paid by the Fund must meet these requirements:

- It must be an account-based pension. This means an account balance must be attributable to the recipient of the pension.
- The payment of a minimum amount to be made at least annually – in the financial year ended 30 June 2012 and 30 June 2013 this is 3% of the account balance where the Member is under age 65. (See infra)
- The total payments made in a financial year must be no more than 10% of the account balance (at the start of each year). This is the maximum amount of pension benefits that can be drawn down each year.
- Restrictions on the commutation of the pension (except in limited circumstances).
- There is no provision made for an amount or percentage to be left over when the pension ceases.
- The pension can be transferred only on the death of the Member to one of their dependants, or cashed as a lump sum to a dependant, non-dependant or the Member's estate.
- The capital value of the pension and the income from it cannot be used as security for borrowing.

Commutation of transition to retirement pensions

If a transition to retirement pension is commuted, the resulting lump sum benefit cannot be taken in cash unless the Member satisfies a condition of release with a 'nil' cashing restriction (for example, retirement) or the purpose of the commutation is to:

- cash an unrestricted non-preserved benefit
- pay a superannuation contributions surcharge liability
- give effect to a payment split under family law, or
- ensure a payment can be made to give effect to a release authority or transitional release authority.

Retirement after commencing a transition to retirement pension

If you retire or qualify for another condition of release with a 'nil' cashing restriction (for example if you have a terminal medical condition or a permanent incapacity) after the commencement of a transition to retirement pension, you have the following options:

- Continue to receive the pension
- Commute the pension to purchase another pension
- Commute the pension and take the resulting lump sum benefit in cash
- Commute the pension and roll it back into superannuation

The options available vary depending on the type of pension that was taken and the time since its commencement. Members should seek professional advice about these options.

CONTRIBUTIONS

There are a number of terms explained:

Concessional Contributions

Concessional contributions are 'before-tax' contributions. Generally, these are employer contributions and personal contributions that you notify your Fund you intend to claim as an income tax deduction. The latter because, for example, you are self-employed. For personal contributions, you must give Notice to the Trustee in the prescribed ATO form and within the prescribed time. Ask your professional adviser for the form and time limits. There are limitations on making and claiming a tax deduction for your own contributions and generally you must not receive more than 10% of your income (assessable income, reportable fringe benefits & reportable employer superannuation contributions) as an employee from your employer. These contributions are taxed at 15% on receipt by the Trustee. See also below under **Federal Budget 2013, "Individuals with income greater than \$300,000"** of this PDS.

Concessional contributions cap

Concessional contributions include:

- employer contributions (including contributions made under a salary sacrifice arrangement)
- personal contributions claimed as a tax deduction by a self-employed person.

Income year	Amount of cap
2013-14	\$25,000
2012-13	\$25,000

Concessional contributions caps if over 50 or 60

- From 1 July 2013, if you are 60 years old or over, your annual cap will be \$35,000.*
- From 1 July 2014, if you are 50 years old or over, your annual cap will be \$35,000.*

* Legislation effecting this change was introduced to the House of Representatives on 16 May 2013 and becomes law when Royal assent is given.

If you have more than one fund, all concessional contributions made to all your funds are added together and count towards the cap. This cap is not indexed.

Non-concessional contributions cap

Non-concessional contributions include personal contributions for which you do not claim an income tax deduction.

Income year	Amount of cap
2013-14	\$150,000
2012-13	\$150,000

People under 65 years old may be able to make non-concessional contributions of up to three times their non-concessional contributions cap over a three-year period. This is known as the 'bring-forward' option.

The bring-forward cap is three times the non-concessional contributions cap of the first year. If you brought forward your contributions in 2007-08, it would be $3 \times \$150,000 = \$450,000$.

CGT cap amount

Under the CGT cap, you can during your lifetime exclude non-concessional superannuation contributions from the non-concessional contributions cap up to the CGT cap amount. The CGT cap applies to all excluded CGT contributions, whether they were made between 10 May 2006 and 30 June 2007 or after 30 June 2007.

You may elect for all or a part of superannuation contributions made for you from the proceeds of the disposal of small business assets under the small business CGT concessions regime to be counted excluded from your non-concessional contributions cap, and to be counted under a lifetime CGT cap. You will need to obtain professional advice if you wish to do this.

CGT cap amount is \$1,255,000 for 2012-13 and \$1,315,000 for the income year 2013-14.

Low rate cap amount

The application of the low rate threshold for superannuation lump sum payments is capped. The low rate cap amount is reduced by any amount previously applied to the low rate threshold.

Income year	Amount of cap
2013-14	\$180,000
2012-13	\$175,000

Untaxed plan cap amount

The untaxed plan cap amount limits the concessional tax treatment of benefits that have not been subject to contributions tax in a superannuation fund. The untaxed plan cap amount applies to each superannuation fund from which a person receives superannuation lump sum Member benefits.

Income year	Amount of cap
2013-14	\$1,315,000
2012-2013	\$1,255,000

Excess contributions tax

Excess contributions tax (ECT) is a tax you are liable to pay on contributions made to your superannuation that exceed your concessional or non-concessional contributions cap. The cap amount and the amount of extra tax you are liable for once a cap amount is exceeded, depends on whether the contributions are concessional or non-concessional contributions. ECT is the amount of tax imposed when your contributions exceed a relevant cap.

More recent legislative changes may mean that if you exceed the concessional contributions cap, you may be able to request the excess contributions be withdrawn from the super fund and have it refunded; however it will only apply for first time breaches, and you must meet the requirements of the Commissioner. You should seek professional advice before acting.

Special circumstances

If you believe that you exceeded a cap due to special circumstances, you can apply to the ATO for a determination that some or all of a contribution be either disregarded or reallocated to another year.

If you exceeded your non-concessional contributions cap because of a single contribution, your superannuation fund may have been required to return the excess amount to you. This means you may not have to pay ECT. You should discuss ECT with the Trustee and your professional advisers.

ACCEPTANCE OF CONTRIBUTIONS

Mandated Employer Contributions

Mandated employer contributions are those made by your employer under a law or an industrial agreement for the benefit of a Fund Member and include superannuation guarantee contributions.

The Trustee can accept mandated employer contributions for a Member at any time irrespective of your age or the number of your hours worked.

For Members under 65 Years of Age

The Fund can accept any contributions made in respect of a Member under 65. If the Member is under the age of 18 at 30 June, they would need to derive eligible employment income or business income in the income year before income tax deductions for superannuation can be claimed.

Members Aged 65 but Less than 70

For a Member in this age group, the Fund can accept personal contributions or employer contributions that are not mandated employer contributions during a financial year provided they can demonstrate that, in that financial year, they were gainfully employed on at least a part-time basis.

Gainful employment means employment or self employment for gain or reward in any business, trade, profession, vocation, calling, occupation or employment. For this reason a person who only receives passive income such as trust distributions or dividend income would also fail to meet the gainful employment test.

In order to meet the work test, Members must have worked at least 40 hours in a period of not more than 30 consecutive days. This amount of paid work only has to be demonstrated once each financial year.

Members aged 70 but less than 75

If the Member is between 70 and 74 years of age the contributions can only be accepted if they are received on or before the date 28 days after the end of the month in which the Member turns 75.

Members Aged 75 or over

The Trustee may only accept mandated employer contributions, even if you are still working.

Eligible Spouse Contributions

Eligible spouse contributions may be accepted by the Fund at any time if your spouse is under the age of 65. If your spouse is aged 65 but under 70, eligible spouse contributions may be only accepted if your spouse is at least gainfully employed on a part-time basis. If your spouse is 70 or over, the Fund cannot accept eligible spouse contributions. There are no age limits or employment tests for the person making the contributions.

Superannuation Contributions Splitting

When you split your contributions, you transfer or roll over a portion of contributions from your superannuation account, to your spouse's superannuation account.

The 'spouse' of a Member may be either: a person with whom the Member is in a relationship that is registered under certain state or territory laws (this includes marriages and registered same-sex relationships); or a person of the same or of a different sex, who lives with the Member on a genuine domestic basis in a relationship as a couple (known as a de-facto spouse). You can only apply to split contributions if your spouse is either: less than 55 years of age or between the ages of 55 and 65 years and not retired.

The contributions you can apply to split are: any contributions your employer made for you (including salary sacrifice contributions) any personal contributions you made for yourself and advise your superannuation fund that you will claim a tax deduction for. For example, if you are self-employed.

You can ask your superannuation fund to transfer to your spouse up to 85% of the financial year's concessional contributions. Taxed splittable contributions are concessional contributions made to your superannuation fund and include:

- employer contributions (including salary sacrifice contributions)
- personal contributions you have advised your Fund you will use to claim as a tax deduction (for example, because you are self-employed).

They can also include other amounts such as amounts allocated from your superannuation fund's surplus to meet an employer's liability to make contributions. Contact the Trustee for details of the taxed splittable contributions that were or may be made to your superannuation account.

The amount of concessional contributions you ask to split cannot be more than the concessional contributions cap for the financial year.

Superannuation co-contribution

The superannuation co-contribution is a payment from the Federal Government to assist eligible individuals to save for their retirement. If you are eligible and make personal superannuation contributions, the government will match your contribution with a superannuation co-contribution up to certain limits. You should speak with your Trustee or your professional advisers for more information about co-contributions.

Directed termination payments

A directed termination payment is a transitional employment termination payment (ETP) that you direct the payer to make to the Fund or to purchase a superannuation annuity.

If you choose a directed termination payment, the payer must comply with the direction and give you the details of how the payment is made up.

Information About Amounts Debited to the Fund and Your Account

Under the Governing Rules, the Trustee may debit your account with expenses to pay taxes, administrative and other expenses, to pay for insurance policies or premiums for third party annuities and other taxes in accordance with the governing rules, subject to complying with the law. The Trustee can create an equalisation account which is to be used to stabilise the investment earnings of the Fund and to provide for expenses as the Trustee considers appropriate, however this is subject to superannuation law.

INVESTMENTS

The Trustee must determine an investment strategy that will indicate how the Trustee will invest. The strategy must reflect the purpose and circumstances of the Fund and have regard to investing in a way to maximise Member returns bearing in mind the risk in return, diversification, the liquidity and liabilities. An investment strategy is a plan for making holding and realising Fund investments that reflect the Fund's objectives and circumstances.

All investments must be made in accordance with the investment strategy. The Trustees have a defence to an action for

loss or damage suffered as a result of the Trustees making an investment where the Trustees can show that the investment was made in accordance with an investment strategy formulated in accordance with superannuation law. Investments must be made and maintained on a strict commercial basis. Income should also reflect a true market rate of return.

Generally the Fund cannot invest more than 5% of the Fund's total assets in related parties of the Fund although there are some very limited exceptions, including allowing an exemption for business real property which is subject to a lease between the Fund and a related party of the Fund and limited exemptions for certain investments in related non-g geared Trusts or companies.

Auditor

The Fund is required to have its financial accounts and statements audited each year by an approved auditor. The approved auditor is also required to assess the Fund's overall compliance with the law. The auditor must also notify the Trustees of any concerns they have about the financial position of the Fund or compliance with the law. If they are not satisfied that the Trustees have taken appropriate action to rectify any issues raised they must inform the ATO.

INFORMATION ABOUT RISKS ASSOCIATED WITH THE FUND

The Fund must invest in accordance with its investment strategy determined by the Trustees.

An investment strategy sets out the fund's investment objectives and your plan to achieve them. It provides you and the other trustees with a framework for making investment decisions to increase member benefits for their retirement. Your investment strategy needs to take into account the personal circumstances of all the Fund's Members, including risk tolerance and attitudes to risk and age. One strategy may not suit every member, especially where the fund consists of people at different stages of life. In these situations you need to select and manage investments well enough so they grow in value and meet the investment objectives of all members.

You need to make asset allocation decisions by choosing from a range of investment assets.

Trustees choose the investments in accordance with their investment strategy. If the Trustees offer more than one strategy you may choose the appropriate strategy but you cannot choose investments the Trustees are to make within the strategy.

The value of the Fund's assets may be increased or reduced by changes in asset prices. Accordingly the value of your benefit may be reduced. This could affect the Trustees' capacity to make benefit payments to you.

In some cases if your benefit is a pension then there may be a decrease in benefit or pension amounts payable to you if the value of the assets in the Fund decreases.

In other cases, if you receive a complying pension, the Trustees may bear the risk of the asset being insufficient to make payments to you.

There are risks in choosing to invest in superannuation, superannuation and taxation laws may change. There are also risks in choosing particular investments as all investments are subject to varying risks and generally all change in value.

The significant risks of investing generally include inflation that may exceed the return on your investment. Individual assets can and do fall in value for many reasons such as changes in the internal operations or management of the Fund or company in which the money is invested or in its business environment.

Market risks, market sentiment and economic, technological, political and legal conditions can and do change and this can mean that changes in the value of investment markets can affect the value of the investments in the Fund.

Interest rate risks can arise where there are changes in interest rates which can have a positive or negative impact directly or indirectly on investment value or returns.

There are currency risks if investments are in other countries and if their currencies change in value relatively to the Australian Dollar, the value of the investment can change.

Derivatives can be used to reduce risk, or to gain exposure to other types of investments. Risks associated with these derivatives include the value of the derivative failing to move in line with the underlying asset, potential liquidity of the derivative or the Fund may not be able to meet payment obligations as they arise.

Under the Governing Rules, the Trustees are not liable for any loss or detriment to the Fund unless it is due to the Trustees' dishonesty or wilful or reckless failure to exercise the degree of care and diligence necessary. The Trustees are to be indemnified by the Fund to the maximum extent the law permits.

The Trustee of the Fund has primary responsibility to ensure you the Fund's money has been invested appropriately. Is the Trustee confident and a knowledgeable investor? You should consider if the Fund will do as well as or better than other superannuation funds after costs? You need to ensure you have enough super savings to make your Fund viable.

Changes to superannuation law may affect your ability to access your benefit. Superannuation benefits may be split by agreement or by Court Order with your spouse if you and your spouse permanently separate.

Changes can occur to the taxation of superannuation which may affect the value of your benefit.

If the Trustees borrow in accordance with superannuation law, the Fund may, if the loan is not repaid or terms of the loan not complied with, lose the asset purchased with the borrowed funds or part of its value. See further details about borrowing below.

The Fund must always comply with the definition of a self managed superannuation fund and comply with superannuation law. This amongst other things requires that generally either the Trustees must be identical to the Members or that any corporate Trustee has as its director(s) the identical Member(s). Failure by the Trustees to comply with superannuation and tax law could affect your benefits adversely.

As a Member and Trustee or a director of a corporate Trustee company, you may not understand your obligations possibly resulting in unintended costs or fines and potential loss of the Fund's complying status.

The Trustee or one of them may defraud the Fund and its Members.

If a Trustee dies, investments need to be transferred to the names of the appropriate Trustees. This may result in tax or stamp duty being payable depending on the types of investments being transferred.

Borrowing

The SIS Act prohibits borrowing by superannuation funds except in limited circumstances. Trustees are able to borrow for a maximum of 90 days to meet benefit payments due to Members as long as the borrowing does not exceed 10% of the Fund's total assets.

Under section 67(A) and 67(B) of the SISA the Trustees are permitted to borrow to invest in limited circumstances. Briefly these require that borrowed money must be applied to the acquisition of an asset that is otherwise permitted to be acquired by the Trustees, it must be a "single acquirable asset"; the loan must be a limited recourse loan and the lender's security is limited to the assets bought with that loan; the asset must not be an in-house asset or other asset not permitted under superannuation law; the asset must be held on trust for the Fund so that the Fund has a beneficial interest in the asset with the legal title being held by a separate Trustee; the Fund must have a right to acquire the legal title of the asset on payment of one or more instalments.

The Governing Rules of the Fund permit borrowing however the provision must be read in conjunction with other sections of the SIS Act such as the sole-purpose test, investment strategy requirement, related-party acquisition rules, in-house asset rules, prohibition against charging and arm's length dealing requirements.

It is recommended that appropriate tax and financial advice, including further information about the risks of gearing, are sought before implementing this type of strategy. See also the ATO website.

Government Age Pension

If you are on or intend to apply for a Government pension you should obtain financial advice before doing so to determine how your superannuation may affect a government pension.

TAXATION

You should seek taxation advice from your accountant. Below is some information about tax and superannuation however professional advice should always be sought.

Tax on Payments from a Superannuation Fund

The Product Disclosure Statement refers to taxation. Below is a table with more details.

You may have an untaxed element if the benefit comes from an untaxed super fund, or the fund pays the proceeds of a life insurance policy.

See the tables below for tax on superannuation benefits and your tax adviser for more information and professional advice. This table does not include any legislative changes after 25 May 2013. See your professional adviser for up to

date details.

Super lump sum tax table

Income component derived in the income year	Age at the date payment is received	Amount subject to tax	Maximum rate of tax (including Medicare levy)*
Member benefit - taxable component - taxed element	Under preservation age	Whole amount	21.5%
	At or above preservation age and under 60	Amount up to the low rate cap amount	Nil
		Amount above the low rate cap amount	16.5%
	Aged 60 or above	Nil - amount is non-assessable and non-exempt income	N/A
Member benefit - taxable component - untaxed element	Under preservation age	Amount up to untaxed plan cap amount	31.5%
		Amount above untaxed plan cap amount	46.5%
	At or above preservation age and under 60	Amount up to the low rate cap amount	16.5%
		Amount above the low rate cap amount and up to the untaxed plan cap amount	31.5%
		Amount above the untaxed plan cap amount	46.5%
	Aged 60 or above	Amount up to the untaxed plan cap amount	16.5%
		Amount above the untaxed plan cap amount	46.5%
	Death benefit lump sum benefit paid to non-dependants - taxable component - taxed element	Any	Whole amount
Death benefit lump sum benefit paid to non-dependants - taxable component - untaxed element	Any	Whole amount	31.5%
Death benefit lump sum benefit paid to dependants - taxable component - taxed and untaxed elements	Any	None	Nil
Rollover super benefits - taxable component - taxed element	Any	Nil - amount is non-assessable and non-exempt income	N/A
Rollover super benefits - taxable component - untaxed element	Any	Amount up to the untaxed plan cap amount is non-assessable income and is non-exempt income	N/A
		Amount above the untaxed plan cap amount	46.5%

Super lump sum benefits less than \$200	Any	None	Nil
Super lump sum benefit (terminally ill recipient)	Any	None	Nil

* The National Disability Scheme will impose an additional levy.

Element taxed in the fund of a super income stream

The table below summarises the taxation of a super income stream paid with an **element taxed in the fund**. The tax-free component is not included. This component is not assessable and not exempt income in all cases.

Age of recipient	Income stream
Age 60 or above	Not assessable, not exempt income
At or above preservation age and under 60	Taxed at marginal tax rates Tax offset of 15% is available
Under preservation age	Taxed at marginal tax rates, with no tax offset Tax offset of 15% is available if a disability super benefit

Levies (1.5%) will apply if amounts are assessable.

Element untaxed in the fund of a super income stream

The table below summarises the taxation of a super member income stream paid with an **element untaxed in the fund**.

The tax-free component is not included. This component is not assessable and not exempt income in all cases.

Age of recipient	Income stream
60 years old or over	Taxed at marginal rates, with a 10% tax offset
At or above preservation age and under 60	Taxed at marginal rates, with no tax offset
Under preservation age	Taxed at marginal rates, with no tax offset

Levies (1.5%) will apply to assessable amounts.

Payment of Death benefits

The benefit may be paid to the Member's estate or to their spouse or child if under 18 or if the child is under 25 and financially dependant on the Member or if the child is permanently disabled (See meaning of spouse in the PDS).

Death benefits paid to non-tax dependants

Death benefit payments to non-tax dependants must be paid as a lump sum benefit. The taxable component of a death benefit paid to a non-dependant will be taxed at 15% plus levies.

Death benefits paid to your estate

If the death benefit is paid to your legal personal representative for distribution through your estate, any tax payable will depend on how the death benefit is distributed between the beneficiaries in the estate by the executor.

Terminal illness benefits

No tax is payable on these complying benefits.

Expenses

The Trustee can claim tax deductions in respect of certain expenses incurred by the Fund and this will reduce the tax payable.

Franking credits

Franking credits and foreign tax credits may be able to be claimed which will reduce the tax payable by the Fund. If the

franking credits exceed the tax payable franking credits will be refunded after the Fund's tax return has been lodged.

An anti-detriment payment may be payable if a death benefit is paid as a lump sum to an eligible dependant. This is basically a refund of contributions tax. Determining the ability to pay and how to fund anti-detriment payments is complex and you should obtain professional advice.

Tax File Numbers

Member contributions

The Trustee cannot accept any member contributions if you have not given the Trustee your TFN.

Contributions that cannot be accepted include those you make and those made by your spouse on your behalf.

If the Trustee receives such a contribution where you have not provided your TFN, then the Trustee must return the contribution within 30 days of becoming aware that you the Trustee should not have accepted the contribution. However the contribution does not have to be returned if, within 30 days of it being made, you provide the Trustee your TFN.

What will happen if I don't give my TFN to the Trustees?

If the Trustees do not have your TFN:

- The Trustees will have to pay additional income tax (called 'TFN contributions tax') on some types of contributions
- The Trustees may not be able to accept some types of contributions, and
- You may miss out on superannuation co-contributions.

INFORMATION ABOUT LABOUR STANDARDS, ENVIRONMENTAL, SOCIAL OR ETHICAL CONSIDERATION

The Trustees will inform you if labour standards or environmental, social or ethical considerations are or will be taken into account when the Trustees select, retain or realise an investment. **Unless you are notified otherwise the Trustees do not take any such considerations into account however the Trustees may incorporate those things into their investment strategy.**

ADDITIONAL INFORMATION-CONTACT DETAILS

If you require further information concerning the Fund or the Governing Rules or your rights as a Member or the Fund's performance you may contact the Trustees. The issuer of the financial product is the Fund by its Trustees. The contact details of the Trustees will be either you (if there are individuals as Trustees) or the Company of which you are a director, if there is a corporate trustee. The contact details of the Fund are therefore known to you if they are not set out in this document.

ADDITIONAL ATTACHMENTS WHERE THE FUND HAS PREVIOUSLY BEEN ESTABLISHED

You acknowledge, if the Fund has been previously operating that you have read the annexures to this PDS including the financial statements and investment strategy or strategies and that the Trustee has given to you any other information that may be material to a decision to join the Fund if you were or are a new member.

COMPLAINTS

If you have a complaint you should notify the Trustees in writing of it. Redress is via the Courts if the issue cannot be resolved.

COOLING OFF PERIOD

If you become entitled to a pension then a new PDS to be given to you at that time by the Trustees will set out any cooling off rights that may apply (a 14 day cooling off period usually applies in that event). There is no cooling off period for new Members joining the Fund.

COSTS, COMMISSIONS, EXPENSES OF THE FUND

The Trustees do not charge for their services however they may pay all appropriate expenses and outgoings from the Fund. These are usually debited to your Member account in the Fund on a pro-rata basis unless there are different investment strategies for each Member, in which case those expenses and outgoings would normally be debited to the appropriate Member's account.

INVESTMENTS

The Trustees must formulate an investment strategy and that strategy including the investments should be provided to you. **If the Fund has been operating and you are a new Member then the Trustee must provide these to you with a PDS when you join the Fund.**

PREVIOUSLY ANNOUNCED CHANGES 2011-12

For more information about the superannuation reforms below refer to the ATO website new legislation page and/or the

Government's Stronger Super website.

Changes to the superannuation guarantee

Legislation commencing 1 July 2013 will gradually increase the superannuation guarantee (SG) rate from 9% to 12% between 1 July 2013 and 1 July 2019; the SG age limit of 70 will be removed from 1 July 2013, and employers will be required to contribute to complying super funds of eligible mature age employees aged 70 and older

Trustee of self-managed superannuation fund – person under 18 years amendment

The superannuation legislation is to be amended so that, where a Member of a self-managed superannuation fund is a minor and the Trustee is a body corporate, a parent or guardian may be the director of the body corporate in place of the minor.

FEDERAL BUDGET 2013

These announced changes are to be legislated however these changes may take time to be passed and you should ascertain from your professional adviser if these have been passed when you read this PDS.

Individuals with income greater than \$300,000

Legislation was introduced to the House of Representatives on 16 May 2013 that imposes an additional tax on very high income earners. Income under this legislation includes, but is not limited to a person's taxable income, fringe benefits, concessional contributions and other items listed in the legislation.

The legislation proposes to tax people who earn an income over \$300,000 an additional 15% on their concessional contributions.