Steele Family Super Fund ('Fund')

FORM 1

Application for Membership

To the Trustee of the Fund.

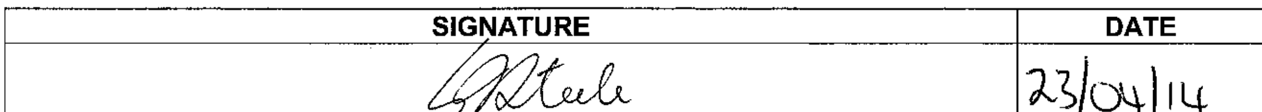
FULL NAME	GREGORY JOHN STEELE	**TAX FILE No.**	486 571 019
ADDRESS	21 Woodglen Court, Samford Valley, Queensland 4520		
OCCUPATION	Managing Director	**DATE OF BIRTH**	14/10/1961

I apply for admission as a Member of the Fund and, in consideration of my admission as a Member:

1. I confirm that I am a director of the corporate trustee unless I am specifically excepted from this requirement under the Standards (eg, due to a legal disability such as being under 18 years or being of unsound mind). I accept the responsibilities and liabilities of being a director of the corporate trustee to a superannuation fund.
2. I agree to be bound by the provisions of the trust deed governing the Fund. I acknowledge that the expressions and meanings in this Application are identical to those used in the trust deed.
3. I agree that, unless I provide notice to the Trustee in writing, I do not require any insurance to be held within the Fund in respect of me.
4. I undertake to provide any relevant information or documentary evidence and agree to submit to health and medical tests as requested from time to time by the Trustee related to my Membership of the Fund.
5. I nominate the following, each being my LPR and/or a Non-binding Dependant (eg, spouse, children and/or a person who is financially dependent on me or in an interdependency relationship with me), to be paid any Interest that I have in the Fund on my death in the designated proportions. I understand that this non-binding nomination is overridden by any binding death benefit nomination on my death:

NAME	RELATIONSHIP	% OF BENEFIT
THERESE STEELE	spouse	100%

6. I acknowledge that the Trustee may collect my tax file number ('TFN') under the Standards.
7. I understand that the Trustee will only use the TFN for legal purposes. This includes finding or identifying my superannuation Interest if other information is insufficient, and calculating tax on any eligible termination payment I may be entitled to.
8. I understand that it is not an offence to omit my TFN from this application. But if I do omit to provide it now or later, contributions may not be able to be made by me or on my behalf to the Fund. I may also pay more tax on my Interest (ie, my entitlement in the Fund) than I would otherwise have to pay (but which may be later credited to a later assessment of tax) and I may lose Interests which are more difficult to find or to amalgamate with other Interests I am entitled to.
9. I acknowledge that the Trustee may provide any TFN disclosed to the Trustee to the trustee of any other superannuation fund to which my Interest is transferred in the future or to the Australian Taxation Office. However, I understand that my TFN will not be passed on in the event I direct the Trustee in writing not to disclose my TFN and, in any event, my TFN will be treated as confidential in accordance with the *Privacy Act 1988* (Cth).
10. I authorise the Trustee to retain and store information on my behalf despite any contrary provision in any privacy legislation.
11. I declare that the information I provide to the Trustee will be true and correct. I acknowledge that it is my responsibility to inform the trustee of any error or changes regarding these matters.



SIGNATURE	DATE
G Steele	23/04/14

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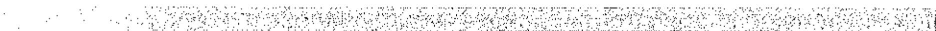
Product Disclosure Statement and Memo ('PDS')

Fund Name:	Steele Family Super Fund	**Date of PDS:**	
PDS Reference No:	SMSF2013-14a	**Date PDS given to Member:**	
Trustee Name:	G.T. STEELE FAMILY PTY LTD ACN 169 046 495		
Trustee Address:	c/- 21 Woodglen Court, Samford Valley, Queensland 4520		
Member Name:	GREGORY JOHN STEELE	**Member No:**	1
Member Address:	21 Woodglen Court, Samford Valley, Queensland 4520		
Member Signature upon Receipt of PDS:			

SMSF PDS



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SMSF PDS and MEMO

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FORMS

BINDING DEATH BENEFIT NOMINATION

This SMSF Product Disclosure Statement ('PDS') and Memo is a general guide only in respect of the main features of a self managed superannuation fund ('SMSF') that has used DBA Lawyers Pty Ltd's (www.dbalawyers.com.au) SMSF governing rules ('Governing Rules') and does not constitute financial product or any other advice. Section 20 of the PDS and Memo must be completed by the trustee before giving the PDS and Memo to the member. Trustees have an ongoing obligation to ensure this document is kept up to date with relevant information. As superannuation and taxation laws are subject to continual change, expert advice should be obtained wherever in doubt. Unless specifically instructed by you in writing, and subject to you entering into an ongoing client agreement and payment of our required yearly fee, there is no obligation on DBA Lawyers to notify you in respect of any change that may be required to the Governing Rules. Except to the extent required by law, we disclaim all and any liability arising in any manner that does not relate to the documentation prepared on our specific instructions. If any member has any queries they should make further inquiries with the fund's trustee or their advisers. This PDS and Memo is current as at 30 June 2013.

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IMPORTANT NOTE

This Product Disclosure Statement ('PDS') and Memo has been prepared to provide information in relation to being a member of an SMSF.

Part A of this PDS and Memo contains the PDS information for an SMSF member. It provides a broad summary of the key information you should consider before becoming a member of an SMSF. It is general information only and does not take into account your personal situation or needs. Accordingly, it is recommended that before becoming a member of an SMSF, you obtain financial advice tailored to your personal circumstances.

Part B of this PDS and Memo contains the Memo information for an SMSF member. Broadly, the Memo builds on the information provided in the PDS. It also contains additional information relevant to SMSF trustees. Due to the fact that most SMSF members are also trustees (or directors of a corporate trustee) it is strongly recommended that parts A and B are read in conjunction with one another.

Changes are constantly being made to the rules and requirements affecting superannuation funds. Accordingly, this PDS and Memo is based only on the law as at the date of this PDS and Memo. It is no substitute for expert advice given in view of a person's particular circumstances. Nevertheless, it is recommended that you closely consider this PDS and Memo.

In particular, there are a number of reform measures proposed including changes arising from the Federal Budget and changes relating to the Stronger Super review of the superannuation industry (refer to section 19 for a discussion of some of the key proposed changes).

To simplify your review of this PDS and Memo, we attach a list of abbreviations at the end of this document.

ADDITIONAL INFORMATION

Section 20 provides additional information that the trustee of the SMSF believes is relevant to your membership of the fund. Please review and consider this information carefully.

PART A — SMSF PDS

1. About SMSFs

An SMSF can be used by employees, the self-employed and those who seek to manage their own superannuation investments. Nevertheless, the alternatives should be carefully considered prior to establishing an SMSF.

SMSFs are generally only for you, your spouse and a maximum of two other members (provided each member satisfies certain tests). The two other members are generally family members.

In order to qualify as an SMSF, broadly each member of the fund must also be a trustee of the fund (or a director of the fund's corporate trustee) and vice versa. Further, trustees (including directors of corporate trustees) and members must generally not be remunerated for services they provide in respect of an SMSF. The above is subject to some exceptions.

For more detailed information regarding the above, refer to section 9.

2. How super works

2.1. What is super?

Superannuation is a means of saving for retirement and is, in part, compulsory. For instance, your employer may be required to make superannuation contributions on your behalf in line with the superannuation guarantee rules (refer to section 12.6 for further information).

Superannuation is a long-term investment. Strict rules exist regarding when it can be accessed. Generally, you can only access your super if you retire from the work-force or attain age 55 (or up to age 60 for persons born after July 1960). Refer to section 13 for further information.

Despite this restricted access, tax concessions and other government benefits generally make superannuation an attractive way to invest.

2.2. Methods of contributing

Many methods of contributing to superannuation exist. These include:

- voluntary contributions;
- superannuation guarantee payments;
- salary sacrificing arrangements;
- the Government Co-Contribution Scheme;
- making contributions from the sale of small business assets in line with div 152 of the *Income Tax Assessment Act 1997* (Cth) ('ITAA 1997');
- contributions splitting;
- eligible spouse contributions; and
- low income superannuation contributions payments (a Government initiative whereby eligible low income earners may receive a superannuation payment from the Government).

For more detailed information regarding the above, refer to section 12.

2.3. Choice of fund

Most employers must give their employees a choice as to which superannuation fund their employee's superannuation guarantee contributions are to be paid into. The fund that an employee chooses may be an SMSF, provided the employee gives their employer certain written information (including the details of their SMSF and how the employer can contribute to it). The

Australian Taxation Office ('ATO') has issued a standard choice form for this purpose (NAT 13080). Further information on the choice of fund requirements can be found on the ATO website at http://www.ato.gov.au/.

2.4. Limits on contributions

There are limits on the amount that can be contributed to superannuation on behalf of a member. Limits also exist on when a superannuation contribution can be accepted by a trustee. Broadly, these limits depend on the 'type' of contribution and the member's age. Exceeding the allowable limits can result in significant taxation liabilities. For more detailed information regarding the above, refer to section 12.

3. Benefits of investing with an SMSF

The main advantage of having an SMSF is that it provides SMSF trustees (and therefore SMSF members) with control over their investments. More particularly, SMSF trustees have the ability to customise the structure, asset allocation and investments of their SMSF to suit their needs and objectives during the different stages of their life.

Despite the above, running an SMSF also brings added responsibility and risk. For instance, SMSF trustees are responsible for all relevant administrative and compliance tasks, whereas commercial funds take care of these requirements for you. Further, SMSFs are more limited in the extent that they can diversify their investments and obtain economies of scale. Superannuation law also imposes a number of strict limitations on the type of investments a fund can make and any contravention of these laws can incur serious penalties, including fines and imprisonment (refer to section 11).

SMSFs are primarily for those people who wish to be in control of their financial affairs and who are capable of taking an active role in the management of their fund. People who are not willing to take an active interest in their own financial affairs should consider the possible advantages of leaving their superannuation affairs to professionally managed public offer funds.

For more detailed information regarding the above, refer to section 10.

4. Risks of super

4.1. Investment risk

An SMSF is an investment vehicle and the trustee is responsible for maintaining the fund's investments in accordance with an appropriate investment strategy.

When formulating an investment strategy, the trustee should consider the risk profile of the members. Investments are not all alike and different investment strategies may carry different levels of risk. For instance, in many cases, assets with the highest long-term returns may also carry the highest level of short-term risk. That being said, *all* investments carry risk and even a 'low-risk' investment strategy will not necessarily guarantee a positive return.

The specific risks associated with a particular SMSF will ultimately depend on the investment strategy that the trustee of that SMSF adopts. However, as a general rule, the following will be true:

- the value of investments will vary;
- the level of returns will vary and future returns may differ from past returns;
- returns are not guaranteed and members may lose some of their money;
- superannuation laws might change in the future and this could impact on fund investments;
- the amount of a member's future superannuation savings (including contributions and returns) may not be

enough to provide adequately for the member's retirement; and

- the level of risk for each member will vary depending on a range of factors (including age, investment timeframes, where other parts of the member's wealth are invested and risk tolerance).

4.2. Compliance risk

Every person who becomes a member of an SMSF must ensure they are aware of the severe penalties that can apply for any contravention of superannuation law. All persons who become a trustee (or a director of a corporate trustee) must sign a trustee declaration (in the relevant form published by the ATO) within 21 days of becoming a trustee or director, acknowledging their trustee duties.

Broadly, any contravention, even innocent administrative oversights, can expose an SMSF to 45% tax on its total assets, apart from non-concessional contributions ('NCCs'). The ATO has discretion to waive this tax if there are genuine mitigating circumstances. In addition, a range of civil and criminal penalties can be imposed depending on the nature and severity of the contravention. Refer also to the discussion under section 19.2.

These substantial penalties for matters that invariably involve complex and technical laws raise the following critical questions: Are you prepared to accept the responsibility that goes with operating an SMSF properly? Will you make sure you are sufficiently familiar with the regulatory regime? Will you seek advice whenever you are in doubt?

Put another way, would you go out and fly a hot-air balloon without having an experienced instructor on board and without receiving special training? Like hot-air balloons, SMSFs can be dangerous. Accordingly, trustees and members have a vested interest in making sure they act prudently and become familiar with the main rules and seek advice whenever there is any doubt.

5. How your money is invested

The trustee of an SMSF is responsible for investing the assets of the SMSF. Any investments it makes should be pursuant to a properly considered investment strategy. This investment strategy should be reviewed and, if necessary, revised on a regular basis. Further, it is a superannuation law requirement that SMSF trustees consider insurance for their members as part of the fund's investment strategy. Insurance does not necessarily have to be obtained, however.

Generally, unless the trustee is experienced with investments, investment or financial advice should be obtained to ensure members' superannuation interests are prudently invested and managed.

In determining how to invest, the members should consider the likely investment return, the risk associated with the investment and the investment timeframe. Note that the trustee will not take environmental, social and ethical issues into account when formulating an investment strategy unless it specifies otherwise in section 20.

Superannuation law also imposes a number of strict limitations on the type of investments an SMSF can make and any contravention of these laws can incur serious penalties, including fines and imprisonment. For example, an SMSF trustee is broadly prohibited from acquiring assets from a related party of the fund, is limited in the level of in-house assets it may invest in and is also generally prohibited from borrowing, unless a specific exception applies. Expert advice should be obtained if there is any doubt.

For more detailed information regarding specific investments that an SMSF can make, refer to section 11.

Note that members may request that the trustee make and hold particular investments on their behalf, or on behalf of a class of members. See section 13.8 for further information.

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 SMSF trustee 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 investment fee calculator to help you check out different fee options.

Likely establishment and administration costs should be considered to ensure the benefit of establishing an SMSF is worthwhile. You should consult your financial adviser to determine the costs of administering the fund. Also, refer to section 20.

Many commercial funds and industry funds charge ongoing management fees and possibly additional fees, such as entry and exit fees. These must be considered in view of the costs of setting up, running and, if relevant, winding up an SMSF.

Even if an SMSF is cheaper to set up and operate, the potential income and growth to be gained from the investment strategies of a public offer fund as compared to an SMSF should be considered. That is, will a public offer fund outperform an SMSF?

7. How super is taxed

7.1. Contributions

(a) Contributions generally

Two types of contributions broadly exist: concessional contributions ('CCs') and non-concessional contributions ('NCCs'). Generally, CCs include contributions made by an employer on behalf of an employee and contributions made by members who have claimed a personal deduction (note, strict rules surround when a member can claim a personal deduction for a contribution: see section 12.2). CCs are included in the assessable income of a superannuation fund. NCCs, on the other hand, are typically those contributions made from after-tax income and are not included in the assessable income of a superannuation fund.

Warning — contributions made in excess of a member's contribution caps can incur significant excess contributions taxes! Refer below.

Warning — it is critical to ensure that each member's Tax File Number ('TFN') is obtained as extra tax can be imposed otherwise. Moreover, the fund cannot accept any member contributions unless a TFN is provided.

(b) Concessional contributions

CCs will only be taxed concessionally on receipt by a superannuation fund to the extent that they are within the particular member's CC cap (see Item 1 of the Appendix). In this case, they will effectively be taxed at 15% as they are included in the fund's assessable income in the financial year of receipt. Note that a person only has one CC cap, regardless of how many employers or superannuation funds they may have.

CCs made in excess of the CC cap are from 1 July 2013 included in a member's assessable income and taxed at their marginal tax rate. An additional interest charge also applies.

For more detailed information regarding CCs, refer to section 12.2.

(c) Non-concessional contributions

To the extent that NCCs are within a person's NCC cap for the financial year (see Item 2 of the Appendix), they will not be subject to any contributions tax as they are not included in a fund's assessable income. Any excess amount however is subject to excess contributions tax and taxed at 45% plus the Medicare levy. The member must use a release authority from the ATO to withdraw the tax amount from their fund, in order to pay any excess tax on NCCs.

Members aged under 65 at any time in a financial year will be entitled to 'bring forward' the next two years' worth of NCCs (based on three times the first financial year's NCC cap). The 'bring forward rule' will be triggered where a member makes NCCs in a particular financial year that exceed their NCC cap for that financial year and they were under 65 at any time in the first year. Contributions made in excess of the 'bring forward' NCC amount will be subject to excess contributions tax.

For more detailed information regarding NCCs, refer to section 12.3.

(d) Managing excess contributions

As outlined above, contributions made in excess of a person's contributions caps can incur significant excess contributions tax. It is important that members are aware of their caps and the amounts being contributed to their fund. It is strongly recommended that members keep an ongoing record of each and every contribution made, before making any further contribution. This will assist in determining whether any excess contributions tax will arise in respect of any financial year (or three successive financial years if the NCC 'bring forward rule' is invoked).

Note that where a member has exceeded their CC cap, they may elect to have up to 85% of the excess amount released from the fund. This also reduces the amount of the member's NCCs (and if the full 85% is released, NCCs will not be impacted by the excess CCs).

If in doubt, members should contact their adviser and seek assistance before making a contribution. If a member suspects that they might have exceeded their cap or incorrectly contributed an amount to their fund, they should contact their adviser immediately. If the member and their adviser act quickly, there may be avenues available to minimise the damage caused by excess contribution situations.

7.2. Investment earnings

Broadly, superannuation investment earnings are taxed at 15%. However, typically no tax is payable on investment earnings that arise from assets that are being used to support a pension.

7.3. Member benefits upon withdrawal

(a) Lump sums

That part of a lump sum consisting of the tax free component is received by a member as non-assessable non-exempt income (ie, 'tax free'). The taxable component (consisting of the element taxed) of a lump sum is taxed as follows:

Age of recipient	Tax treatment
Younger than age 55	The amount is subject to tax at 20% plus the Medicare levy.
Over 55 but less than age 60	Low rate cap amount (see Item 7 of the Appendix) is received tax free and the balance is subject to tax at 15% plus the Medicare levy. Each person only has one lifetime cumulative low tax cap in relation to their taxable component.
60 or over	Benefits are tax free.

(b) Pensions

Broadly, where a member is under 60 and is in receipt of a pension, the pension is taxed as ordinary income. However, a 15% tax offset applies to the assessable amount (ie, the taxable component) of the pension payments for those who have attained their preservation age (see Item 6 of the Appendix). In addition, the amount of the pension representing the tax free component (see section 13.1) will be received tax free. Once a member is 60 years or over, pension payments are tax free and are not included in a member's tax return.

The tax treatment of pensions is summarised as follows:

Age of pensioner	Tax treatment
Preservation age or over, but under 60	Pension payment less the tax free component is subject to tax at the member's marginal tax rate less a 15% offset.
60 or over	Pension payments are generally received tax free.

(c) Death benefits

The amount of tax payable on a payment from a superannuation fund upon the death of a member will depend on whether the beneficiary is a dependant for tax purposes and the form that the payment takes (ie, lump sum or pension). For more information, refer to section 17.7.

8. How to open an account

8.1. Complaints and cooling-off

Members should discuss any query or complaint they may have in relation to the fund in the first instance with the trustee. If the trustee is unable to resolve a dispute, legal advice should be sought.

Members should note that, generally, no 'cooling-off' regime applies to an SMSF (except where a member elects to convert their benefits from the accumulation phase to the pension phase). Thus, there is no easy way to cease to be a member and have contributions to the SMSF returned. Once a contribution is made it is preserved in the superannuation system and members can generally only obtain access to such monies when they meet a relevant condition of release.

For more detailed information regarding the above, refer to section 18.

PART B — MEMO

9. Detailed overview of SMSFs

9.1. Administration

You should review and become familiar with the governing rules of your superannuation fund. The governing rules set out the rules and conditions under which the fund can be operated. The governing rules should be referred to when relevant decisions are being made.

Due to constant changes to superannuation and tax laws, it is generally recommended that the governing rules of an SMSF be updated at least every four years. As a result of regular, ongoing changes, there are services now available for governing rules to be updated on an annual basis (eg, visit http://www.dbalawyers.com.au/annual-update-service).

9.2. Fund membership

As noted above, SMSFs are generally only for you, your spouse and a maximum of two other members (generally family members), provided each member satisfies certain tests. If you have more than four members who are eligible to join the fund, then you should consider setting up another SMSF or joining a public offer fund.

If you run a business, you generally cannot have non-family employees join your SMSF. It is generally advisable in any event to have them join a public offer fund or set-up their own SMSF rather than joining your SMSF. This limits the circumstances in which conflicts may occur between employees and your family.

9.3. Structure

To qualify as an SMSF, a superannuation fund must satisfy the following requirements:

Funds with two or more members:

• the fund has fewer than five members (see section 9.2);
• each member is a trustee or, if the trustee is a company, each member is a director of the corporate trustee;
• no other person is a trustee or director of the trustee company other than eligible members;
• a person who is an employee of another member of the same fund (or of an associated person) cannot be a member unless they are either:
  o a relative of that member of the SMSF;
  o a director of the employer-sponsor; or
  o a relative of another employer member of the fund (typically where two directors are in business together and their non-employed spouses share the same SMSF and the two business directors are employed by the same employer-sponsor company), that is, the 'director-spouse' test; and
• no trustee (or director of a corporate trustee) of the fund receives any remuneration for any services performed by the trustee (or director) in relation to the fund, subject to the exception outlined under section 9.4.

Sole member funds:
• the fund has a corporate trustee and the member is either the sole director or one of only two directors and the member is not an employee of the other director (or of an associated person) unless the member is either: o a relative; o a director of the employer-sponsor; or o the director-spouse test is satisfied; or • it has two individual trustees, one of whom is the member and the other of whom is not an employee of the other trustee (or of an associated person) unless the member is either: o a relative; o a director of the employer-sponsor; or o the director-spouse test is satisfied; and • no trustee (or director of a corporate trustee) of the fund receives any remuneration for any services performed by the trustee (or director) in relation to the fund, subject to the exception outlined under section 9.4.

The trustee of the fund must ensure that these requirements are satisfied on an ongoing basis as non-compliance can have serious consequences. Therefore, steps must be taken to ensure the above requirements are satisfied where there are changes to the membership or trusteeship (including changes to the directors of a corporate trustee) of your SMSF. In particular, the death of a member may result in a contravention if timely action is not taken.

9.4. Remuneration for non-trustee services

Broadly, trustees (and therefore SMSF members) must generally not be remunerated for services they provide in respect of an SMSF. However, in limited circumstances, an SMSF trustee (or director of a corporate trustee) may be remunerated for services performed in relation to the fund. Broadly, remuneration may be provided where:

- the duty or service is performed other than in the capacity of trustee (or director of the corporate trustee);
- the trustee (or director of the corporate trustee) is appropriately qualified, and holds all necessary licences, to perform the duty or service;
- the duty or service is performed by the trustee (or director of the corporate trustee) in the ordinary course of a business, carried on by the trustee (or director), of performing similar duties or services for the public; and
- the remuneration is at arm's length.

An example where an SMSF trustee (or director of a corporate trustee) can be remunerated is where that person is a registered and properly licenced builder who conducts a building business and charges an arm's length amount for fixing a fence to a property owned by his SMSF. However, such a related builder must not charge for materials as that would contravene the superannuation rules (refer to section 5).

Accordingly, expert advice should be obtained before an SMSF pays any remuneration.

10. SMSF advantages and disadvantages

The advantages and disadvantages of an SMSF as compared with other types of funds (eg, public offer funds) should be considered. We outline some key advantages and disadvantages below.

10.1. Advantages

- SMSFs allow trustees to control and select particular investments (eg, to invest in a particular piece of real estate).
- SMSF assets may be transferred to members instead of cash when paying a lump sum benefit (eg, on retirement). Similarly, on the death of an SMSF member, the member's benefits can be paid as an in specie lump sum death benefit, eg, shares can be transferred to the member's dependants rather than cash.
- SMSF members have the ability to customise the structure, asset allocation and investments of their SMSF to suit their needs and objectives during the different stages of their life.
- The direct costs of running an SMSF are largely fixed (ignoring any underlying investment costs). By contrast, fees for commercial funds are generally based on a percentage of contributions or assets, without necessarily being linked to performance.

10.2. Disadvantages

- Ultimate responsibility for decision making rests with the SMSF trustees (who are, in most cases, the members).
- SMSF trustees are responsible for all relevant administrative and compliance tasks whereas commercial funds take care of these requirements for you.
- SMSFs are more limited, as compared to commercial funds, to the extent they can diversify their investments and obtain economies of scale.
- Disputes involving SMSFs do not come within the jurisdiction of the Superannuation Complaints Tribunal. Therefore, any disputes must be dealt with by a court of law which may be costly. For more details see section 18.
- If a member becomes bankrupt or otherwise subject to certain agreements under the *Bankruptcy Act 1966* (Cth), they will generally be ineligible to be a trustee, and consequently a member, of an SMSF. Similarly, a member convicted of an offence involving dishonesty is disqualified. Should this be the case, then the member will generally need to roll their benefit out of the SMSF and into a public offer superannuation fund.

11. Investments

As previously noted, an SMSF is an investment vehicle and the trustee is responsible for maintaining the fund's investments in accordance with an appropriate investment strategy. Refer to section 5 for further general information regarding SMSF investments. In sections 11.1 and 11.2, we address some key aspects of some of the most popular SMSF investments.

11.1. SMSF borrowing arrangements

Superannuation funds are generally prohibited from borrowing, subject to some limited exceptions. However, SMSFs can borrow provided they follow strict rules.

Broadly, an SMSF can borrow on a limited recourse basis to acquire a single asset (which the trustee would ordinarily be permitted to acquire). This means that an SMSF can invest in a

geared asset such as real estate and a single class of shares in the same company (note an SMSF cannot have a diversified share portfolio under the same borrowing arrangement).

'Limited recourse' means the lender's rights (and those of any other party) against the fund's trustee in the event of default must be limited to the asset being acquired (ie, the lender cannot pursue the fund's trustee for any shortfall). There are numerous other strict requirements including that the asset being acquired must be held on trust by another entity outside the fund (eg, a sole purpose company) while the loan is being repaid.

Strict compliance with the borrowing rules and careful implementation is required to ensure no penalties apply. Indeed, SMSF borrowing arrangements are sophisticated transactions and also give rise to a number of taxation, property law and stamp duty issues unique to the particular State or Territory in which the property or parties are located. There are also several aspects of these borrowing rules that still need to be clarified (including the tax treatment of a holding trust).

Due to the complex nature of these transactions, trustees should obtain expert advice well before entering into borrowing arrangements. Indeed, various steps usually have to be implemented before signing a contract to buy property, if borrowings are required.

11.2. Collectables

SMSFs are generally prohibited from investing in collectables or personal use assets (eg, artwork, wine, jewellery, coins, medallions or bank notes, postage stamps, motor vehicles, recreational boats, memberships of sporting or social clubs, etc) on or after 1 July 2011, subject to certain exceptions.

However, these rules do not apply to collectables and personal use assets that were held by SMSFs prior to 1 July 2011. The rules only start to apply to such 'older' assets on 1 July 2016.

The rules surrounding collectables are very restrictive, and accordingly, expert advice should be obtained before trustees invest in such items. For example, while an SMSF may invest in artwork after 30 June 2011, it must, amongst other things, ensure that extensive records are kept, the artwork is not stored at the member's home, is insured, is not leased to or used by a related party, etc.

12. Superannuation contributions

12.1. Who can contribute to superannuation

Contributions can be made to a superannuation fund subject to certain tests being satisfied. The ability of a fund to accept contributions depends on the age of the member and — where they are aged 65 years or over — whether they are gainfully employed. In particular, a person aged 65 years or over must generally be gainfully employed on at least a part-time basis to be able to contribute to a fund.

'Part-time basis' is defined, in relation to a financial year, to require employment for at least 40 hours in a period of not more than 30 consecutive days in that financial year. A member is 'gainfully employed' if they are employed (including self-employed) for gain or reward in any business, trade or profession. The gain or reward must be the receipt of remuneration such as wages, business income (if self-employed) or commissions in return for personal exertion. Mere receipt of investment income, by itself, does not constitute gainful employment.

The following table summarises when contributions can be accepted by the trustee of a fund:

Age of member	When contributions can be accepted:
Under 65	Contributions can be accepted in respect of a member under age 65, with no requirement for them to be gainfully employed.
65 or over but under 70	Contributions can be accepted if they are: • mandated employer contributions (eg, superannuation guarantee contributions); • employer contributions (other than mandated employer contributions) and the member is gainfully employed at least on a part-time basis, as defined above; • member contributions and the member is gainfully employed at least on a part-time basis, as defined above; or • certain payments from a First Home Saver Account.
70 or over but under 75	Contributions can be accepted if they are: • mandated employer contributions (eg, superannuation guarantee contributions); • employer contributions* (other than mandated employer contributions) and the member is gainfully employed at least on a part-time basis, as defined above; or • member contributions* (provided the contributions are made by the member) and the member is gainfully employed at least on a part-time basis, as defined above. *However, the contribution must be received within 28 days after the end of the month in which the member turns 75.
75 or over	Contributions can only be accepted if the contribution is a mandated employer contribution.

12.2. Concessional contributions

As noted in section 7.1, CCs are contributions included in the assessable income of a fund. CCs generally incur 15% contributions tax in the fund as they are generally tax deductible.

CCs include contributions made by an employer on behalf of an employee and contributions made by members who have claimed a personal deduction ('Eligible Person Contributions'). As discussed at section 13.1, CCs form part of the taxable component of a member's interest in a fund.

Broadly, members can claim a deduction in their personal tax return where less than 10% of the total of their assessable income, reportable fringe benefits and reportable employer superannuation contributions (aka salary sacrificed amounts, see section 12.7) are attributable to activities undertaken as an employee. Members should be aware that amounts that are salary sacrificed as superannuation contributions count as reportable employer superannuation contributions under the 10% rule. This could adversely affect some members' eligibility. Generally, such members will include self-employed people whose predominant income is not from employment and those people who predominantly receive passive investment income.

A member who meets the '10% rule' can receive a full deduction for the entire amount of CCs made (although such a deduction cannot create a tax loss).

Members seeking to claim a personal deduction for contributions must give the trustee a notice of intent to claim a tax deduction. (A copy of the form is available from http://www.ato.gov.au/corporate/content.aspx?doc=/content/86434.htm.) The form must indicate how much they intend to claim by way of a tax deduction.

This notice should be provided before any amount of the contribution is applied to commence a pension or, in other cases, generally by the time the member's personal tax return is lodged (for the income year in which the contribution was made). The trustee of the fund must also provide the person with an acknowledgement of receipt of the notice before the notice of intent to claim a tax deduction is valid.

Note there are also special tax provisions that apply to limit deductions if a taxpayer is deriving personal services income (PSI) and claiming a superannuation contribution for an associate (eg, spouse or child) under div 85 and 86 of the ITAA 1997. If there is any doubt regarding these issues, expert tax advice should be obtained.

Note also that individuals under 18 years of age will only be eligible to claim a deduction if they have derived income as an employee or from carrying on a business in the financial year in which they seek to make a superannuation contribution.

12.3. Non-concessional contributions

As noted in section 7.1, NCCs are contributions that are not included in the assessable income of a superannuation fund as they are made from after-tax income. NCCs also include CCs that exceed a person's CC cap. If you have excess CCs that also result in the excess amount being counted as an NCC, causing you to exceed your NCC cap, it is generally advisable to withdraw the excess CCs to avoid an extremely high rate of tax.

NCCs form part of the tax free component of a member's interest in a fund (refer to section 13.1).

To the extent that NCCs are within a person's NCC cap for the financial year (see Item 2 of the Appendix), they will not be subject to any contributions tax.

The trustee of a fund generally must not accept an NCC if that particular contribution is greater than the person's NCC cap (or three times the member's NCC cap if the member is 64 or under on 1 July of the relevant financial year) or the member's TFN is not provided. The trustee must reject any such NCC within 30 days of receipt. This rejection rule only applies where a single discrete contribution is in excess of the relevant cap. It does not apply, for instance, if there are several separate contributions each of which is below the relevant cap but together exceed the cap.

The higher three times NCC cap applies for tax purposes if you were under 65 at any time in the first financial year of invoking the three year bring forward rule under s 292-85(3) of the ITAA 1997.

The superannuation rules regarding gainful employment must be carefully considered in this context.

Firstly, there is no requirement to be gainfully employed if you are 64 or less on 1 July of the first financial year before making a contribution. However, if you are 65 or over on 1 July of the first financial year in which the contribution is made, you must satisfy a gainful employment test.

When you attain 65, the gainful employment test requires you to be gainfully employed on at least a part-time basis before a contribution can be accepted by a fund. 'Part-time basis' means working at least 40 hours in 30 consecutive days in that financial year before a contribution is made. Note that gainful employment requires a link between the work performed and the reward, as opposed to the mere receipt of passive income (eg, interest, rent, dividends and trust distributions), which does not constitute gainful employment.

The following contributions do not count towards a member's NCC cap:

- Government co-contributions;
- amounts contributed up to the lifetime CGT Cap Amount (see Item 3 of the Appendix and section 12.9);
- certain payments that relate to structured settlements or orders for personal injury; and
- amounts rolled-over from a taxed superannuation fund.

12.4. Low income super contribution

Low income earners may receive a Government superannuation payment of up to $500 per financial year to help them save for their retirement. Broadly, in order to be eligible for this payment, the member's adjusted taxable income must not exceed $37,000 and:

- CCs must be made to a complying fund in respect of that member; and
- 10% or more of the member's total income must have been derived from business or employment.

Broadly, the payment is designed to offset the contributions tax for members who earn less than $37,000 per annum, in order to make superannuation more attractive for lower income earners.

12.5. New 15% contributions tax for those earning $300,000 plus

People who earn more than $300,000 per financial year from 1 July 2012 will pay an extra 15% tax on their CCs to the extent their CCs exceed the $300,000 income threshold. If this extra tax under div 293 of the ITAA 1997 applies, it essentially means these CCs will be taxed at a maximum rate of 30% instead of the usual 15%.

The definition of 'income' for these purposes broadly includes the person's taxable income plus their CCs (excluding excess contributions), reportable fringe benefits and total net investment loss.

If CCs push an individual over the $300,000 threshold, the extra 15% tax will only apply to the part of the contributions that is in excess of the $300,000 threshold.

If applicable, an assessment for this extra 15% tax will issue after the close of each financial year, and is due 21 days after the notice of assessment is given. The member who is assessed can seek payment for this extra tax from their superannuation fund(s) or they can pay personally instead. The ATO will issue a release authority for a member to obtain a release of this tax amount. Objection and appeal rights are available if a member is dissatisfied with an assessment.

If you are impacted by this new tax, specific advice should be obtained to see if further voluntary CCs are still appropriate.

12.6. Superannuation guarantee

Generally, employers are required to contribute the minimum level of employer superannuation support for each employee (ie, superannuation guarantee) as required by the *Superannuation Guarantee (Administration) Act 1992* (Cth). It is important that employers ensure they make the minimum level of support for each employee and any contractor, as this legislation also applies to payments that are wholly or principally for a person's labour.

The minimum level for each employee is 9.25% of the employee's ordinary time earnings for the 2013–14 financial year. This rate increases to 9.5% for the 2014–15 financial year and gradually increases to 12% for the 2019–20 financial year (see Item 4 of the Appendix). An employer is not required to contribute more than the minimum level of support to the extent the employee's salary exceeds the maximum contribution base (see Item 5 of the Appendix). In addition, the provisions of most industrial awards and similar agreements dictate what type of fund can receive minimum

employer contributions (eg, an industry or MySuper fund). Subject to this qualification, an SMSF can accept superannuation guarantee contributions. There are no similar compulsory contribution rules in respect of self-employed persons.

Employers are required to make contributions on at least a quarterly basis. The quarterly periods end on 30 September, 31 December, 31 March and 30 June each financial year. Employers have 28 days from the end of the relevant quarter in which to satisfy their superannuation guarantee obligations.

There is no requirement to provide superannuation guarantee support if an employee earns less than $450 per month or the employee is under 18 and is a part-time employee unless their employment contract or industrial law requires otherwise.

Note that there is no longer an exemption for employees who are 70 or older. Thus, employers from 1 July 2013 must also provide at least the minimum level of superannuation guarantee contributions for employees aged 70 plus.

12.7. Salary sacrifice

A tax-effective option for employees may be to 'sacrifice' some of their pre-tax salary or remuneration package for additional employer CCs. Salary sacrifice arrangements enable pre-tax salary to be contributed into a superannuation fund. Although a low tax rate of 15% generally applies when entering the superannuation environment, this may still be beneficial when compared to paying tax at marginal tax rates plus the Medicare levy.

The potential tax benefit is only one issue to consider when deciding whether to salary sacrifice. Other issues that should be considered include a person's overall circumstances, any available tax offsets, preservation issues and income needs.

Note, salary sacrifice contributions are regarded as CCs and therefore count towards a member's CCs cap (see section 12.2). Note also, care should be taken when making salary sacrifice arrangements with an employer so as to ensure the employer still makes superannuation guarantee contributions (in addition to salary sacrifice contributions) based on pre-salary sacrifice salary. Salary sacrificing also impacts eligibility for certain Government entitlements (eg, it is included as income for Centrelink income test purposes).

12.8. Government co-contribution scheme

Under the Government Co-Contribution Scheme, a member who makes NCCs to superannuation may be eligible to receive a Government co-contribution.

For every $1.00 contributed by a member who is eligible to take part in the scheme, the Government will contribute up to $0.50 (ie, there is a matching rate of 50%). The maximum co-contribution of $500 is reduced by 3.333 cents per dollar where total income (ie, the sum of a person's assessable income, reportable fringe benefits total and reportable employer superannuation contributions, or in the case of a self-employed person, gross assessable business income less deductible expenses for the financial year) is over the Lower Income Threshold (see Item 8 of the Appendix), and is phased out at the Higher Income Threshold (see Item 9 of the Appendix).

Broadly, to be eligible to take part in this scheme, a member must:

- make an NCC in the financial year to superannuation (eg, of at least $500 to obtain the maximum co-contribution);
- have total income below the higher income threshold for the financial year;
- be less than age 71 at the end of the financial year; and

- 10% or more of a member's total income can be attributed to engaging in activities which enable the member to qualify for superannuation guarantee or 10% or more of a member's total income can be attributed to carrying on a business. Note that the reduction for business expenses in respect of self-employed persons does not apply to determining if the 10% test is satisfied.

The Government Co-Contribution will form part of the tax free component once paid to the superannuation fund and, as stated at section 12.3, will not count towards the member's NCC cap.

12.9. Contributions from the sale of small business assets

An amount up to the maximum of the CGT Cap Amount (see Item 3 of the Appendix) may be contributed to a fund in respect of the proceeds of sale of certain small businesses under the CGT concessions in div 152 of the ITAA 1997. These contributions form part of the tax free component in the fund (refer to section 12.3).

Broadly, this relief is available in respect of the disposal of 'active assets' (ie, used in business), subject to satisfying the criteria in div 152 (in particular, the net asset value test or small business entity turnover test). Those who wish to claim small business CGT concessions should seek expert advice beforehand as there are complex rules that must be satisfied.

12.10. Contributions splitting

Generally, only employer contributions (including salary sacrifice contributions) and the deductible amount (or CCs) of Eligible Person Contributions (see section 12.2) made to a fund by or in respect of a member in the prior financial year can be split for the benefit of the member's spouse. NCCs cannot be split.

The maximum amount that can be split by a member is up to 85% of their CCs for that financial year, subject to their CC cap.

However, contributions cannot be split in favour of a spouse that has either attained age 65 or has attained their preservation age (refer to section 13.2) and has retired.

An SMSF's governing rules may preclude contributions splitting, so a careful check of the rules should be undertaken. However, where this flexibility does exist, members can make a valid contributions splitting application in:

- the financial year immediately following the one in which the contributions were made; or
- in some cases, the financial year in which the contributions were made.

12.11. Eligible spouse contributions

Where contributions are made for a spouse aged below 65 years, the contributing spouse may be entitled to a tax offset for the contributions. A maximum $540 tax offset applies if the non-contributing spouse's taxable income is less than $10,800. No tax offset is available where the receiving (or non-contributing) spouse's income exceeds $13,800. Eligible spouse contributions count towards the receiving spouse's NCC cap and form part of the tax free component.

13. Member benefits and accessing superannuation

13.1. Structure of benefits

An SMSF is generally conducted as an accumulation fund (rather than a defined benefit fund) whereby benefits accumulate in distinct accounts for members and from which entitlements can be paid on a lump sum or pension basis once a condition of release (eg, retirement, death or permanent incapacity) is satisfied.

A member's interest in a superannuation fund will consist of two components: 'tax free' and 'taxable'. These components are further divided into two sub-components as follows:

Tax free component	Taxable component
• Crystallised segment	• Element taxed
• Contributions segment (ie, NCCs post-30 June 2007)	• Element untaxed (for SMSFs, an element untaxed will generally only exist where insurance forms part of the deceased's benefit and a lump sum death benefit is paid to non-dependants (see sections 16 and 17))

When a member (or their dependant(s) on their death) takes a benefit (ie, lump sum or pension) from a fund, the 'proportioning rule' will apply to the benefit. Under the proportioning rule, lump sums and pensions drawn will consist of the same proportions of tax free and taxable components as the proportions of those components in the member's interest in the fund (subject to certain exceptions).

This means, if a member's interest in a fund consists of 80% taxable component and 20% tax free component, any lump sum or pension the member draws from their fund must reflect these same proportions. In the absence of prior planning, a member cannot, eg, take a pension using just the taxable component or just the tax free component. Further, on death, without prior planning a tax free component cannot simply be paid to non-tax dependants.

Note that in an SMSF, the member's accumulation benefits in the fund constitute one superannuation interest (even if the member has multiple accumulation accounts within the same fund). However, where a member of an SMSF is in receipt of a pension, a pension interest is always considered a separate superannuation interest to the member's accumulation account (and it is also separate to any other pension interests within the fund).

13.2. Payment of benefits

The amount of benefits that can be paid to a member before their retirement from the work-force and before they attain age 55 (or up to age 60 for persons born after July 1960) are significantly restricted by the preservation rules. Broadly, the preservation rules require that all 'preserved' benefits must be retained in a superannuation fund until a condition of release is satisfied. The most common conditions of release are as follows:

- a member reaches age 65;
- a member reaches age 60 and either the member ceases a position of gainful employment on or after attaining age 60 or the trustee is reasonably satisfied that the member intends to never again become gainfully employed on a full-time or part-time basis (ie, at least 10 hours or more per week);
- a member reaches preservation age (see Item 6 of the Appendix), retires from the work-force and the trustee is reasonably satisfied that the member intends to never again become gainfully employed on a full-time or part-time basis (ie, at least 10 hours or more per week); or
- a member dies, suffers a terminal medical condition or is permanently incapacitated.

There are limited exceptions where benefits can be paid in other circumstances. The main exceptions are:

- on severe financial hardship to the extent approved by the trustee;
- on compassionate grounds to the extent approved by the trustee and the chief executive of Medicare;

- on the temporary incapacity of a member so long as the benefit is provided only to replace the income of a member as a non-commutable income stream over a period which does not exceed the period of temporary incapacity;
- a temporary resident withdrawal benefit if a person has been a resident of Australia for a temporary period;
- any other type of permissible benefit under the *Superannuation Industry (Supervision) Act 1993* (Cth) ('SISA') and *Superannuation Industry (Supervision) Regulations 1994* (Cth) ('SISR');
- the benefit is provided for other miscellaneous purposes approved by the ATO in writing; or
- the benefit is cashed in favour of the Commissioner of Taxation in accordance with a release authority, eg, to pay excess contributions tax, to refund an excess contribution or to pay a div 293 contributions tax amount.

Broadly speaking, from July 1999, all benefits contributed to a fund will be preserved, aside from any non-preserved amount accrued before that date or any non-preserved amount that is subsequently rolled-over from another fund. The maximum amount of restricted non-preserved benefits at 1 July 1999 will then be set for future years.

The non-preserved amount is split between a restricted and an unrestricted amount. Typically a member must terminate employment with an employer that has contributed to that fund to become entitled to payment of a restricted amount. However, the unrestricted amount can be paid at any time, subject to the fund's cash-flow position. Members can access unrestricted amounts without having to retire or satisfy another condition of release.

Note that upon a member's death, their benefits are required to be cashed as soon as practicable either as a lump sum or pension (see section 17).

The ability to withdraw benefits by a non-working member should be properly documented if the person has never been gainfully employed. In these circumstances the person must generally attain 65 years to access their benefit. However, a person who becomes gainfully employed and ceases that employment after attaining their preservation age (see above) may be able to access some of their benefit.

Significant penalties apply if a benefit is withdrawn early or without a valid condition of release being satisfied.

13.3. Calculation of benefits

The amount of benefits available to members generally depends on the amount in the fund and the members' entitlements. However, a fund can purchase an insurance policy to enable increased death or disability benefits to be provided.

The balance of a member's account will depend on a range of factors including the amount contributed to the fund by or on behalf of the member and the net earnings (after expenses and taxes) on those contributions. Unless agreed otherwise, there is no compulsion or obligation to make contributions to a superannuation fund. However, see section 12.6 regarding an employer's compulsory quarterly superannuation guarantee obligations.

Members should be notified of any material change to their benefits as soon as practicable. They should also be notified of their financial position in the fund after the end of each financial year and on request. In addition, members should be provided with information relating to any changes to the fund's governing rules and of such other matters required by the SISA, *Corporations Act 2001* (Cth) and other relevant law.

Ordinarily, benefits are calculated as follows:

- in the event of the death or permanent incapacity of the member — an amount equal to the member's account balance, plus any insurance proceeds added to their account, is generally payable; or
- generally for any other event with no cashing restrictions (eg, on retirement or reaching 65 years) — an amount equal to the member's account balance is payable.

However, benefits paid under other circumstances (eg, financial hardship or temporary incapacity) are restricted. Further, the trustee may have other amounts (eg, reserves) to supplement a member's benefit.

There are a range of events that may give rise to a benefit described in this PDS and Memo. Expert advice should be sought if there is any doubt.

13.4. When a payment must be made

The trustee of a fund is only required to pay out a member's benefit on the death of a member. Accordingly, a member may continue to retain funds in accumulation phase, well beyond the age of 75, without the SMSF having to pay out their benefit. On death, however, a benefit must be paid.

If the trustee pays the benefit as a lump sum (instead of a pension), a lump sum may only be paid by way of an interim and final amount in respect of each dependant. Therefore, it cannot be paid by way of multiple lump sum payments. Further, pensions can only be paid to persons who are tax dependants (note, adult children generally cannot receive a pension: see section 17.2). Refer to section 17.7 for a discussion of the tax treatment of death benefits.

When a benefit is paid by a fund, various reports and notifications have to be completed primarily for tax purposes. Prior to making any payment or withdrawal, you should seek expert advice to ensure all forms and requirements are satisfied, including appropriate trustee resolutions being made.

13.5. Methods of payment

Broadly, the trustee may provide a benefit payable to the member as:

- a lump sum;
- an account-based pension ('ABP') (see section 15.1);
- a transition to retirement income stream ('TRIS') (see section 15.2);
- an annuity (which can be acquired from an approved fund);
- a miscellaneous benefit (to the extent the benefit is not one of the above);
- any other benefit permitted by the SISR (eg, see section 13.2); or
- a combination of the above which may include more than one of each.

13.6. Key considerations

A long-term view should generally be taken when accessing superannuation benefits. Therefore, the optimal benefit mix may be a combination of lump sum and pension payments, rather than just one lump sum or one pension.

A significant tax advantage of a pension is that once the fund starts to pay one, the fund is exempt from income tax in respect of those assets used to pay the pension. However, extra administrative work may be involved in maintaining a pension in the fund and the annual minimum payments must be met each year (refer to sections 15.1 and 15.2).

An actuarial certificate is generally required each year where the pension assets are not segregated. Broadly, segregation involves setting aside specific assets to fund a pension and tracking the earnings and expenses in respect of those assets. The ATO also consider that a fund is segregated if all of its assets are applied towards funding one or more pensions.

Note that an SMSF that is fully in pension mode is considered segregated by the ATO, and accordingly, all capital gains and losses are disregarded. Thus, if there are any capital losses, expert advice should be obtained as capital losses may be preserved in certain circumstances.

Expert advice should also be obtained to ensure the optimal benefit mix is obtained in the case of each member, given their particular circumstances and needs.

13.7. Lump sum and pension documentation

In order to receive benefits from a fund, a member request should be provided to the trustee of the fund and trustee resolutions and other confirming documentation should be prepared, noting the trustee's decision to pay the benefit. Where a pension is to be paid to a member, in addition to the usual pension documents, a PDS, specific to the type of pension requested, should be handed to the member on or before payment of the pension. Appropriate adjustments to the fund's records should also be made in the case of payment of a lump sum or pension.

13.8. Quarantining assets and investments

The DBA Lawyers' SMSF governing rules give the trustee power to quarantine particular assets or investments transferred to or acquired by the trustee for the benefit of particular members or a class of membership in the fund.

Broadly, the trustee can quarantine assets and investments in three different ways. First, the trustee can quarantine assets such that other members can potentially benefit from the asset or investment at a later date. Alternatively, the trustee can choose to quarantine assets and investments in the fund for the benefit of particular members of the fund and only those members can benefit from that asset (ie, new members cannot benefit from the asset at a later point in time). Finally, the trustee may quarantine property transferred to the fund by a member such that the property is held within the fund solely for the benefit of that member and any net income, gain or loss that is made on the sale of that asset will flow to that member's account.

Quarantining an asset may be required to obtain stamp duty concessions on the transfer of typically business real property in certain states and territories, eg, NSW and WA. Therefore, careful consideration should be given before adopting such a restrictive approach to quarantining assets and investments in the fund.

In all cases, appropriate trustee resolutions and accounts should be prepared.

14. Taxation of benefits — relevant forms

If the member is under 60 years of age, to the extent that the lump sum consists of a taxable component, a TFN declaration and a Pay As You Go ('PAYG') payment summary must also be completed and lodged with the ATO.

For members under age 60, the trustee has the responsibility for withholding the required amount of PAYG tax from any payments made to members and lodging PAYG payment summaries with the ATO. Thus, the trustee needs to be registered with the ATO as an employer for PAYG tax purposes before paying a benefit from a superannuation fund to a member under age 60 that consists of any amount of the taxable component.

Note, generally tax only needs to be withheld from the taxable component of a payment as, broadly, the non-taxable component is 'tax free' anyway.

15. Pensions

A pension is a superannuation income stream payable in instalments over a certain period of time. A pension can be financed from fund assets including reserves. Alternatively, annuities can be purchased from an insurance company or a financial institution by a fund trustee or a member.

SMSFs can generally only provide an ABP (see section 15.1) or a TRIS (see section 15.2). However, before 20 September 2007, an SMSF could have also provided allocated pensions and market linked pensions (and these can continue to be paid even after this date). Market linked pensions may also be commenced in an SMSF after 19 September 2007 in certain limited cases.

Expert advice should be obtained prior to commencing a pension as the following is only a broad overview. Such advice should, amongst other things, explain in detail the risks, benefits and entitlements of the pension and the requirements of establishing and paying such a pension. Further, appropriate pension documentation should be prepared prior to commencing the pension. A separate PDS is required to be issued in respect of the conversion of a member's fund balance to a pension under the *Corporations Act 2001* (Cth).

15.1. Account-based pensions

An ABP is a pension paid from a person's account balance in the fund. Therefore, an ABP can be payable as long as there is a remaining pension account balance.

The amount paid each year must meet at least the minimum annual pension payment amount determined at 1 July each year (except in the year of commencement if the commencement date is a date other than 1 July, in which case only a pro-rated minimum needs to be paid). Broadly, the minimum amount that must be paid is determined by multiplying the pension account balance as at 1 July by the relevant percentage factor set by the SISR, which is based on the age of the pensioner. There is no cap on the maximum pension payments that may be received in any one year. The annual pension amount and the account balance of an ABP may fluctuate from year to year depending of the types of investments held and the performance achieved.

Note that the minimum amount payable in respect of an ABP (including a TRIS, allocated and market linked pension) has been modified in prior financial years due to the impact of the global financial crisis. In particular, a 25% reduction to the normal minimum factor applied for the 2011–12 and 2012–13 financial years and a 50% reduction applied for the 2010–11, 2009–10 and 2008–09 financial years. However, the normal minimum factor for calculating the minimum requisite pension payment applies from 1 July 2013 for the 2013–14 financial year onwards.

The account balance of an ABP can be paid as a pension or a lump sum at any time. Thus, an ABP is flexible because the pension can be received without losing access to capital. Further, any remaining balance can be given to a deceased member's dependants or legal personal representative ('LPR').

15.2. Transition to retirement income stream

Broadly, a TRIS is an ABP that has certain restrictions on commutation of the pension. Further, pension payments are limited to 10% of the account balance, as determined on 1 July each year (or the commencement date in the first year).

The TRIS is designed to provide people with access to their superannuation monies upon attaining their preservation age without having to retire.

Generally, a TRIS cannot be commuted (ie, converted to a lump sum) unless:

- the member was able to access the monies before the TRIS was commenced; or
- since the commencement of the TRIS, the member has satisfied an appropriate condition of release (see section 13.2).

If neither of these conditions apply, then the member cannot cash out their benefits during the life of the pension as a lump sum until a valid condition of release is satisfied (see section 13.2). However, the monies are able to be rolled-back into the accumulation phase (ie, the pension can be ceased). The ability to cash benefits that were able to be cashed out prior to the commencement of the pension is not affected.

Note that under the DBA Lawyers' SMSF governing rules, when a member who is receiving a TRIS satisfies an appropriate condition of release after commencing the pension, the restrictions on the ability to commute the income stream and the 10% cap on annual pension payments become redundant and the pension automatically becomes a normal ABP.

Note also, as discussed above, the minimum amount payable in respect of a TRIS has been modified for various financial years. The normal minimum factor, however, applies from 1 July 2013 for the 2013–14 financial year onwards. (Refer to section 15.1 for minimum factors in previous years.)

16. Insurance

16.1. Payment of insurance benefits

The trustee can take out insurance in respect of a member's death, incapacity (temporary or permanent) or both. It may also be possible for the trustee to take out certain other types of insurance, but expert advice should be obtained first. The member might not be able to access these immediately if they have not satisfied a relevant condition of release (eg, trauma might not necessarily make the member permanently incapacitated).

The amount of a member's benefit where insurance is received (eg, upon their death or permanent incapacity) is generally the balance in their member account plus any policy proceeds added to their account balance. Otherwise, the amount is generally determined solely by reference to the account balance.

Note, however, with effect from 1 July 2014 regulated superannuation funds can only provide insured benefits to members that are consistent with the following conditions of release:

- death;
- terminal medical conditions;
- 'any occupation' total and permanent disablement ('TPD') (not 'own occupation' TPD); and
- 'any occupation' temporary incapacity.

Note, these changes allow for grandfathering and therefore there might be scope in the 2013–14 financial year for trustees to obtain other forms of insurance, but expert advice should be obtained first.

16.2. Deductibility

The ability to pay for a death benefit via a tax-deductible insurance policy provides an opportunity to increase a member's benefit in a tax effective manner. Tax dependants receive insurance proceeds tax free. However, non-tax dependants will generally be taxed at 30% plus the Medicare levy on a lump sum death benefit to the extent it consists of an element untaxed. A special formula applies to calculate the element untaxed.

Thus, consideration should be given to whether insurance premiums should be claimed as a tax deduction or whether it is better to insure in another fund (such as a public offer or industry fund) so as not to expose the member's entire account balance to a potential 30% tax plus the Medicare levy.

As discussed above, the premium on a term life or disability policy paid by a fund may be tax-deductible to the fund depending on the type of policy. From 1 July 2011, a premium for TPD is only tax deductible to the extent it is for an 'any occupation' definition of TPD as opposed to an 'own occupation' definition (and consequently a higher premium). TPD insurance with an own occupation definition is generally only deductible as to 67% of the premium unless the insurance company provides a separate premium for an any occupation definition or an actuarial certificate is obtained. Expert advice should be sought if there is any doubt.

16.3. Other considerations

It is critical that members consider any impact that changing funds may have on their insurance entitlements. While insurance can be effected in an SMSF, it may not be as cost effective as a public offer fund. Some people may also have difficulty obtaining insurance cover if they have health or other medical conditions.

Self-insurance (ie, where the trustee does not take out insurance but establishes a reserve to provide benefits for insured events) is typically problematic in an SMSF. Further, unless a fund has engaged in self-insurance prior to 1 July 2013 it will never be able to start to self-insure. However, if, on 1 July 2013 a fund does self-insure members, the fund will have until 1 July 2016 to stop self-insuring and arrange external insurance. Accordingly, by 1 July 2016, there should be no more self-insurance in SMSFs.

Expert advice should be obtained regarding what type of insurance is appropriate, if any, and what tax and other implications should be considered.

17. Estate planning

17.1. Estate planning generally

Upon a member's death, the trustee of the fund can pay a deceased member's benefit directly to the deceased member's dependants and/or the LPR of the deceased member's estate (ie, the executor) to be dealt with in accordance with their will.

It is possible for an LPR to step in as trustee (or director of a corporate trustee) of the fund on the member's death. However, this does not happen automatically and special documentation can be put in place to plan for smooth succession. Further, the LPR can generally only act in this capacity up until the time that a death benefit commences to be payable. See section 17.5 for further discussion regarding the role of trustees after death.

17.2. Direct payments to dependants

If a member dies, the trustee may only pay a deceased member's super death benefits directly to their dependants as follows:

- to a tax dependant — as a pension or lump sum death benefit, and, if the dependant is a child of the member:
  - the child is under 18 years of age (and the pension must generally be commuted on the day the child attains age 25);
  - the child is financially dependent on the member and less than 25 years of age (and the pension must generally be commuted on the day the child attains age 25); or
  - the child is permanently disabled; or
- to a non-tax dependant (although still a dependant for super purposes) — as a lump sum death benefit.

In the case of the direct payment of a death benefit from a fund, nominated dependants are paid despite any entitlement they may have under the deceased member's estate. This can be an

advantage as family disputes relating to a deceased person's affairs can delay or reduce entitlements under a deceased estate. However, it is important that the will caters for this in order to avoid unfairness (eg, a situation where the first child benefits under the estate and via a superannuation payout but the other child only benefits under the estate).

17.3. Payments to the legal personal representative

A member's superannuation does not form part of their estate unless the trustee of the deceased's superannuation fund pays their interest in the fund to their LPR. Therefore, care must be taken in preparing a person's will to cater for the event that superannuation forms part of the deceased member's estate.

17.4. Wills

Wills should be reviewed on a regular basis with professional assistance to ensure that consequences under superannuation funds and trusts in which the member is also involved are adequately dealt with.

There is much to be gained in consulting professionals with expertise in wills, tax and superannuation to ensure that all planning is integrated to make sure the right assets pass to the right persons at the right time.

17.5. Succession to the role of trustee

Succession to the role of trustee is an important succession planning issue. On the death of a member, the trustee is responsible for the administration of the fund, including the decision as to how the deceased member's benefits will be paid out. If the deceased member did not have a binding death benefit nomination ('BDBN') in place, this decision is at the trustee's discretion (where there is no BDBN: see section 17.6). Furthermore, the continued operation of the SMSF (eg, where there are other surviving members or where an SMSF will continue to operate to pay out the deceased member's reversionary pension to a dependant) relies on there being a reliable trustee in place.

SMSF members should be aware that on their death, neither their LPR nor any other person automatically steps in for that deceased person as trustee; the LPR or other persons must be formally appointed, or a valid nomination of 'successor trustee' must have been made but only where this is permitted by the SMSF's governing rules. Under the DBA Lawyers' SMSF governing rules, it is possible for an individual trustee to nominate a successor trustee during their lifetime who will automatically step in as trustee after their death (or during their lifetime when they suffer legal incapacity). Naturally, this is subject to the nomination satisfying the general rules for SMSFs.

Where an SMSF has a corporate trustee, the appointment of directors (including the appointment of 'successor directors') is governed by the corporate trustee's constitution and therefore SMSF members who wish to plan for succession to their corporate trustee should ensure they have an appropriate constitution in place (note, many constitutions do not have any 'succession' provisions that are found in the DBA Lawyers' constitution). Moreover, the ownership of shares in the company should also be considered as well as what voting rights are attached to them.

In many non-DBA Lawyers SMSF deeds and constitutions, the decision making of trustees (and directors of a corporate trustee) may simply depend on the number of trustees/directors involved. This may not be appropriate where one member has a significant account balance and wishes to retain control.

Where a deceased member made no successor nomination during their lifetime, the surviving members may still appoint the LPR of that deceased member as trustee (or such other person as satisfies the rules for SMSFs). However this does not automatically occur and relies on the members taking this step. A nomination made during a member's lifetime can therefore provide greater certainty.

17.6. Binding the trustee

A BDBN can be used by members to bind the trustee as to how to pay their death benefits. It offers certainty to members because the trustee is bound to pay a deceased member's benefit to the dependants nominated in a valid BDBN, as opposed to the payment being left to the discretion of the trustee.

BDBNs may appear simple, but to implement them properly in view of a particular member's facts often involves some complexity. It is therefore advisable that you read this section in detail and obtain expert assistance before executing a BDBN.

(a) What is a binding death benefit nomination?

A BDBN offers certainty to a member as to how their superannuation benefits will be paid on their death. This is because the trustee is bound to pay a deceased member's benefit to the dependants and/or LPR nominated in a valid BDBN, as opposed to the payment being left to the discretion of the trustee.

Where there is no such BDBN in place, generally the decision as to who receives the deceased member's death benefits is left to the discretion of the trustee. That is, in an SMSF context, if no BDBN is made, the remaining trustee (generally, the surviving spouse or children) can exercise discretion as to who gets the deceased member's superannuation benefit. For this reason, a BDBN can restrict flexibility as to payment of benefits on death and could be problematic where a member has not updated their BDBN to reflect changes in their circumstances.

The manner in which the member's benefit is to be paid (eg, as a pension or lump sum) can also be specified in a BDBN under DBA Lawyers' SMSF governing rules, subject to the discussion in sections 17.2 and 17.3.

Note that the nomination of a dependant in the 'Application for Membership' form that accompanies the DBA Lawyers' SMSF governing rules is not binding on the SMSF trustee. For members who do not wish to have a BDBN, this form should be carefully completed and reviewed from time to time to ensure that any nomination in it reflects the member's current wishes. However, unlike a BDBN, this is a non-binding death benefit nomination, and accordingly, the trustee is able to utilise its discretion when paying out member benefits. However, the trustee is still required to take this nomination into account when doing so.

(b) Who can be nominated?

As previously mentioned, a BDBN directs the trustee to pay a member's benefit upon death to their dependants and/or LPR. For superannuation purposes, 'dependant' includes a spouse of the member, a child of the member (including an adult child) and a person who was either financially dependent on the member or in an interdependency relationship with the member at the time of the member's death.

A 'spouse' includes a person who, although not legally married to the member, lives with the member on a genuine domestic basis in a relationship as a couple. (This includes a same-sex spouse.)

In addition to biological children, a 'child' can also include an adopted and step-child of the member.

A person is in an 'interdependency relationship' with the member if:

- they have a close personal relationship with the member;
- they live with the member;
- one or each of them provides the other with financial support; and
- one or each of them provides the other with domestic support and personal care.

Alternatively, a person can also be in an interdependency relationship with the member if they have a close personal relationship with the member, but do not satisfy the other criteria because either one or both of them suffer from a physical, intellectual or psychiatric disability.

(c) Issues to consider before signing

Before a BDBN is entered into, a review of the fund's governing rules should be undertaken to ensure that they enable a BDBN to be made. We confirm that DBA Lawyers' SMSF governing rules provide for such a nomination to be made.

It is important to note that the DBA Lawyers' SMSF governing rules do not require a BDBN to expire at the end of three years, unlike some other superannuation fund deeds that automatically require a BDBN to expire at the end of three years. Nevertheless, once a BDBN is made, it should be reviewed on a regular basis (at least once every three years) to take into account the member's changing circumstances. Accordingly, it is strongly recommended that a BDBN be reviewed and, if needed, revised at least every three years.

A simplified BDBN form is provided as an annexure to this PDS and Memo. This form allows the member to nominate their dependants and/or their LPR as the recipients of their death benefit. It also allows the member to nominate that their benefit be paid by way of pension. The amount of benefit apportioned to dependants and/or the LPR must total no more than 100%. The form does not cover the situation where the nominated dependants predecease the member, allowing a further level of nomination.

A lawyer can draft a detailed BDBN which specifies to whom the benefit is to be paid if the first named dependants predecease the member. This may be appropriate in some cases to ensure that all circumstances are addressed and that the BDBN does not fail because the named persons have predeceased the member.

For example, a member may wish to have their death benefit paid to their spouse. However, if the spouse does not survive them, then they may want their benefit to be paid to their LPR so their children benefit under their will via their estate.

A BDBN which covers more complex situations requires special drafting and consideration of the member's overall circumstances. It also typically involves a review of the member's will, assets and family circumstances. Further, regardless of whether a simple or more complex BDBN is required by the member, it is best practice for each member's will to be reviewed in conjunction with preparing the BDBN. Note that it is recommended that a BDBN be prepared by a lawyer with superannuation and estate planning expertise as there is a vital link between a person's will and their BDBN.

17.7. Tax payable on death benefits

The amount of tax payable on a lump sum paid by a fund upon the death of a member depends on whether the dependant is a dependant for tax purposes. A dependant for tax purposes includes a spouse, a child under age 18 or any person who was financially dependent on, or in an interdependency relationship with, the member. Accordingly, an adult child will generally be taxed as a non-dependant.

Similarly, pensions can only be paid to persons who are tax dependants (recall adult children generally cannot receive a pension: see section 17.2). For pensions, the tax treatment depends on the ages of both the recipient (at the time pension payments are received) and the deceased (on the date of death).

The table below summarises how lump sums are taxed on the death of the member.

Lump sum death benefit	Tax treatment
Dependant	Entire balance received tax free.
Non-Dependant	Tax free component received tax free. Taxable component is taxed at 15% plus the Medicare levy (if the fund had insurance, this rate might be higher: see section 16.2).

The table below summarises how pensions are taxed on the death of the member.

Pension death benefit	Tax treatment
Deceased died aged 60 or over	Payment to dependant is received tax free.
Deceased died under age 60 but dependant is aged 60 or over	Payment to dependant is received tax free.
Deceased died under age 60 and dependant is also under age 60	To the extent the pension payment reflects: o a taxable component — it is taxed at the dependant's marginal rate less a 15% tax offset; or o a tax free component — it is tax free. Pension payments will become tax free once the dependant attains age 60.

Given the considerable tax concessions available in respect of benefits paid to dependants, most funds are encouraged to take out suitable insurance policies. However, extra tax will apply if such proceeds are paid to non-dependants (see section 16.2).

There are also some tax deductions that may be available to the fund upon a member's death. Expert tax advice should be obtained to ensure these deductions are maximised.

18. Complaints and cooling-off

Members should discuss any query or complaint they may have in relation to the fund in the first instance with the trustee. Although the trustee will generally attempt to accommodate the member's wishes and resolve complaints, the trustee is bound to act in accordance with the governing rules and the trustee's decision will be final and binding.

If the trustee is unable to resolve a dispute, legal advice should be sought. SMSFs are specifically excluded from the Superannuation Complaints Tribunal's jurisdiction and complaints are generally dealt with via the courts. In any event, trustees should be given the opportunity to respond to any complaint or dispute. Members will be advised by the trustee about any commission, or other similar payments, that may impact on the amount of members' accounts.

Members should note that, generally, no 'cooling-off' regime applies to an SMSF (subject to the exception in the paragraph below). Thus, there is no easy way to cease to be a member and have contributions to the SMSF returned. Once a contribution is made it is preserved in the superannuation system and members can generally only obtain access to such monies when they meet a relevant condition of release.

Note that an SMSF is subject to 'cooling-off' requirements when a member elects to convert their benefits from the accumulation phase to the pension phase. Generally, this means that a member has a right to have a pension stopped and the monies returned to accumulation phase by notifying the trustee, generally within 14 days.

19. Watch this space

19.1. Introduction

For completeness, we outline below some possible future changes to the superannuation rules. As at the date of drafting this PDS and Memo, these items do not constitute law and therefore remain proposals. Expert advice should be sought if there is any doubt.

19.2. Administrative penalties and directions

An administrative penalty regime is proposed for certain contraventions. Under the proposed changes, the ATO will be given new powers to impose administrative penalties, issue directions to rectify contraventions and issue directions to undertake trustee education. These proposals are meant to allow flexibility in dealing with smaller contraventions of superannuation law.

As at 30 June 2013, this proposal was not law, despite having a proposed date of commencement of 1 July 2013.

19.3. New pension tax

On 5 April 2013, the Labor Government announced a proposed new 15% tax on pension earnings in excess of $100,000 per financial year per member. Earnings below this threshold would remain tax free. This change is proposed to have effect from 1 July 2014 and is contingent on a number of factors. Thus, it is only noted here for completeness, and can be otherwise ignored unless it is subsequently passed as law.

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20. Additional information

This PDS and Memo must provide all information that a reasonable person would require in relation to their membership of an SMSF. However, given that certain features of an SMSF depend on how it will be managed, its assets invested and the future plans for the fund and its members, the trustee has disclosed such further information that cannot be included in a pro-forma PDS on the following pages. Accordingly, in so far as the PDS and Memo do not contain all the information required to be contained in a PDS under the *Corporations Act 2001* (Cth), the authors of this PDS and Memo, their officers, employees and agents disclaim liability for any loss or damage however arising.

20.1. Additional details provided by the trustee

Trustee to complete this part before handing to each member

(a) The costs of the superannuation interest.

Unless otherwise stated below, costs may include (but are not limited to) accounting, investment advice, transaction costs and ongoing administration costs.

The nature and level of costs will depend on, amongst other things, the level of turnover of investments in the fund, the number of transactions and the costs for administering these. The trustees can seek to minimise these costs by undertaking some of these tasks themselves or incur costs to engage others to assist, eg, accountants and financial advisers.

Usually, expenses will be allocated at least annually on a proportionate basis among members' accounts. However, the trustee does have power to debit or allocate expenses on a different basis, eg, if the trustee allows the members to choose different investment portfolios, then there can be selective allocations of earnings and expenses based on these portfolios.

The trustee should not charge any commissions or fees while the trustee acts as trustee for an SMSF (subject to the discussion under section 9.4). However, the fund may incur commissions and similar fees in respect of its investments (eg, if the fund was to invest in a managed investment trust or public offer fund). Members will be advised by the trustee of any commission or other similar payments that may impact on the amount of member's accounts.

....

....

(b) The costs payable by a member in respect of the superannuation interest after its acquisition and the times at which those amounts will or may be payable.

Unless otherwise stated below, costs payable by a member are largely related to the costs incurred by the trustee in administering the fund as outlined at (a) above and complying with the regulatory requirements. The trustee of the fund does not charge a fee merely in respect of the member's interest and there are no entry and exit fees.

....

....

(c) Information regarding any commission or other fees, expenses or charges that may be incurred by the fund.

Refer to (b) above. No commissions or other fees, expenses or charges are imposed by the trustee unless otherwise stated below.

....

....

(d) Information regarding investments of the fund and the fund's proposed investment strategy. The trustees should ensure they have a detailed investment strategy and review it on a regular basis and give such information to the members at the earliest available opportunity.

Refer to trustee resolutions or other documentation detailing the fund's investment strategy or as otherwise provided below.

(e) If the trustee takes into account labour standards for the purpose of selecting, retaining or realising the investment, further detail should be provided as to:

- **(i) the policy or standards that the trustee considers to be labour standards for that purpose; and**
- **(ii) the extent to which the trustee takes that policy or those standards into account in the selection, retention or realisation of the investment.**

Labour standards will not be taken into account unless specified here.

(f) If the trustee takes into account environmental, social or ethical considerations for the purpose of selecting, retaining or realising the investment, further detail should be provided as to:

- **(i) the policy or standards that the trustee regards as environmental, social or ethical for that purpose; and**
- **(ii) the extent to which the trustee takes that policy or those considerations into account in the selection, retention or realisation of the investment.**

Environmental, social and ethical issues will not be taken into account unless specified here.

(g) Information that might have a material influence on the decision of a reasonable person to become a member of the fund or any other information the trustee considers relevant.

Refer to information detailed in this PDS and Memo and as may be provided below.

(h) Any other relevant or material information should be inserted below or on a separate annexure.

Please contact the trustee at the address shown on the front cover of the SMSF PDS and Memo if you require any further information:

Signed by the Trustee	

APPENDIX: FIGURES FOR 2013–14

Item 1 Concessional Contributions Cap

Age on 30 June 2013	CC Cap
Under 59*	$25,000 per person per financial year
59 years old or over*	$35,000 per person per financial year

* From 1 July 2014, the higher $35,000 cap will apply to individuals who are 49 years old or over on the last day of the previous financial year

Item 2 Non-Concessional Contributions Cap

$150,000 per person per financial year*

* Persons under 65 years may contribute up to $450,000 in non-concessional contributions over a three-year period (see section 12.3)

Item 3 CGT Cap Amount

$1,315,000

Item 4 Superannuation Guarantee Charge Percentage

Period	Rate
1 July 2013 to 30 June 2014	9.25%
1 July 2014 to 30 June 2015	9.50%
1 July 2015 to 30 June 2016	10.00%
1 July 2016 to 30 June 2017	10.50%
1 July 2017 to 30 June 2018	11.00%
1 July 2018 to 30 June 2019	11.50%
1 July 2019 to 30 June 2020 and onwards	12.00%

Item 5 Superannuation Guarantee Charge

Maximum Contribution Base per Quarter	$48,040

Item 6 Preservation Age

Date of Birth	Preservation Age
Before 1 July 1960	55 years
During the year 1 July 1960 to 30 June 1961	56 years
During the year 1 July 1961 to 30 June 1962	57 years
During the year 1 July 1962 to 30 June 1963	58 years
During the year 1 July 1963 to 30 June 1964	59 years
After 30 June 1964	60 years

Item 7 **Low Rate Cap Amount**

$180,000

Item 8 **Lower Income Threshold — for co-contribution support**

$33,516

Item 9 **Higher Income Threshold — for co-contribution support**

$48,516

ABBREVIATIONS

Abbreviation	Meaning
ABP	account-based pension
ATO	Australian Taxation Office
BDBN	binding death benefit nomination
CC	concessional contributions
ITAA 1997	*Income Tax Assessment Act 1997* (Cth)
LPR	legal personal representative
NCC	non-concessional contributions
PAYG	Pay As You Go
PDS	product disclosure statement
SISA	*Superannuation Industry (Supervision) Act 1993* (Cth)
SISR	*Superannuation Industry (Supervision) Regulations 1994* (Cth)
SMSF	self managed superannuation fund
TFN	Tax File Number
TPD	total and permanent disability
TRIS	transition to retirement income stream

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