Minutes of Meeting of Trustees of

J L AND D M SUPERANNUATION FUND

Held At: 108 QUARRY ROAD RYDE NSW

On: 30/3/2007

Chairperson: DRURY John Laurance

Present: DRURY John Laurance
DRURY Dianne Mary

Resolved: That the operative provision of the prior governing rules of the fund be deleted and that the rules of the fund be amended as provided in the Deed of Amendment tabled at the meeting. subject to the signatures of the Members.

Confirmation: Signed by the Chairperson or Sole Director as and for a true and accurate record.

Chairperson: J L Drury **Date** 30/3/2007

Notice of Alteration of Governing Rules

To the Members and Contributing Employers of

J L AND D M SUPERANNUATION FUND

You have today signed a deed amending the Governing Rules of the Fund.

The amendments:

1. Amend the Deed in conformity with the Simplified Superannuation reforms and permit the Trustee to make payments of all types of pensions permitted by the SIS Act.
2. Provide that the Fund must comply with the definition of a self managed superannuation fund as set out in the SIS Act and therefore limit the maximum number of Members to four.
3. Other administrative changes as set out in the Deed already signed by you.
4. Provide that the core purposes are those set out in the SIS Act.
5. Make other changes to permit the Fund to take advantage of various legislative changes since establishment of the Fund that are more fully detailed in the attached product disclosure statement.

Please read the attached product disclosure statement and in particular the provisions under the heading "Simplified Superannuation reforms".

J L Drury
____
Signed on behalf of the Trustee

Date: 30/3/2007

Received by Member(s):

J L Drury
____

D M Drury
____

Date: 30. 3. 2007

Product Disclosure Statement

J L AND D M SUPERANNUATION FUND

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

Name of Member: DRURY John Laurance

Address of Member :
108 Quarry Road
Ryde NSW 2112

Contact Details of Member:

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

DRURY John Laurance — 02 9808 1306
108 Quarry Road — john.drury@optusnet.com.au
Ryde NSW 2112

DRURY Dianne Mary — 02 9808 1306
108 Quarry Road
Ryde NSW 2112

Before you Start

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

This product disclosure statement will help you to understand the main features of this fund. We recommend that you get professional advice before investing.

Please read the whole of this Product Disclosure Statement including under the heading "Simplified Superannuation reforms" which has changed various matters following Federal Government reforms.

Need Help?

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

About Superannuation

Superannuation provides you with income for your retirement. Superannuation funds pool contributions and invest them for the benefit of the members.

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

Members can generally speaking only withdraw their investment in a superannuation fund (called a "benefit") when they retire. Benefits can also be paid if a member dies or becomes totally and permanently disabled.

This means that you should only invest in superannuation money you can afford to put away until later.

Information about Benefits

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

Your Member's Benefit is normally paid when you retire.

Your preservation age is set out elsewhere in this Product Statement.

If you are aged 55 or over, you can reduce your working hours without reducing your income by rolling some of your superannuation into a retirement income stream. You can then top up your reduced income by drawing on your superannuation. This transition to retirement measure only allows you to access your superannuation benefits as a 'non-commutable' income stream, not a lump sum. This means that you generally still cannot take your superannuation as a lump sum cash payment while you are still working and will need to take your superannuation benefits as regular payments.

If you become totally and permanently disabled your Member's Benefit will be paid subject to

Superannuation law and benefits can also be paid if you become temporarily totally disabled and you are insured under an insurance policy and the proceeds of the policy become available.

Nominations - Death Benefits

On your death your Member's Benefit will become payable to one or more of your dependants and legal personal representatives that you have chosen in a binding nomination or if you do not choose or if your choice is invalid, to one or more of your dependants and legal personal representatives that the Trustees chose. If you nominate your legal personal representative, they will be responsible for distributing your death benefit in accordance with your will once they have received it. If you want to leave money to someone who is not your dependant, for example, your brother or sister, you must nominate your legal personal representative in your binding nomination and your brother or sister in your will.

Your dependant for this purpose is your husband or wife or de facto husband or wife, your child including step child and adult child and any other person (whether related to you or not) with whom you have an interdependency relationship.

Two persons (whether or not related by family) have an "interdependency relationship" if:

(a) they have a close personal relationship;

(b) they live together;

(c) one or each of them provides the other with financial support; and

(d) one or each of them provides the other with domestic support and personal care.

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

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

(a) all of the circumstances of the relationship between the persons, including (where relevant):

  (i) the duration of the relationship

  (ii) whether or not a sexual relationship exists

  (iii) the ownership, use and acquisition of property

  (iv) the degree of mutual commitment to a shared life

  (v) the care and support of children

  (vi) the reputation and public aspects of the relationship

  (vii) the degree of emotional support

  (viii) the extent to which the relationship is one of mere convenience, and

  (ix) any evidence suggesting that the parties intend the relationship to be permanent.

(b) the existence of a statutory declaration signed by one of the persons to the effect that the person is, or (in the case of a statutory declaration made after the end of the relationship) was, in an interdependency relationship with the other person.

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

Your legal personal representative is your executor i.e. the person appointed by you in your will or administrator i.e. the person appointed by the Court to administer your estate if you do not have an executor.

If you want the Trustees to pay your benefit on your death to the people you chose you must:

(a) complete a binding nomination form telling the Trustees who you want them to pay a benefit to and in what proportions; and

(b) renew your binding nomination every three years.

Your nomination will be invalid if it is not renewed every three years or if any of the people you nominate are not your dependants at the time of your death or your legal personal representative.

If you have a valid binding nomination at the time of your death the Trustees will follow it even if your circumstances have changed, for example you have married.

If you do not make a binding nomination or if your nomination is invalid the Trustees will choose who to pay your benefit to. You can advise the Trustees who you would prefer them to pay the benefit to by sending them a non-binding nomination. The Trustees will take your wishes into account however they will not be bound by them. The Trustees will consider the circumstances of all of your dependants in choosing to whom to pay the benefit and in what proportions.

In some circumstances under Superannuation law if you are in severe financial hardship you may be able to have your Member's Benefit paid to you by the Trustee however there are conditions to be complied with and benefits can only be paid to you so that certain expenses can be met e.g. treatment of life threatening illness, palliative care etc.

When your Member's Benefit becomes payable it will be paid as a lump sum benefit or as a pension. You should discuss these matters with your professional adviser before receiving your benefit.

Types of Pensions

Pensions under the Simplified Superannuation reforms rules apply generally to pensions commencing on or after 1 July 2007. See later.

The Trustees may determine the type of pension to be paid and under Superannuation law there are different types of pensions. (The following is subject to the Simplified Superannuation reforms as to which see infra under Simplified Superannuation reforms rules). These pensions include:

(a)
- Allocated pensions;
- Market linked pensions;
- Pensions purchased from life insurance companies;
- "Grandfathered" or "transitional" defined benefit pensions;
- Non-commutable or "workforce" pensions.

(b) Allocated pension: An allocated penson is a flexible pension where a payment must be made at least annually to the member. These are the most popular form of pension. Regulations set the minimum and maximum range of pension payments for each year. The trust deed allows these pensions if the member has satisfied a condition of release.

(c) Market linked pension: Market linked pensions are a flexible alternative, for example in terms of how you manage your investments. They are treated as complying pensions, measured against the higher pension Reasonable Benefit Limit and are subject to concessional social security treatment for determining eligibility for the Age Pension.

(d) Pensions purchased from life insurance companies: The Trustees can purchase pensions wholly determined by a life insurance policy. This ensures mortality risks of guaranteeing a pension are assumed by a life insurance company.

(e) "Grandfathered" or "transitional" defined benefit pensions:

Under transitional rules, SMSFs can only pay a defined benefit pension to a person as long as:

- the person was a member of the fund on 11 May 2004
- before 1 July 2004, the person turns 65 or retires on or after turning 55
- the person becomes entitled to the pension after 11 May 2004 and before 31 December 2005 and
- the first pension payment is made within 12 months of the day the person became entitled to the pension.

(f) Non-commutable or "workforce" pensions: Non-commutable pensions can be paid during your transition to retirement but cannot be paid as a lump sum. As you reduce your working hours and income, you can begin to draw some of your superannuation in the form of a pension.

Taxation & Superannuation

You Should Seek Taxation Advice From Your Accountant

See also Contributions under Simplified Superannuation reforms infra.

Contributions

Before discussing whether a fund can accept contributions for a member, there are a number of terms that need to be explained.

Mandated Employer Contributions

These are contributions made by an employer for the benefit of the fund member that are:

- contributions to reduce the employer's potential liability to the Superannuation Guarantee Charge;
- superannuation guarantee shortfall components, that is, Superannuation Guarantee Charge payments sent to a fund from the Australian Taxation Office (ATO) after the Tax Office has obtained payment of the charge from the employer;
- contributions made in order to satisfy an obligation under an industrial award or agreement; and
- payments to a fund from the Superannuation Holding Accounts Reserve - this relates to small superannuation accounts.

Where members have an effective arrangement in place with the employer to salary sacrifice to superannuation, all superannuation contributions are considered to be made by the employers. However, only those contributions to the superannuation guarantee level (9% from 1 July 2002) or the industrial award or agreement level (if higher than the superannuation guarantee level) will be classed as "mandated employer contributions".

Acceptance of Contributions

Mandated Employer Contributions

The law allows funds to accept mandated employer contributions at any time. This means a trustee may accept mandated employer contributions for a person regardless of the age of the person or the number of hours they work.

Other Contributions

Contributions which are not mandated employer contributions (such as the member's own contributions) can only be accepted in the following circumstances:

For Members under 65 Years of Age

Since 1 July 2004, the superannuation contribution work test has been abolished for anyone under the age of 65, thereby allowing anyone under the age 65 to make a superannuation contribution. If the member is under the age of 18 at 30 June, they would need to derive eligible employment income or business income in the income year before income tax deductions for superannuation can be claimed.

Members Aged 65 but Less than 75

Since 1 July 2004, for those aged 65 to 74, the superannuation contribution rules have been changed from a weekly work test (at least 10 hours in each week) to an annual work test. A person in this age group will be able to make personal contributions to their self managed superannuation fund during a financial year provided they can demonstrate that, in that financial year, they have worked at least 40 hours in a period of not more than 30 consecutive days. This amount of paid work only has to be demonstrated once each financial year. For example, a person who has worked 40 hours in a fortnight will be able to make contributions for the rest of the financial year.

Aged 65 to 69: The Trustee may only accept contributions other than mandated employer contributions in respect of a member if the member is gainfully employed on at least a parttime basis during the financial year in which the contribution is made.

Aged 70 to 74: The Trustee may only accept contributions other than mandated employer contributions if the contributions are personal contributions made by the member and the member is gainfully employed on at least a part-time basis in the financial year in which the contribution is made.

Members Aged 75 or over

The Trustee may only accept mandated employer contributions.

Baby Bonus Contributions

The trustee may accept contributions made in respect of the recipient of the baby bonus in the 12 month period after the person receives notification by the Commissioner of Taxation that the person is entitled to the baby bonus. The amount of contributions able to be made in respect of the recipient of the baby bonus is not limited - it may be more or less than the actual baby bonus the person receives.

Eligible Spouse Contributions

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

Superannuation Contributions Splitting

Certain contributions can be split with a spouse. Superannuation contributions that can be split include:

- employer contributions
- personal contributions
- allocated surplus contribution amounts
- amounts transferred from the superannuation holding accounts special account
- superannuation guarantee charge amounts from the Tax Office, and
- super co-contribution amounts.

Members can apply to split an amount of either or both taxed splittable contributions and untaxed splittable contributions. The application must be made either:

- in the following financial year (ie the application must be made between 1 July and 30 June in the financial year following the year in which the contributions were made), or
- during the financial year if the entire benefit is to be rolled over or transferred before the end of that financial year.

The maximum splittable amount for any financial year is 85% of taxed splittable contributions and 100% of untaxed splittable contributions to ensure that members can not split more than the amount remaining in their account which relates to those taxed splittable contributions.

For income tax purposes, amounts split to a spouse's account are treated as a contributions splitting eligible termination payment (ETP) and are taken to have been rolled over to the spouse's account.

If you have an employer, who is an Employer Sponsor or a Participating Employer of the Fund, they may contribute part of your income to the Fund and in this case contributions made personally by you are unlikely to be deductible for taxation purposes although if you are on a smaller wage, you may be entitled to a co-contribution from the Federal Government.

If you are a member you may make contributions to the Fund yourself. These contributions are deductible for tax purposes; eg the first $5,000 you contribute is tax deductible and after that, 75% of contributions over $5,000 or 75% of the Age-Based Limit (whichever is less). In this case you need to notify the trustee by lodging a section 82AAT Notice with the trustee. The Age-Based deduction limits for 2005/06 are, under 35, $14,603; 35-49 $40,560.00 and 50 and over, $100,587. These limits will be removed in July 2007 and deductible contributions will be taxed at a concessional rate of 15% up to a limit of $50,000. Deductible contributions can be made until the age of 75.

If you earn less that $58,000 a year, make personal super contributions and are otherwise eligible, the Government will make a Super Co-contribution to your fund.

If your total income for tax purposes (assessable income plus reportable fringe benefits) is $28,000 or less a year, the Government will now put in one dollar and fifty cents for every dollar you put into your super, up to a maximum Super Co-contribution of $1,500 a year.

The eligibility criteria for the Super Co-contribution have now been widened to include more people.

You will be eligible for the Super Co-contribution in a year of income if:

- you make personal superannuation contributions to a complying superannuation fund or a Retirement Savings Account (RSA);
- your total income (assessable income plus reportable fringe benefits) is less than $58,000;

* 10% or more of your total income is from eligible employment;

- you do not hold an "eligible temporary resident visa" at any time during the year;
- you lodge an income tax return for the year of income; and
- you are less than 71 years old at the end of the year of income

When your income is more than $28,000 but less than $58,000 in a year of income, your Super Co-contribution will be adjusted based on your income and how much you personally contribute.

Tax on Payments from a Superannuation Fund

The following is altered from 1 July 2007 by the Simplified Superannuation reforms. See infra.

You may have to pay tax when you draw money from the Fund. The amount paid will depend on your own circumstances, including your age, how long you have been in a superannuation fund, and how your super benefit is paid.

You pay no tax on the part of your super benefit that consists of the contributions you made from your after-tax income after 30 June 1983.

You pay no tax on the first $129,751 (2005/06) and $135,590 (2006/07) of all other benefits that relate to employment or fund membership after 30 June 1983, if you withdraw them from super after you reach age 55. (You pay 20% plus Medicare levy before age 55).

You pay 15% tax plus Medicare levy on the remainder of your post June 1983 benefits up to your Reasonable Benefit Limit (RBL). However, reasonable benefit limits will be abolished from 1 July 2007.

If some of your super benefit relates to employment before July 1983, you pay tax on only 5% of that part of your superannuation benefit.

If you use your superannuation benefit to receive a regular income from a super fund, special tax concessions apply.

If your benefit is paid out to you as a foreign national who is leaving Australia permanently, higher tax rates may apply to your benefit. Contact your accountant or the Australian Tax Office.

Tax File Numbers

It is in your interest to give your fund your tax file number when you join. You do not have to do so, but if you do not provide it you may pay tax at a higher rate.

Tax on Contributions

Concessional deductible contributions up to the limit are taxed at 15%. Personal contributions from a Member after tax income (undeducted contributions) are not so taxed. See also under the heading "Simplified Superannuation reforms".

Tax on Money Transferred

There is no tax if you transfer money from one superannuation fund to another, unless the amount transferred contains an untaxed component.

An untaxed component attracts the 15% tax on contributions and may also be subject to the superannuation tax surcharge.

Tax on Investment Earnings of the Fund

Investment earnings by the Fund are taxed at a maximum rate of 15%, with capital gains taxed normally at 10%, in the accumulation phase and if the asset is held for at least 12 months.

General Information About Federal Laws

Preservation of Benefits

The Federal Government restricts when you can access most of your superannuation.

Preserved benefits can only be paid:-

at age 65;

when you cease employment on or after age 60;

if you retire on or after your preservation age, as set out below:-

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

if you become permanently unable to work;

if you die, your superannuation may be paid to your dependants or estate, depending on the rules of the fund; if you suffer severe financial hardship or are eligible on compassionate grounds determined by the law. Even then, only some of your benefits may be withdrawn, subject to the fund rules; if you change jobs and your account balance is $200 or less (but only if the fund allows it); if you are a foreign national who has permanently left Australia. In this situation higher tax rates may apply.

Benefits can be accessed earlier. For example, if you change jobs you can take out your own posttax contributions and some employer contributions, paid before 1st July 1999.

Some or all of your preserved benefits may be paid as a pre-retirement (non-commutable) pension once you have reached your preservation age regardless of your employment status.

Information About Amounts Debited to the Fund and Your Account

Under the Trust Deed the Trustees may debit your account with expenses to pay taxes, to pay for insurance policies or premiums for third party annuities.

The Trustee can create an equalisation account which is to be used to stabilise the investment earnings of the Fund and to provide for expenses as the Trustees consider appropriate however this is subject to Superannuation law.

Investments

The Trustees must determine an investment strategy that will indicate how the Trustees will invest.

The strategy must reflect the purpose and circumstances of the Fund and have regard to investing in a way to maximise member returns bearing in mind the risks, diversification and the ability of the Fund to pay benefits and other costs of the Fund as they become due.

All investments must be made in accordance with the investment strategy.

A Trustee has a defence to an action for loss or damage suffered as a result of the Trustee making an investment where the Trustee can show that the investment was made in accordance with an investment strategy formulated in accordance with Superannuation law.

Trustees cannot lend money or provide financial assistance to a member or their relative. The Trustees cannot borrow money except in very limited circumstances as provided by Superannuation law.

Assets cannot be acquired from a related party although there are some very limited exceptions.

For example if the asset is a listed security acquired at market value or the asset is business real property. Business real property usually relates to land and buildings used wholly and exclusively in a business that is associated with the members.

Information About Risks Associated with the Fund

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

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

In some cases if your benefit is a pension then your benefits and pensions that are calculated by reference to the value of the assets in the Fund may result in a decrease in benefit or pension amounts payable to you if the value of the assets in the Fund decreases.

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

If a benefit is commuted the Trustee may purchase an annuity from a life assurance company or other provider and you will have a regular income and normally the risk will then be borne by that provider.

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

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

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

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

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

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

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

Under the trust deed the Trustee is not liable for any loss or detriment to the fund unless it is due to the Trustee's dishonesty or wilful or reckless failure to exercise the degree of care and diligence necessary. The Trustee is to be indemnified by the fund to the maximum extent the law permits.

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

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

Information About Labour Standards, Environmental, Social or Ethical Consideration

The Trustee will inform you if labour standards or environmental, social or ethical considerations are or will be taken into account when the Trustee selects, retains or realises an investment. Unless you are notified otherwise the Trustee does not take any such considerations into account however the Trustee may incorporate those things into its investment strategy.

Additional Information - Contact Details

If you require further information concerning the Fund or the Trust Deed or your rights as a Member or the Fund's performance you may contact the Trustee whose contact details appear at the beginning of this Product Disclosure Statement.

Simplified Superannuation Reforms

What are the main changes to the superannuation system?

From 1 July 2007:

- Superannuation benefits paid from a taxed fund either as a lump sum or as an income stream such as a pension will be tax free for people aged 60 and over.
- Reasonable Benefit Limits (RBLs) will be abolished.
- Individuals will have greater flexibility as to how and when to draw down their superannuation in retirement. Superannuation funds are no longer forced to pay benefits.
- The concessional tax treatment of superannuation contributions and earnings will remain. Age-based restrictions limiting tax deductible (concessional) superannuation contributions will be replaced with a streamlined set of rules.
- The self-employed will be able to claim a full deduction for their superannuation contributions as well as being eligible for the Government co-contribution for their after-tax contributions. The tax exemption for invalidity payments will also been extended to the self employed.
- The ability to make deductible superannuation contributions will be extended up to age 75.
- It will be easier for people to find and transfer their superannuation between funds.

To increase further the incentives to save for retirement, from 20 September 2007 the pension assets test taper rate will be halved to $1.50 per fortnight for every $1,000 of assets above the assets test free area.

The superannuation preservation age will not change. The preservation age is already legislated to increase from 55 to 60 between the years 2015 and 2025. People will still be able to access superannuation benefits before the age of 60, although they will be taxed on their benefits under new simplified rules.

From the 2007-08 financial year, the supervisory levy will be increased to $150 with the levy to be reviewed on a regular basis.

Payment Rules Simplified

When can benefits be paid?

You can generally take your benefits once you reach preservation age and have retired. The preservation arrangements have not been changed and the age of preservation is increasing gradually from 55 to 60 between the years 2015 and 2025. In addition, once you are aged 65 or more, you can take your superannuation even if you have not retired.

Is there an age when benefits must be taken?

Before 10 May 2006 a person who was aged 65 or over and not working or 75 and over was forced to draw down their superannuation. These changes will mean that you will be able to keep your benefits indefinitely, taking as little or as much of your benefits as you choose. If you choose to take your benefits in pension form, then earnings on the assets supporting that pension will continue to be exempt from tax. Earnings on other assets will continue to be subject to tax as assessable income of the fund at 15 per cent.

What will the new pension look like?

The new minimum standards for pensions require:

- payments of a minimum amount to be made at least annually, allowing pensioners to take out as much as they wish above the minimum (including cashing out the whole amount);
- an amount or percentage of the pension cannot be prescribed as being left-over when the pension ceases; and
- the pension can be transferred only on the death of the pensioner to one of their dependants or cashed as a lump sum to the pensioner's estate.

The payment rules specify minimum limits only. No maximum will apply, with the exception of pensions which are commenced under the transition to retirement condition of release. Transition to retirement pensions will have a maximum annual payment limit of 10 per cent of the account balance at the start of each year.

Will existing pension meet the new rules?

Pensions that meet existing rules and commenced before 1 July 2007 will meet the new minimum standards.

People who currently have an allocated pension will be allowed to transfer to the new pension from 1 July 2007 without the need to commute their existing pension.

A guaranteed lifetime pension provided on an arm's length basis that meets relevant existing requirements will also meet the new rules.

Can a person still use the Transition to Retirement rules?

The transition to retirement rules will be amended to include pensions that meet the new minimum standards.

From 1 July 2007, transition to retirement pensions will allow no more than 10 per cent of the account balance (at the start of each year) to be withdrawn in any one year. Pensions that started before 1 July 2007 and complied with rules for the transition to retirement measure will be deemed to satisfy the new requirements. Existing non-commutability rules will continue to apply to transition to retirement pensions.

Superannuation pension changes

Q. How will the rules for superannuation pensions change?

From 1 July 2007, a pension will be required to meet a new simplified standard. Under the new standard:

- pensions will be required to make a minimum payment at least annually (no maximum payment);
- an amount or percentage of the pension cannot be prescribed as being left over when the pension ceases; and
- a pension could be transferred only on death of the pensioner to one of their dependants or cashed as lump sum to the pensioner's estate.

Q. What are the benefits of the new, more flexible pension?

The pension rules will be made simpler and provide more flexibility to retirees. For example, pensioners will be able to take out as much as they wish above the minimum (including cashing out the whole amount).

Q. My income stream commenced before 1 July 2007. Does it meet the simplified minimum standards?

Pensions that meet existing rules and commenced before 1 July 2007 will be deemed to meet the new minimum standards.

Q. Can I move my current income stream to the new pension products?

This will depend on the type of income stream you currently have.

If you currently have an allocated pension, you will be able to move it to the new, more flexible pension rules without having to commute and start a new pension from 1 July 2007.

If your income stream is a 'complying' income stream, you will not be able to commute and transfer to the new pension.

Q. How will pensions that meet the simplified minimum standards be taxed?

All pensions that meet the simplified minimum standards will be taxed the same on payment.

Pensions paid from a taxed source to a person aged 60 or above will be tax free from 1 July 2007. This includes current pensions and the new more flexible pensions.

Pension payments for individuals aged under 60 will be taxed but will be eligible for a 15 per cent offset with any exempt component being tax free. Once the pension recipient turns age 60, their pension will be tax free.

From 1 July 2007, a person receiving an income stream from an untaxed source will become eligible for a 10 per cent tax offset after the age of 60.

Q. Will investment earnings on the assets supporting income streams remain tax exempt?

Yes. The current tax free treatment of earnings on assets supporting pensions that meet the simplified minimum standards will not change.

Cashing rules

Q. What is the 'compulsory cashing rule'?

Previously the Trustees were required to pay benefits to members who were:

- over age 65 and did not meet the work test; or
- 75 years of age (regardless of their work status).

Q. Is the compulsory cashing rule still in place?

No. The compulsory cashing rule was abolished with effect from 10 May 2006.

This means that there will be no forced payment of benefits out of superannuation funds after age 65.

People will be allowed to take their benefit as a lump sum or regular income stream or keep their benefits in their superannuation fund indefinitely, taking out as little or as much of their benefits as they choose.

Self-employed

Q. I am self employed, how will the proposed changes impact on me?

- From 1 July 2007, you will be able to claim a full deduction for your superannuation contributions up to age 75.
- From 1 July 2007, you may be eligible for the Government co-contribution.

Q. How can I claim my superannuation deduction?

If you wish to claim a deduction for a superannuation contribution, you will have to notify your fund. You can notify your fund either at the time you lodge your income tax return, or at the end of the following financial year after the contribution was made, whichever is earlier. You will not be able to vary the notice after this time.

Q. How much can I contribute as deductible contributions?

You will be able to contribute up to $50,000 of concessional contributions each year. These contributions will be taxed at 15 per cent. Contributions above this limit will be taxed at the top marginal rate plus Medicare levy.

Q. Am I eligible for the Government co-contribution?

From 1 July 2007, the Government co-contributions scheme will be extended to the self-employed. You will be eligible for the Government co-contribution if:

- you earn 10 per cent or more of your income from carrying on a business, eligible employment or combination of both;

- your total income is under the Government co-contributions upper threshold; and

- you are less then 71 years of age at the end of that income year and are not a temporary resident at any time during the income year.

Q. How does the Government co-contribution system work?

If your total income is less than the lower threshold of $28,000, your superannuation contributions will be matched at $1.50 for every dollar you contribute, subject to a maximum co-contribution of $1,500.

The maximum co-contribution is reduced at a rate of 5 cents for every dollar of total income over the lower threshold, and will phase out when your income reaches the upper threshold of $58,000.

Contribution Rules - Concessional Contributions

Summary points

- Concessional contributions to superannuation will be limited to $50,000 per person per annum. These contributions will be taxed at 15 per cent.
    - A transitional period will apply for people who are aged 50 and above to allow those planning their retirement to make larger contributions.
- Employers will be able to claim a full deduction for all contributions to superannuation on behalf of individuals under the age of 75. The Superannuation Guarantee will continue to apply only until age 70.
- The personal deduction eligibility rule will be simplified by making it consistent with the rule that currently applies for the Government co-contribution.
- A person can make non-concessional (post-tax) contributions in addition to concessional contributions.

How do the contributions limits change?

The age-based limits on concessional contributions will be abolished. A limit on concessional contributions of $50,000 per person per annum will apply from 1 July 2007. These contributions will be taxed at 15 per cent. The $50,000 limit will be indexed to Average Weekly Ordinary Time Earnings but will only increase in $5,000 increments.

How does the transitional period work?

During the transitional period, the cap on concessional contributions will be $100,000 if you are 50 years of age and over. The transitional period is from 2007-08 to 2011-12. If you turn 50 during that period you will be able to use the transitional arrangements. For example, if you turn 50 on 1 January 2011 you will be able to make $100,000 of contributions in the 2010-2011 and 2011-12 financial years.

The $100,000 limit will not be indexed.

From the 2012-13 financial year, the maximum amount of concessional contributions per annum will return to the indexed $50,000 amount.

What can employers claim?

Employers will be able to claim a full deduction for all contributions to superannuation funds made on behalf of their employees under age 75.

What about deductions for personal contributions?

If you wish to claim a tax deduction for a contribution you will need to notify the Trustees before you lodge your income tax return, or before the end of the following financial year after the contribution was made, whichever is the earlier. This notification cannot be varied after this time.

What is included in the concessional contributions cap?

The cap applies to all concessional contributions (including salary sacrificed contributions) made on behalf of an individual.

Contributions above the concessional cap count towards the non-concessional contributions cap.

Contributions above the age-based limits will count towards the transitional $1 million cap on non-concessional contributions with effect from 10 May 2006.

Contribution Rules - Non-concessional (post-tax) Contributions

From 1 July 2007, a cap of $150,000 per year on the amount of non-concessional superannuation contributions a person can accrue will apply. The non-concessional contributions cap will remain at three times the level of the concessional contributions cap and will increase as the concessional cap moves with indexation).

To accommodate larger contributions, if you are under age 65 you will be allowed to bring forward two years of contributions. For example, if you are under age 65 you will be able to make up to $450,000 of contributions in the 2007-08 financial year but will then be unable to make further non-concessional contributions until the 2010-11 financial year.

Once you turn age 65 you will be able to make $150,000 of non-concessional contributions each financial year, provided you satisfy the work test. If you are aged 63 and 64 and contribute $450,000 you will not be required to meet the existing work test in the two years after you make the contribution. The rules prohibiting contributions by people aged 75 and over will remain.

Contributions in excess of the cap will be taxed at the top marginal tax rate (plus Medicare levy). The tax liability will be levied on the individual who will nominate a superannuation fund to release monies to pay the liability. The balance of the excess contribution will be able to remain in the fund.

The Trustee cannot accept contributions in excess of the maximum allowable non-concessional contributions in a year.

Members who have made contributions in excess of the transitional limits outlined below before 7 December 2006 will be able to apply to withdraw these amounts without penalty prior to 30 June 2007. Contributions in excess of the transitional limits made on or after 7 December 2006 will be subject to the tax on the excess unless it is a genuine inadvertent breach.

Are there any exemptions from the cap?

There are two ongoing exemptions to the non-concessional cap.

The proceeds from the disposal of eligible small business assets are exempt up to a lifetime limit of $1 million (indexed). The $1 million exemption may include up to $500,000 of capital gains that are disregarded under the capital gains tax (CGT) retirement exemption and proceeds from the disposal of assets that qualify for the CGT 15-year exemption. The latter includes pre-CGT assets, assets on which there is no capital gain or loss, and assets disposed of after the permanent disablement of the owner.

The proceeds from a settlement for an injury resulting in permanent disablement are also exempt.

What transitional arrangements are there?

There is a transitional non-concessional cap of $1 million for non-concessional contributions made between 10 May 2006 and 30 June 2007. This is available to all individuals eligible to contribute in the relevant year and will include any contributions already made during that period.

In addition, if you were aged 64 at any time between 10 May and 5 September 2006 you will be able to make superannuation contributions up to 30 June 2007 without having to satisfy the work test. If you are aged 74 at any time between those dates will be able to make superannuation contributions if you had satisfied the work test for the relevant financial year.

What is included in the cap?

The cap will apply to all non-concessional contributions made on behalf of an individual. For example, contributions made by one spouse for the benefit of the other spouse will be counted against the receiving spouse's cap.

The Government co-contribution will not be included in the cap.

Contributions above the concessional cap will also count towards the non-concessional contributions cap.

Contributions above the age-based limits will count towards the transitional $1 million cap on non-concessional contributions with effect from 10 May 2006.

Can I still split contributions with my spouse?

Non-concessional contributions will not be able to be split with a spouse.

Work Test

Q. What is the work test?

In order to make non-concessional contributions to superannuation, people aged 65 to 74 must meet the work test in each year a contribution is made. This means that an individual must work for 40 hours during a consecutive 30 day period each financial year. People under 65 are not subject to a work test.

Q. I am 63 years old, can I bring forward two years of entitlements to make non-concessional contributions to my superannuation fund?

From 1 July 2007, people who are 63 and 64 years of age will be able to bring forward contributions up to $450,000 and will not be required to meet the work test in the following two years.

Q. I am aged over 65, do I have to meet the work test requirements to make non-concessional contributions? How much can I make?

From 1 July 2007, a person aged 65 to 74 will be able to make up to $150,000 of non-concessional contributions each financial year provided they satisfy the work test. This will ensure inadvertent breaches of the non-concessional cap do not occur. The current rules prohibiting contributions by people aged 75 and over will remain.

Employment Termination Payments

Q. What is an Employment Termination Payment?

An Employment Termination Payment is a lump sum payment made to a person in consequence of their termination of employment and can include amounts in respect of:

- unused rostered days off;
- amounts in lieu of notice;
- a gratuity or 'golden handshake';
- an employee's invalidity (permanent disability, other than compensation for personal injury); and
- certain payments after the death of an employee.

A payment in respect of unused annual leave or unused long service leave is not an Employment Termination Payment.

Q. Can I contribute my Employment Termination Payment to superannuation?

No, unless you are eligible for the transitional arrangements.

Q. To whom do the transitional arrangements apply?

The transitional arrangements apply to you if:

- a payment on termination is specified in an existing employment contract as at 9 May 2006; and
- the payment is made prior to 1 July 2012.

Q. How will the payment be taxed?

The taxable component of your Employment Termination Payment will be taxed as follows:

Taxpayer's age	Transitional arrangements (for contracts in place as at 9 May 06)	Simplified Superannuation
Under preservation age (currently 55)	• 30 per cent up to a maximum of $1 million; and • the top marginal tax rate plus Medicare levy for any	• 30 per cent up to a maximum of $140,000; and • top marginal tax rate and the Medicare levy for any

	additional amounts.	additional amounts.
Over preservation age (currently 55)	• 15 per cent up to a maximum of $140,000; • 30 per cent up to $1 million; and • the top marginal tax rate plus Medicare levy for any additional amounts.	• 15 per cent up to a maximum of $140,000; and • the top marginal tax rate plus Medicare levy for any additional amounts.

Q. If I contribute my Transitional Termination Payment to my superannuation fund under the transitional arrangements, how will it be taxed?

Transitional Termination Payments may be contributed to superannuation until 1 July 2012 (and will be taxed at 15 per cent). However, any amounts above $1 million (as calculated by considering all Transitional Termination Payments contributed or received) that are contributed will be subject to the contributions caps and excess contributions taxes.

Age Pension Arrangements

Main Points:

- The pension assets test taper rate will be halved from 20 September 2007 so that pension recipients only lose $1.50 per fortnight (rather than $3) for every $1,000 of assets above the relevant threshold.
- The assets test exemption for purchased 'complying' income streams will be removed for income streams purchased on or after 20 September 2007.
- The income test will not change.

How does the assets test change?

The pension assets test taper rate will be halved from 20 September 2007 so that recipients only lose $1.50 of pension per fortnight (rather than $3) for every $1,000 of assets above the relevant threshold.

This will apply to the following payments:

- age and service pension;
- disability support pension;
- carer payment;
- wife pension;
- widow B pension; and
- bereavement allowance.

How does the assets test change for people with complying income streams?

The current 50 per cent assets test exemption for purchased 'complying' income streams will be removed from 20 September 2007. This change will apply only to income streams purchased on or after 20 September 2007. It will not affect 'complying' income streams purchased before this date.

How does the income test change?

The current income test treatment of superannuation pensions will not change. Income streams with a term of greater than five years are assessed under the income test on the basis of the gross annual income from the product reduced by an annual allowance for return of capital. Income streams with a term of less than five years are assessed under the social security deeming rules.

Pension asset test

Q. What will be the impact of the superannuation reforms on pensioners, including age pensioners?

The pension asset test taper rate will be halved from 20 September 2007, so that recipients will only lose $1.50 per fortnight (rather than $3) for every $1,000 of assets above the relevant threshold.

Q. To which payments will the new taper rate apply?

The new pension asset test taper rate will apply to the following payments:

- age and service pension;
- disability support pension;
- carer payment;
- wife pension;
- widow B pension; and
- bereavement allowance.

Q. Will I still be entitled to a 50 per cent assets test exemption?

The current 50 per cent assets test exemption for purchased 'complying' income streams will be removed from 20 September 2007. This change will only apply to income stream products purchased on or after 20 September 2007 and will not affect the assets test treatment of income streams purchased before this date.

Q. Will the income test change?

No. The current income test treatment of superannuation pensions for social security purposes will not change.

Death Benefits

Q. What will be the taxation treatment of death benefits paid to a dependant?

If death benefits are paid as a lump sum to a dependant they will be tax free.

If a dependant chooses to take a death benefit as a pension stream, the taxation treatment will depend on the age of the primary beneficiary and dependant.

- If the primary beneficiary was age 60 or over at the time of death, the pension payments to the dependant will be tax free.
- If the primary beneficiary was under age 60 at the time of death, the pension will continue to be taxed at the dependant beneficiary's marginal rate (less any deductible amount and pension rebate). If (or when) the dependant is aged 60 and over, the pension payment will be tax free.

Q. What will be the taxation treatment of benefits paid to a non-dependant?

The taxable component of a lump sum paid to a non-dependant will be taxed concessionally at 15 per cent.

A pension will not be able to revert or be paid to a non-dependant; rather, it will have to be made as a lump sum.

Q. Can a dependant child receive superannuation death benefits as a pension?

Yes. Death benefits will be able to be paid as a pension to a dependant child. However, when the child turns 25, the balance in the fund will have to be paid as a lump sum (tax free), unless the child is permanently disabled.

Tax File Numbers

Q. Do I have to provide my Tax File Number (TFN) to my superannuation fund?

No. However, if you do not quote your TFN, your concessional contributions will be taxed at the top marginal rate plus Medicare levy.

For accounts opened before 1 July 2007, where contributions exceed $1,000 in a year, the superannuation fund will withhold tax at the top marginal rate plus Medicare levy if a TFN is not provided.

The $1,000 threshold will not apply for accounts opened on or after 1 July 2007. Thus if you open your account after 1 July 2007 and you do not quote your TFN, contributions to that account will be taxed at the top marginal rate plus Medicare levy.

Q. Will I be able to make non-concessional contributions if I do not quote my TFN?

No. Superannuation funds will not be allowed to accept your non-concessional contributions if you do not provide your TFN.

Q. When will a fund apply the withholding tax for non-quotation of TFN?

Funds will be required to withhold the higher tax if the TFN has not been quoted by 30 June each year.

This will give people until 30 June 2008 to quote their TFN if they have not already done so before the higher withholding rate need apply.

Q. What happens if I subsequently quote my TFN?

The additional tax will be refunded where a valid TFN is provided to the fund within a four year period. Interest on the additional tax may also be payable by ATO in some circumstances.

Taxation of Benefits

How will superannuation payments to a person aged 60 or more be taxed from 1 July 2007?

- All lump sum benefits paid from a taxed source to a person aged 60 or over will be tax free.
- All pensions paid from a taxed source to a person aged 60 or over will be tax free. The tax free status also applies to pension benefits that are already being paid.
- RBLs will no longer apply.
- People who receive a lump sum superannuation payment or a pension payment from a taxed source will not need to include it in their tax return.

What if a person takes their super benefits before they are 60?

- Lump sums will comprise two components — an exempt component and a taxable component.
  - The exempt component will paid be tax free and comprise: the pre-July 83 component; the CGT exempt component; the post-June 1994 invalidity component; the concessional component and the non-concessional (post-tax) contributions;
  - The taxable component includes: the current post-July 1983 component and the non qualifying component. It will be paid tax free up to the low-rate threshold ($140,000 in 2006/07) and amounts above the threshold will be taxed at 15 per cent. The tax rate will be 20 per cent for individuals aged under 55 years.
- Pension payments for people under age 60 will be taxed under the current arrangements, although tax will be lower in some cases.
- The full superannuation pension rebate of 15 per cent will apply to all pensions paid from a taxed source to a person who is aged 55 to 59 years.
- Once the pension recipient turns 60, their pension will be tax free.
- From 1 July 2007, when any part payment of a superannuation benefit is made, the benefit will generally be considered to include both exempt and taxable components with the relevant proportions of each reflecting the proportions such components make up in the total benefit. This will apply to both lump sums and pensions. Existing pensioners will retain the current 'deductible amount' on their pension until they reach age 60 when the benefits become tax free.

Death Benefits

How will lump sums death benefits from a taxed source be taxed?

A lump sum death benefit payment will be tax free if paid to a person who is a dependant. A dependant for these purposes is a spouse or former spouse, a child less than 18, a person with whom the deceased had an interdependency relationship just before he or she died, or any other person who was dependant on the deceased just before he or she died. If the lump sum death benefit is paid to a non-dependant, the taxable component will be taxed at 15 per cent.

How will death benefit pensions be taxed?

The taxation of a death benefit paid as a reversionary pension will depend on the age of the primary and reversionary beneficiary. If the primary beneficiary was aged 60 or over at the time of death, then payments to the reversionary beneficiary will be tax exempt. If the primary beneficiary was under age 60 at the time of death, the pension will be taxed at the reversionary beneficiary's marginal rate (less any deductible amount and pension rebate) unless, or until, the reversionary beneficiary is aged 60 or over, in which case the pension becomes tax exempt.

Death benefits will be able to be paid as a pension to a dependant if the member dies before commencing a pension. These pensions will be taxed in the same way as a reversionary pension.

Death benefits will be able to be paid as a pension to a dependant child, although when the child turns 25, the balance in the fund will have to be paid as a lump sum (tax free) unless the child was permanently disabled.

A pension will not be able to revert or be paid to a non-dependant upon the death of a person. These pensions will be paid out to the non-dependant as a lump sum.

SUPERANNUATION INDUSTRY (SUPERVISION) ACT 1993

DEED OF AMENDMENT
FOR

J L AND D M SUPERANNUATION FUND

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Schedule
The Rules

DEED OF AMENDMENT

Deed of Amendment dated on the date of this deed specified in the Reference Schedule attached.

PARTIES

The parties named in the Reference Schedule.

BACKGROUND

1.1 The Trustees named in the Reference Schedule are the Trustees of the Superannuation Fund ("Fund").

1.2 The Fund was constituted by the deed or documents including those described as Prior Governing Rules referred to in the Reference Schedule.

1.3 Included as a party to this Deed is the party or parties referred to as the Parties who have power to amend in the Reference Schedule.

1.4 The purpose of the amendments is to amend the deed consistently with the provisions of the Superannuation Industry (Supervision) Act, 1993 including provisions of the Federal Government's Simplified Superannuation reforms as now enacted in relevant legislation in accordance with the Amending Power referred to in the Reference Schedule.

1.5 The parties named in the Reference Schedule consent to the amendments in this Deed.

1.6 The Fund is a complying Fund within the meaning of Section 267 of the Income Tax Assessment Act.

OPERATIVE PROVISIONS

1.7. **Amendments:**

In accordance with the Amending Power referred to in the Reference Schedule the parties who have power to amend the Prior Governing Rules with the consent of the other parties to this Deed, amend the Prior Governing Rules and any other rules operative in respect of the Fund by deleting the operative provisions of those Prior Governing Rules and rules and substituting the provisions attached to this deed commencing with clause 2.1.

1.8 **Notice:**

The parties agree that subject to the Superannuation Industry (Supervision) Act, 1993 ("SIS Act") and the Corporations Act, 2001, the provisions of this Deed executed by the parties satisfies any provision of the Prior Governing Rules, SIS Act and the Corporations Act, 2001, to provide notice of the amendments contained in this Deed.

1.9 A. The amendments contained in this Deed do not and are not to be interpreted as:

(a) reducing or adversely affecting the rights of a Member to accrued entitlements arising before the date of this Deed;

(b) reducing the amount of any other entitlement that is or may become payable in respect of a period prior to the date of this Deed;

and such provisions of the Prior Governing Rules as the Trustees determine shall continue to apply if necessary to give effect to this clause unless such reduction or effect is to comply with the Superannuation Conditions.

B. Despite clause 1.9A, if a Member at the date of the adoption of this Deed is in receipt of a pension from the Trustees, nothing in this deed shall be construed as altering the amount of the accrued Member's benefit in respect of that pension or the amount of that pension if the effect of this Deed would, were it not for this provision, alter adversely that benefit or pension or have the effect of failing to comply with the Superannuation Conditions.

Interpretation

2.1 In this Deed unless the context otherwise requires words importing gender include any gender and words importing number include the singular number and the plural number. The following words have the meanings unless the contrary intention appears and subject to paragraph 2.3:-

"Act" means the Superannuation Industry (Supervision) Act, 1993, the Tax Act, Veterans' Entitlements Act 1986, Social Security Act 1991, Part VIIIB Family Law Act 1975, Corporations Act 2001 and any other legislation (as may be amended from time to time) governing superannuation funds from time to time and any re-enactment thereof and includes regulations from time to time made thereunder and the determinations from time to time of the Commissioner.

"Account-based pensions" means a pension first provided on or after 1 July 2007 in accordance with SIS Regulations.

"Associated Employer" means any company, person or firm which the Trustees admit (including, subject to the Superannuation Conditions, by acceptance of a contribution from an employer of a Member) under this Deed or the Rules of the Fund to participate as a contributing Employer to the Fund.

"Auditor" means an approved Auditor as defined in Section 10 of the SIS Act.

"Beneficiary" means a Member, Dependant or other person entitled to receive a benefit under this Deed.

"Cashing Restrictions" has the meaning in SIS Regulation 6.01(2).

"Constitutional Corporation" has the meaning in Section 10(1) of the SIS Act.

"Commissioner" means the Regulator defined in the Act and includes the Commissioner of Taxation, the Australian Prudential Regulation Authority, or the Australian Securities & Investments Commission, as may be appropriate having regard to the provisions of the Act and the nature of the Fund, or any other governmental authority responsible for administering or regulating the laws or rules relating to the concessional taxation of Superannuation Funds.

"Deed" means this Deed and the Rules or any alteration to, addition to or variation made to it from time to time except where the context otherwise requires.

"**Dependant**" has the meaning in the SIS Act.

"**Eligible Person**" means any person in respect of whom the trustees may accept contributions under the SIS Act or who may otherwise become a member of the Fund under the SIS Act.

"**Employee**" has the meaning in Section 10 of the SIS Act.

"**Employer**" has the meaning in Section 10 of the SIS Act.

"**Employer-Sponsored Fund**" has the meaning in Section 16(3) of the SIS Act.

"**Employer-Sponsored Member**" means a Member who is an employee of a contributing employer.

"**Employment**" means gainful employment, part-time employment and full-time employment and includes the services of an independent contractor and all senses of the word employ include the same meaning.

"**Equalisation Account**" means an account kept in accordance with paragraph 25.3.

"**Financial Year**" means the accounting period selected by the Trustees for the Fund. It must not exceed twelve months and may at times be less than twelve months.

"**Full-time**", in relation to being gainfully employed, means gainfully employed for at least 30 hours each week or otherwise as may be provided by the SIS Act.

"**Gainfully Employed**" has the meaning in the SIS Regulations.

"**Guarantee Act**" means the Superannuation Guarantee (Administration) Act 1992.

"**Mandated Employer Contributions**" has the meaning in the SIS Act.

"**Market Linked Pension**" means a pension paid under Rule 16.

"**Member**" means an Eligible Person who has been admitted to the Fund and where the context so requires or permits includes a Past Member, a former Member and a Pensioner.

"**Member's Benefit**" in respect of a Member is the net amount standing to the Member's credit in that Member's accounts including the employer's contribution account (if any), the Member's contribution account and the vested employer's contribution account (if any) plus the realisable value (if any) at that time of any policy of insurance owned by the Trustees on the life of that Member or paid for out of that Member's employer's contribution account (if any), Member's contribution account or vested employer's contribution account (if any) or other Member's account.

"**Minor**" means a person under 18 years of age.

"**Member Financed Benefits**" has the meaning in the SIS Act.

"**Non-member spouse**" in relation to a superannuation interest that is subject to a payment split.

means the person who is the non-member spouse in relation to the interest under Part VIIIB of the Family Law Act 1975.

"Old-Age Pensions" has the same meaning as in paragraph 51(xxiii) of the Constitution.

"Part-time" has the meaning that applies in the circumstances referred to in the SIS Act.

"Past Member" means a former Member who still has a right to receive a benefit from the Fund.

"Pension Benefit Account" means an account that provides a retirement benefit.

"Pensioner" means a retired Member. Past Member of the Dependent of a deceased Member. Past Member or Pensioner who is in receipt of or who is entitled to a pension.

"Personal Representative" or **"Legal Personal Representative"** means in relation to a Member a person who satisfies the Trustees that such person is entitled to represent the Member and to give valid receipts and discharges on the Member's behalf and in relation to a deceased Member the person who has been granted probate of a will or letters of administration of an estate of that Member.

"Preserved Portion" means the portion of an account or a benefit that is preserved for the benefit of a Member under the Superannuation Conditions. this Deed or other agreement.

"Primary Beneficiary" has the meaning in the SIS Act.

"Regulated Superannuation Fund" has the meaning in the SIS Act.

"Reserve Account" means the account referred to in paragraph 18.1(d).

"Retire" means to cease to be engaged in the employment in which the Member is for the time being engaged and "Retirement" has a corresponding meaning subject to the SIS Regulations and to Regulation 3.01(7)(b).

"Retirement Age" "Retirement Date" and **"Retiring Age"** mean the sixty-fifth birthday or such other date or age as the Trustees determine. that is consistent with the SIS Act.

"Reversionary Beneficiary" has the meaning in the SIS Act.

"Rules" means the Rules set out in the Schedule to the governing rules and includes any additions. variations and modifications thereto.

"Segregated Current Pension Assets" has the meaning given from time to time by the Tax Act.

"SIS Act" means the Superannuation Industry (Supervision) Act 1993 as amended from time to time and regulations from time to time made thereunder.

"SIS Regulations" mean the regulations made under the SIS Act as amended from time to time and includes any applicable modification declaration.

"Splittable Contribution" has the meaning in Part 6 of the SIS Regulation.

"**Spouse**" in relation to a person, includes another person, although not legally married to the person, lives with the person on a genuine domestic basis as the husband or wife of the person and any person who is a spouse for the purposes of the Act.

"**Standard**" means a standard prescribed by the SIS Act.

"**Standard Employer-Sponsor**" has the meaning in the SIS Act.

"**Standard Employer-Sponsored Fund**" has the meaning in the SIS Act.

"**Superannuation Conditions**" subject to 2.4 means any provision which may be applicable to the Fund under the Act, the Tax Act or other laws or rulings of the Commissioner which must or may be met for the Fund to be treated with the most concessional taxation treatment available or to be treated in any manner which, in the opinion of the Trustees, is concessionary and includes conditions which must be met for the Fund to become or remain a self managed superannuation fund.

"**Superannuation lump sum**" has the meaning given in SIS Regulation 1.03(1) (See Section 995-1 of the 1997 Tax Act.

"**Tax Act**" means Income Tax Assessment Act 1936 or 1997 as may be applicable.

"**Trustees**" means the Trustees or the Trustee for the time being of the Fund and "**Trustee**" has the same meaning.

"**Vested Portion**" means the portion of an account or benefit that is vested for the benefit of a Member including any such portion which is preserved for the benefit of a Member and any such portion which has been transferred in respect of a Member to the Fund from another superannuation fund as a vested benefit.

2.2 **Headings:**
The headings in this Deed and the Rules are for convenience and reference only and are not to affect its interpretation.

2.3 **Meanings:**

(a) Any word or expression which is defined in the Act has in this Deed the meaning ascribed to it by the Act and to the extent that a meaning ascribed to a word or expression within this Deed is inconsistent with the meaning ascribed to it by the Act the meaning ascribed by the Act prevails unless the contrary intention appears provided that where more than one meaning may be ascribed then the Trustees may determine which of those meanings applies.

(b) This Deed will be read and construed on the basis that the provisions of the SIS Act are incorporated to the extent that they impose requirements on the Trustees or are required by that Act to be so incorporated, but this Deed will not be so read or construed and no provision or regulation will be so incorporated if to do so would constitute a breach of the power granted by this Deed to vary, add to or rescind its provisions. To the extent not prohibited by the SIS Act, the Trustees may however by resolution determine that a provision of the SIS Act does not apply, either generally to the Fund or in respect of any particular application and the Deed must be construed accordingly.

(c) If a provision of this Deed refers to a provision of a statute or regulation then it shall be construed as referring to that provision as may be made whether before or after this Deed and as may be amended, enacted or replaced from time to time.

2.4 **Inconsistencies with the Superannuation Conditions:**
Where it appears to the Trustees that there is any inconsistency or difference between:-

(a) any provision of any applicable legislation or other laws and another provision or provisions;

(b) the rulings of the Commissioner and other rulings of the Commissioner;

(c) the Acts or laws referred to in (a) and the rulings referred to in (b);

(d) the Rules and this Deed,

then the Trustees may determine, either generally or in respect of any particular application, in their absolute discretion, which provision or ruling applies and the Deed must be construed accordingly and subject to such determination and to the Act, if there is any inconsistency between the Rules and the Deed the Deed shall prevail.

2.5 **Proper Law:**
This Deed and the Rules are governed and construed and take effect in accordance with the laws of the State or Territory of residence of the Trustee (however Section 35(b) of the South Australian Trustees Act 1936 does not apply to this Deed). Any person having or claiming any interest under this Deed must submit to the jurisdiction of the Courts of that State or Territory.

2.6 **Saving Provision:**
To the extent any provision of this deed would be void or invalid, but for this paragraph ("an invalid provision"):

(a) where a reading down or limitation of the operation of the invalid provision would remove the voidness or invalidity, that must be done in constructing the Deed;

(b) where it is not possible to apply paragraph (a), the invalid provision is severed from the Deed;

(c) in any event, an invalid provision does not affect the continued operation of the remainder of the Deed.

2.7 **Trustee must Comply with the Law:**
The Trustees must not do or fail to do anything as Trustees of the fund that would result in either a breach of law, including the Act or the fund ceasing to qualify as a self managed fund under superannuation law or to qualify for concessional tax treatment under the Tax Act, even if the Trustees are otherwise empowered or obliged and this provision applies despite any other provision.

2.8 Power to comply with Family Law

(a) the Trustee may in accordance with the Act:

(i) provide a Non-Member Spouse (as defined in the SIS Act) or any other person with information (including without limitation, information in relation to a Member's benefits) in the Trustee's possession;

(ii) give effect to a payment split, superannuation agreement, payment flag, flag lifting agreement (within the meaning of those expressions in Part VIIIB of the Family Law Act 1975) or any other agreement or court order made pursuant to Part VIIIB of the Family Law Act 1975 in relation to a Member and his or her benefits in the Fund (including, without limitation, commuting a pension or annuity payable from the Fund) **(payment split)**;

(iii) create a new interest in the Fund for the Non-Member Spouse at the request of the Non-Member Spouse (or such other circumstances permitted by the SIS Act) and reduce the amount of a Member's benefits by the value of the benefits that the Non-Member Spouse has in the newly created interest;

(iv) apportion the "minimum benefits", "preserved benefits", "restricted non-preserved benefits" and "unrestricted non-preserved benefits" (within the meaning of those expressions in the SIS Act) as between the Member's benefits and the interest created, or the transferable benefits (within the meaning of the SIS Act) rolled over or transferred, for the Non-Member Spouse;

(v) at the request of the Non-Member Spouse (or without such a request in the circumstances permitted by the SIS Act) rollover or transfer the transferable benefits to another Benefit Arrangement to be held for the benefit of the Non-Member Spouse;

(vi) withholding the payment or the transfer of a Member's benefit;

(vii) preserve a Non-Member Spouse's entitlements;

(viii) pay to a Non-Member Spouse the amount to which the Non-Member Spouse is entitled under the payment split;

(ix) the Trustee may subject to the SIS Act charge and/or deduct from a Member's benefits or the entitlements of a Non-Member Spouse, a fee for the costs of administering a payment split or a flagging order, rolling over or transferring a transferable benefit or payment to a Non-Member Spouse.

(b) The Trustee must treat the Non-Member Spouse as a Member where required by the SIS Act;

(c) The Trustee may do anything else whatsoever that it considers necessary to comply with the SIS Act and Part VIIIB of the Family Law Act 1975.

Sole Purpose Test

3.1 **Core Purposes:**
The Trustees must ensure that the Fund is maintained solely for one or more of the core purposes or both one or more of the core purposes and for one or more of the ancillary purposes provided in the Act.

3.2 **Sole Purpose:**
Despite any other provision of this Deed, the Trustee must be a constitutional corporation unless the Trustees are individuals and in that event and despite any other provision of this Deed the sole or primary purpose of the fund is the provision of old-age pensions

Constitution of Fund

4.1 **Trusts:**

All assets of the Fund are vested in the Trustees who stand possessed of the same upon trust to apply the same in the manner and for the objects and purposes of the Fund as set out in this Deed and any amendment.

4.2 **Perpetuities:**

If the Deed is or becomes subject to a rule against perpetuities the Trustees must not later than the specified date dissolve the Fund and pay to or secure for the Members or their Dependants or Personal Representatives such amounts as the Trustees may subject to this Deed determine notwithstanding that Members are then in the service of the Employer. For the purposes of this paragraph the "specified date" is the earlier of that date which by the rule to which this Deed is or becomes subject is the last date limited for the vesting of the whole of the Fund without infringement of the rule and where that date is to be calculated by reference to a life in being the life is that of the last survivor of all the lineal descendants of His Late Majesty King George VI who are living at the date of execution of this Deed and where that date is to be calculated in accordance with an enactment it shall be 79 years from the date of this Deed or 79 years from the date of commencement of the trust..

Notice of Election

5. **Trustees to give notice to become a regulated fund:**

The Trustees must give to the Commissioner within the period provided by the Superannuation Conditions a written notice in the approved form and signed in the manner required by the SIS Act electing that the Act is to apply in relation to the Fund.

Statutory Covenants

6. **Statutory Covenants:**

The purpose of this paragraph is explanatory only. The effect of Section 52 of the SIS Act is that the Trustees covenant as follows in accordance with the SIS Act:-

(a) to act honestly in all matters concerning the Fund;

(b) to exercise, in relation to all matters affecting the Fund, the same degree of care, skill and diligence as an ordinary prudent person would exercise in dealing with property of another for whom the person felt morally bound to provide;

(c) to ensure that the Trustees' duties and powers are performed and exercised in the best interests of the beneficiaries;

(d) to keep the money and other assets of the Fund separate from any money and assets, respectively:-

  (i) that are held by the Trustees personally; or

  (ii) that are money or assets, as the case may be, of a standard employer-sponsor, or an associate of a standard employer-sponsor, of the Fund;

(e) not to enter into any contract, or do anything else, that would prevent from, or hinder the Trustees in, properly performing or exercising the Trustees' functions and powers; this does not prevent the Trustees from engaging or authorising persons to do acts or things on behalf of the Trustees.

(f) to formulate and give effect to an investment strategy that has regard to the whole of the circumstances of the Fund including, but not limited to, the following:

(i) the risk involved in making, holding and realising, and the likely return from the Fund's investments having regard to its objectives and its expected cash flow requirements;

(ii) the composition of the Fund's investments as a whole including the extent to which the investments are diverse or involve the Fund in being exposed to risks from inadequate diversification;

(iii) the liquidity of the Fund's investments having regard to its expected cash flow requirements;

(iv) the ability of the Fund to discharge its existing and prospective liabilities;

(g) if there are any reserves of the Fund - to formulate and to give effect to a strategy for their prudential management, consistent with the Fund's investment strategy and its capacity to discharge its liabilities (whether actual or contingent) as and when they fall due;

(h) to allow a beneficiary access to any information or documents prescribed under the SIS Act.

(i) to observe such covenants as are prescribed to be included in the governing rules of the Fund prescribed by the Act.

Statutory Requirements

7. **Self Managed Superannuation Fund:**
Subject to paragraph 3.2 and despite any other provision of this Deed, the Trustees are empowered to do all things necessary to be done by them to ensure that the Fund satisfies the conditions applicable to self managed superannuation funds regulated in accordance with the Act.

Alterations to the Deed

8.1 **Methods to alter Deed:**
Subject to this paragraph 8 and the Superannuation Conditions this Deed and the Rules may be amended:

(a) by deed executed by the Trustees; or

(b) by oral resolution of the Trustees and subject to compliance with the Superannuation Conditions; or

(c) in relation to the Rules, in addition to the above, in any other manner permitted by the Rules;

(d) and in any event if there is a Principal Employer its written consent must be obtained to any amendment unless this requirement is inconsistent with the SIS Act or the Superannuation Conditions.

8.2 **Effective Date:**
An amendment under this paragraph takes effect from the date (prospective or retrospective) specified in the resolution or if not specified on the date on which the resolution is made.

8.3 **Prohibition:**
If the Act prohibits it, this Deed must not be amended in such a way that:

(a) a person other than a constitutional corporation would be eligible to be appointed as Trustee unless the Deed or any amending deed, provides and will continue to provide after the amendment is made, that the Fund has, as its sole or primary purpose, the provision of old-age pensions; or

(b) the sole or primary purpose of the Fund would be a purpose other than the provision of old-age pensions unless the Deed or any amending deed provides and will continue to provide after the amendment is made, that the Trustee must be a constitutional corporation.

8.4 **Notice to be given to Members following alteration:**
The Trustees must give to each Member such infomation or notice in respect of the amendments as may be required by the Superannuation Conditions.

Trustees

9.1 **Written consent of Trustee required:**
A person is not eligible for appointment as a Trustee, or, if the Trustee is a corporate Trustee, as a director of that corporate Trustee, unless the person has consented in writing to the appointment.

9.2 **Consent of new Members to Trustees:**
A person joining the Fund as a Member consents, as a condition of joining the Fund, to the Trustees, at the date of the Member so joining, continuing to act as Trustees and to being appointed as a Trustee or if the Trustee is a body corporate, to being appointed as a director of that body corporate (unless that Member is under a legal disability or otherwise not entitled to become a Trustee under the SIS Act.)

9.3 **Chairperson:**
The Chairperson of any meeting of the Trustees or of the body corporate sole Trustee does not have any second or casting vote.

9.4 **Number of Trustees:**
The number of Trustees must be such number as does not exceed the maximum number and is not less than the minimum number permitted by the SIS Act necessary for the fund to satisfy the provisions applicable to self managed superannuation funds.

9.5 **Meetings of Members:**
The Trustees may establish procedures and policies for the regulation of meetings of Members.

9.6 **Decisions of Trustees:**
If required by the Superannuation Conditions, a decision of:

(a) the individual Trustees of the Fund; or

(b) the Board of Directors of the Corporate Trustee of the Fund;

must be taken not to have been made, or to be of no effect, if fewer than two thirds of the total number of the Trustees or Directors, as the case requires, voted for it. Otherwise a majority vote is sufficient.

9.7 **Basic Equal Representation Rule:**
Compliance with Rule: The Fund must, if required by the Superannuation Conditions, comply with the basic equal representation rule.

9.8 **Vacancy in Office of Trustee:**

(a) The office of a Trustee or of a director of a body corporate sole Trustee ipso facto, becomes vacant if the Superannuation Conditions require it or upon the Trustee's or director's:

(i) death;

(ii) mental incapacity;

(iii) retirement by written notice to the Members and any other Trustee;

(iv) becoming a disqualified person within the meaning of the Act;

(v) suspension or removal under the Act;

(vi) tenure of the Trustee's position expires;

(vii) continuance in office would result in the fund no longer satisfying the conditions of the SIS Act applicable to self managed superannuation funds.

(b) Pending any appointment of a Trustee where a Member has died the deceased Member's legal personal representative may with the consent of any other Members, act as Trustee in place of the deceased Member/Trustee (or director of a corporate trustee) in any period commencing on the Member's death and ending on the date the Member's benefits become payable.

(c) Pending any appointment of a Trustee where a Member is under a legal disability the Member's legal personal representative may with the consent of any other Members, act as Trustee in place of that Member/Trustee (or director of a corporate trustee) in any period when the Member is under a legal disability or the legal personal representative has an enduring power of attorney from that Member and ending on the date the Member's benefits become payable.

(d) The parent or guardian of a Member who is under 18 and who does not have a legal personal representative may be appointed as a Trustee.

(e) Sub-paragraphs (b), (c) and (d) are subject to the SIS Act.

9.9 **Members to fill vacancy:**
Any vacancy in Trustees or board of a corporate trustee must be filled within 90 days after it occurred where the Superannuation Conditions require it, or such other time as permitted under the Superannuation Conditions. Any vacancy may, subject to the Superannuation Conditions (and if required by the Superannuation Conditions with the consent of the Trustees), be filled by a resolution of a two-thirds majority of Members and may also be effected by Deed signed by or on behalf of the Members and signed by the new Trustee.

9.10 (a) **Members may remove Trustees:**
Subject to the Superannuation Conditions and if required by them, with the Trustees' consent, the Trustee or, where there is more than one, a Trustee, may be removed by a two-thirds majority of the Members and such removal is effective upon the passing of a resolution to that effect in accordance with this Deed.

(b) **Members may replace Trustees:**
At the time of making a resolution under sub-paragraph (a) above the Members may (with the written consent of the appointee or appointees) by resolution made and effected in like manner appoint a Trustee or Trustees to replace the person or persons so removed.

9.11 **Self Managed Superannuation Fund Conditions:**

(a) Any appointment or removal of a Trustee(s) or a director of a body corporate Trustee must be made in such manner as will satisfy the provisions of the SIS Act applicable to self managed superannuation funds.

(b) Subject to the SIS Act, in addition to any other method provided in this Deed, a Trustee or Trustees or an additional Trustee(s) may be appointed and a Trustee(s) removed by a Deed giving effect to such appointment or removal, signed by the Members, the Trustee(s) to be appointed and the Trustee(s) at that time.

9.12 **Additional Trustees:**
Additional Trustees may be appointed, subject to the Superannuation Conditions, by a resolution of a 2/3rds majority of members or by Deed signed by or on behalf of the Trustees and the Members.

9.13 **Principal Employer:**
If the Fund has at the relevant time a Principal Employer then its consent must be obtained to any appointment or removal of Trustees unless this requirement is inconsistent with the SIS Act or the Superannuation Conditions.

Limitation of Liability

10.1 **Limitation:**

(a) Subject to paragraph 10.1 (b), no Trustee or, where the Trustee is a corporation, any of its directors or officers, will be personally liable for any loss or detriment whatsoever incurred by any person in connection with the Fund for any reason.

Exceptions:

(b) Paragraph 10.1 (a) does not apply to the extent that the loss or detriment is due to the Trustee's, director's or officer's dishonesty or wilful or reckless failure to exercise the degree of care and diligence that the Trustee, director or officer was required to exercise.

10.2 **Indemnity:**

(a) The Trustee and, where the Trustee is a corporation, its directors and officers are entitled, to the maximum extent permitted by the Act, and by law, to be indemnified from the Fund against all liabilities incurred by each of them in connection with the execution, attempted execution, or in respect of non-execution of the Trustee's powers and discretions under this Deed.

Payment and reimbursement:

(b) Subject to the Act, the Trustee and its directors and officers may recover from the Fund amounts necessary:-

(i) to meet the indemnities referred to in paragraph 10.2; and

(ii) to meet all liabilities whatsoever in connection with the Fund and the exercise of their powers and duties under or in connection with this Deed.

For this purpose and to the maximum extent permitted by the Act, the Trustee and its directors and officers have, and may exercise, a lien over the Fund.

Approval of Members and Employers Generally

11. (a) **Approval of Members/Associated Employers generally:**

Subject to the Superannuation Conditions where under the terms of this Deed there is required in relation to the exercise by the Trustees of any power or authority or there is otherwise required the resolution, consent, approval or agreement (herein referred to as "resolution") of the Members or Associated Employer(s) generally the passing or rejection of that resolution must be determined in accordance with the succeeding provisions of this sub-paragraph unless all Members or Associated Employers of the Fund at the time of signature have signified their consent in writing otherwise.

(b) **Written notice to Members/Associated Employers:**

The Trustees of their own motion or upon written requisition by not fewer than ten percent of the Members/Associated Employers must give written notice by pre-paid ordinary mail to each Member/Associated Employer:-

(i) specifying the matter in respect of which resolution is sought;

(ii) setting out a comprehensible explanation of the reasons for which the resolution is sought;

(iii) specifying the effect of the provisions of this sub-paragraph in relation to the determination of the resolution;

(iv) containing provision for the Members/Associated Employers indication of the passing or rejection of the resolution;

(v) containing a stamped addressed envelope to the Trustees.

(c) **Trustee meeting to table responses:**

(i) Upon the date which is fifteen (15) clear ordinary business days from the date upon which the notices under sub-paragraph (b) were posted to the Members/Associated Employers the Trustees must at a duly convened meeting of the Trustees table the responses of the Members/Associated Employers received by the Trustees and in the event that the requisite majority of responses indicates the passing of the resolution it must be passed and in the event that the requisite majority of such responses indicates the rejection of the resolution it must be rejected.

(ii) Any Member/Associated Employer is entitled to attend as an observer a meeting of the Trustees under this sub-paragraph.

(d) The Trustees must retain the responses with the Minutes of the Meeting at which they were tabled.

(e) **Requisite majority:**
In the provisions of this sub-paragraph the expression "requisite majority" means:-

(i) in the case where a two-thirds majority is required - two-thirds or more of the responses;

(ii) in any other case - one-half or more of the responses.

(f) **Notification to Members/Associated Employers:**
The Trustees must within fourteen (14) days of any meeting held under the provisions of this sub-paragraph notify all Members/Associated Employers of the result thereof.

(g) **Strict compliance not essential:**
Any resolution made under this paragraph is not invalidated by reason of any or want of strict compliance with these provisions unless it is shown that there has or may be caused thereby some substantial and irremediable injustice.

(h) **Written Resolution:**
Despite this Rule 11 the Members may unanimously resolve to give their approval by signing a document or identical documents to the requisite effect.

Trustees not to be Subject to Direction

12.1 **Directions:**
If the Superannuation Conditions so require, the Trustees, despite anything in this Deed to the contrary, must not be subject, in the exercise of any of the Trustees' powers under the Deed, to direction by any other person.

12.2 **Direction taken to be a request:**
If any provision in this Deed is inconsistent with the preceding sub-paragraph then, despite such provisions, the Trustees must treat the direction as a request and the Trustees are not bound by such provision or request.

Investments

13.1 **Investment Strategy:**
The Trustees must formulate and give effect to an investment strategy in accordance with the SIS Act. Subject to the SIS Act a reserve account may have a separate investment strategy (see Rule 6(g)).

13.2 **Loans:**
The Trustees may not lend money to Members unless the Act permits loans to Members.

13.3 **Acquisition of assets from Members:**
The Trustees must not intentionally acquire an asset from:

(a) a Member of the Fund; or

(b) a relative of a Member of the Fund.

unless the Superannuation Conditions permit.

13.4 **Borrowing:**
The Trustees may borrow money or maintain an existing borrowing of money if the Superannuation Conditions permit.

13.5 **In-house assets:**
The Trustees must take all reasonable steps to ensure that the in-house assets rules applicable to the fund, if any, are complied with and may only invest in in-house assets if permitted by the Act. Subject to those conditions the Trustees may continue to hold any existing in-house asset.

13.6 **Arms' length dealing required:**
The Trustees must not, if prohibited by the Superannuation Conditions, make investments unless the Trustees and the other party to the relevant transaction are dealing with each other at arms' length in respect of the transaction.

13.7 **Power to invest as if natural persons:**
(a) Subject to the SIS Act, the Trustees may make any investment that a natural person may make. The Trustees have power to vary or transpose any of the investments so made.
(b) All investments by the Trustees are subject to compliance with the Superannuation Conditions.

13.8 **Other investment powers:**
Without limiting the generality of the preceding sub-paragraph but subject to the limitation in it and subject to the Superannuation Conditions, the Trustees may invest in: -

(a) any investment authorised by the laws of Australia or of any of its States or Territories for the investment of trust funds;

(b) the purchase of or subscription for preference or other shares or stock or preference or other share or stock options in any company registered in Australia or in any other country;

(c) the purchase of units or sub units of property or other investment trusts or other common fund;

(d) deposits with any bank, life insurance company or building society or on loan to any company, organisation or person not being a Member;

(e) policies of insurance, assurance, endowment, deposit administration or investment;

(f) the purchase of annuities and deferred annuities from a life insurance company or other organisation;

(g) the purchase of any real estate in Australia;

(h) deposits with or loans to an Employer;

(i) any other investment whether or not similar to any of the above which the Trustees consider to be appropriate.

13.9 **Nominees for Trustees:**
Any investment may be held in such names including the name of a nominee or custodian (whether an individual or corporation) as the Trustees from time to time determine to the extent not prohibited by the Superannuation Conditions.

13.10 **Continuation of loans to Members:**
The Trustees may continue any loans transferred in respect of a Member from another superannuation fund under conditions that will not cause the Fund to fail to satisfy the Superannuation Conditions.

Investment Choice

14.1 **No obligation:**

(a) The Trustees are not obliged to provide investment choice to Members or Beneficiaries of the Fund except as required by the SIS Act;

(b) The Trustees may however in their absolute discretion determine to provide investment choice subject to the Superannuation Conditions either generally or only in respect of certain Members or Beneficiaries or certain classes of Members or Beneficiaries of the Fund.

14.2 **Investment Strategy:**

(a) Where the Trustees determine to provide investment choice, they must establish an investment strategy for each of the investment choices available to Members and Beneficiaries and where appropriate must allocate or designate particular assets of the Fund to be held in accordance with that strategy they must notify Members and Beneficiaries of the investment objectives of each of those strategies and provide any other information required for this purpose by the Superannuation Conditions to enable Members and

Beneficiaries to make an informed decision regarding the effect of and risks associated with, each of those investment strategies;

(b) The notification provided must include the various directions that a Member or a Beneficiary can give to the Trustees under paragraph 14.6 and the circumstances in which any such directions can be given or altered.

14.3 **Trustees must monitor:**
The Trustees must monitor each of the investment strategies established under paragraph 14.2 and the assets held in accordance with each strategy in order to ensure that each of those investment strategies is appropriate at all times in respect of Members or Beneficiaries or classes of Members or Beneficiaries to whom each of those strategies is available.

14.4 **Earning rate:**
The Trustees must determine a fund earning rate and allocate the earnings of the Fund to each Member's Account in accordance with the investment strategy applicable to the Member or Beneficiary as the Trustees determine or if the Superannuation Conditions or the SIS Act require it, in proportion to the amount standing to the credit of the Member's or Beneficiary's Account at the beginning of the fund year in respect of which the allocation is being made, appropriate adjustment being made for amounts (if any) credited or debited to those Accounts during that year.

14.5 **Selection and direction:**

(a) A Member or Beneficiary of the Fund, may, where the Trustees have determined to offer investment choice in accordance with paragraph 14.1, select one or more of the investment strategies formulated by the Trustees under paragraph 14.2 and direct the Trustees to invest part or the whole of the monies held in respect of that person in accordance with the strategy or strategies selected by that person under this paragraph.

(b) Any directions by the Member or Beneficiary must only be given in accordance with the Superannuation Conditions and the Trustees must ensure that the Member or Beneficiary is provided with such information as required by the Superannuation Conditions in order to enable the Member or Beneficiary to make an informed decision.

14.6 **Member document:**

(a) A Member or Beneficiary who wishes to select one or more investment strategies pursuant to paragraph 14.2 must give to the Trustees such documents as the Trustees require and must clearly set out details of the investment strategy or strategies selected by the Member or Beneficiary.

(b) The Trustees are not bound to act on any such document if it breaches any of the requirements of the Superannuation Conditions.

14.7 **Asset specific investments:**

(a) Except to the extent permitted by the Superannuation Conditions, the Trustees are not bound to make a particular investment in respect of a Member or Beneficiary of the Fund.

(b) Where a Member or Beneficiary wishes to select particular investments, (whether those investments comprise one or more assets), a request to the Trustees must be made for an additional investment strategy or strategies for those particular investments ("asset specified investment strategy") to be formulated by the Trustees and for that strategy or those strategies to be made available to that Member or Beneficiary in accordance with paragraph 14.2.

(c) The Trustees may in their absolute discretion approve or reject any requests made under this paragraph.

14.8 **Advice to Members:**
The Trustees must, if required by the SIS Act, advise Members and Beneficiaries of the investment strategy or strategies which will be adopted by the Trustees in respect of those Members or Beneficiaries or classes of Members or Beneficiaries who decline, or otherwise do not select an investment strategy.

Powers of Trustees

15.1 **Discretion powers of Trustees:**
Subject to the Superannuation Conditions, the Trustees in the exercise of the authorities, powers and discretions hereby vested in them have an absolute and uncontrolled discretion and may exercise or enforce or delegate (by power of attorney or otherwise) all or any of the authorities, powers or discretions from time to time or may refrain from exercising all or any of such authorities, powers or discretions from time to time and their decision as to the interpretation and effect of this Deed is final and binding on all parties.

15.2 **Trustees actions subject to Superannuation Conditions:**
The Trustees may only act in a manner not prohibited by the Superannuation Conditions.

15.3 **Additional powers:**
Subject to the Superannuation Conditions, the Trustees also have the following powers:

(a) to insure or re-insure any risks contingencies or liabilities of the Fund;

(b) to open and operate a bank account at any bank and to make regulations for the operation of such bank accounts including the signing and endorsing of cheques in connection therewith;

(c) to institute or defend or otherwise deal with any legal proceedings in respect of the Fund;

(d) to enter into any contract and do all such acts matters and things as the Trustees may consider necessary or expedient for any matter or purpose in respect of the Fund or this Deed;

(e) to engage the services of any company, person or firm as the Trustees may consider necessary for the proper administration and management of the Fund or to obtain expert advice;

(f) to appoint an Auditor of the Fund from time to time at such remuneration and on such other conditions as the Trustees think fit; and

(g) to deduct and pay from the Fund the amounts of administration and other costs including any tax or duty payable by the Trustees in connection with the Fund and to debit any of the accounts of the Fund (including an account representing Member Financed Benefits) with such amounts in such manner as the Trustees may determine and which must not cause the Fund to fail to comply with the Superannuation Conditions;

(h) to deduct from any benefit or other payment hereunder any tax or duty payable whether from or in respect of it and whether payable by the person entitled thereto or the Fund and must then pay that tax or duty to the relevant authority and the person is be entitled to receive only the net benefit or payment after the deduction has been made;

(i) such other powers as are appropriate to the fulfilment of the purposes of the Fund and its proper and efficient management and its compliance with an exercise of powers authorities and discretions available under the Superannuation Conditions.

Notification of significant adverse effects

16. **Trustees to give notice of significant adverse effect:**
If the Trustees become aware of the occurrence of an event having a significant adverse effect on the financial position of the Fund, they must give such notice as may be required by the Superannuation Conditions.

Insurance

17.1 **Life insurance:**
The Trustees have power from time to time to effect policies of insurance upon the life of any Member to secure payment upon death of the Member or the happening of any other contingency in respect of that Member of such amount as the Trustees in their absolute discretion think fit and to renew any such policies for such period as the Trustees may think fit and the Trustees have power to accept an assignment of any policies of insurance effected in respect of a Member.

17.2 **Annuities:**
The Trustees have power from time to time to effect annuity or deferred annuity policies upon the life of any Member or any of the Member's Dependents of such amount as the Trustees determine and the Trustees have power to accept an assignment of such annuity or deferred annuity policies effected in respect of a Member.

17.3 **Powers:**
Policies must be issued in the names of or assigned to the Trustees and must be held by the Trustees upon and subject to the provisions of this Deed and the Trustees may enforce surrender sell or otherwise deal with any such policies as they in their absolute discretion think fit provided that the Trustees may also arrange for annuity or deferred annuity policies to be issued in the name of a beneficiary.

17.4 **Evidence to be provided by Member for insurance:**
A Member must provide any evidence that may be required from such Member in order to secure cover under any insurance policy and the Trustees are not bound to seek completion of such policy if evidence satisfactory to the insurance company is not provided.

17.5 **Premiums**
Subject to the Superannuation Conditions, the Trustees may debit such accounts of the Fund as they determine with the applicable insurance premiums.

Accounts

18.1 **Trustees to keep accounting records:**
The Trustees may:

(a) keep such accounting records as correctly record and explain the transactions and the financial position of the Fund.

(b) keep its accounting records so as to enable the preparation of the accounts and statements in accordance with the Superannuation Conditions.

(c) keep its accounting records so as to enable those accounts, statements and returns to be conveniently and properly audited in accordance with the Superannuation Conditions.

(d) keep a reserve account to which may be credited or debited such amounts as the Trustees determine from time to time subject to the Superannuation Conditions.

18.2 **Balance sheet:**
The Trustees must as soon as practicable after the expiration of each Financial Year cause to be drawn up such:

(a) balance sheets and statements of financial position;

(b) operating statements;

(c) other financial accounts and statements as are required by the Superannuation Conditions; and/or

(d) such other statements as the Trustees think fit.

18.3 **Accounts and statements to be prepared:**
The Trustees may prepare such accounts and statements additional to those described in this paragraph as are required by the Superannuation Conditions or otherwise, as they think fit.

18.4 **Audit:**
If required by the Superannuation Conditions, the Trustees must ensure that the accounts and statements of the Fund are audited.

18.5 **Maintenance of reserves:**
The Trustees may, if they consider it desirable to do so, maintain reserves of the Fund.

18.6 **Records to be kept by Trustees:**
The Trustees must keep such minutes, records and reports as they consider appropriate for the proper administration of the Fund and such further records, minutes and reports as may be required by the Superannuation Conditions.

Payments to Contributors

19. **Payments to Associated Employer:**
The Trustees may pay an amount or permit an amount to be paid out or transferred in specie to an Associated Employer or Principal Employer only if not prohibited by the Superannuation Conditions.

Rollover

20. **Trustees may pay rollovers:**
The Trustees may pay benefits to an eligible rollover fund or other fund as permitted by the Superannuation Conditions.

Member Accounts

21.1 **Trustees to keep Member and employer accounts:**
Subject to complying with the Superannuation Conditions, the Trustees may keep such accounts in respect of Member and employer contributions (if any) as they think fit including accounts in respect of segregated current pension assets.

21.2 **Power to retain prior categories of membership and vesting:**

(a) Where under any prior governing rules of this Fund or under any fund from which a benefit has been transferred, provision was made for categories of membership or for vesting of contributions, the Trustees may, in their absolute discretion continue to apply or adopt those provisions or provisions similar thereto as the Trustees may reasonably determine.

(b) The Trustees may treat that benefit so transferred in that manner despite the provisions of this Deed, it being the intention of this provision to give the Trustees the power to retain and continue to treat that benefit in a similar manner to its treatment under those prior or other governing rules.

(c) This provision is subject to compliance with the Superannuation Conditions.

21.3 **Accounts may be kept:**
The Trustees may cause to be kept in respect of each Member a Member Account which may contain such particulars as the Trustees determine.

21.4 **Details of accounts:**
Each Member Account may include -

(a) An Employer Contribution Account showing -

(i) contributions by any Associated Employer to that account;

(ii) sums which the Trustees determine to be credited or debited to the account in order to provide the benefits payable to or in respect of the Member in accordance with the Deed and Rules;

(iii) the portion of the account that is currently irrevocably vested for the Member (the Vested Portion); and

(iv) the portion of the account that is preserved and the conditions of such preservation (the Preserved Portion);

(b) A Member Contribution Account showing -

(i) contributions by the Member to that account;

(ii) sums which the Trustees determine are properly to be credited or debited to the account in order to provide the benefits payable to or in respect of the Member in accordance with the Deed and Rules;

(iii) the portion of the account that is currently irrevocably vested for the Member (the Vested Portion); and

(iv) the portion of the account that is preserved and the conditions of such preservation (the Preserved Portion); and

(c) Any such Account may, subject to the Superannuation Conditions, be debited or credited and such other entries may be made or particulars recorded as the Trustees deem to be appropriate including provisions for reserves.

(d) Without limiting the discretion in (c) and subject to the SIS Act and the Superannuation Conditions, the Trustees may debit such accounts, amounts which the Trustees determine are appropriately created or debited including a payment split under S 90 MD Family Law Act, splittable contributions, amounts to be transferred to a reserve account under this Deed, expenses, losses and benefit payments (whether lump sum or pension) and taxes.

Segregated Current Pension Assets

21.5 The Trustees may in accordance with the Tax Act, transfer and segregate any of the assets of the fund for the sole purpose of discharging the current pension liabilities of the fund out of those assets.

21.6 The transfer values and annual valuations of the segregated current pension assets must be determined in accordance with the Tax Act.

21.7 The Trustees may, in accordance with the Tax Act, re-transfer assets segregated in order to meet the requirements of the Tax Act applicable to the segregated current pension assets.

21.8 The Trustees may do or cause all such things to be done as may be necessary for the Trustees to comply with the provisions of the Tax Act necessary to transfer contributions to a life insurance company or pooled superannuation trust to permit taxation of those contributions in the hands of such company or trust in accordance with the Tax Act.

21.9 The Trustees may create such Pension Benefit accounts in respect of pensions payable under this Deed as the Trustees determine.

Valuation of the Fund and Allocation of Profits or Loss

22.1 **Valuation:**

The Trustees must at the end of each Financial Year if required by the Superannuation Conditions and may at any time value the assets and liabilities of the Fund and any surplus or deficiency including unrealised gains or losses revealed by such valuation must be separately credited or debited to the profit and loss account of the Fund. For the purpose of effecting a valuation the Trustees have an absolute discretion in selecting the valuation basis for any asset or liability provided that such basis must not be one which causes the Fund to fail to satisfy the Superannuation Conditions.

22.2 **Profit or loss distribution:**

The Trustees may in their absolute discretion determine the amount of profit or loss of the Fund that must be credited or debited to and amongst the Member Accounts and any other accounts that the Trustees nominate in such proportions and such manner as the Trustees decide and may set formulae or interest rates for this purpose provided that the Trustees must in the exercise of their discretions under this paragraph act in a manner that is in accordance with the Superannuation Conditions. If the Trustees maintain reserves the Trustees may first determine what amount of the profit or loss is to be allocated to the reserve accounts, and the balance (if any) credited or debited in accordance with this Deed.

22.3 **Other debits:**

Subject to the Tax Act and the Superannuation Conditions, the Trustees may debit any accounts of the Fund in respect of taxation liabilities or any other outgoings in such manner as the Trustees determine.

Contributions

23.1 **Employer contributions:**

Each Associated Employer, if any, and Principal Employer, if any, must contribute to the Fund pursuant to an arrangement between such Employer and the Trustees in respect of the Employer's Employee who is a Member of the Fund.

23.2 **Employer sponsors:**

The arrangement referred to in the preceding paragraph is that the Employer must pay or cause to be paid into the Fund from time to time on a basis agreed with the Trustees contributions or other monies as may be required in accordance with the Rules and subject to compliance with the Superannuation Conditions provided however that the Trustees may refuse to accept any contributions.

23.3 **Member contributions:**

Subject to the Superannuation Conditions and this Deed, each Member may contribute to the Fund (whether in specie or otherwise, subject to the Superannuation Conditions) such amount or otherwise as is agreed between the Member and the Trustees.

23.4 **Acceptance of contributions:**

(a) Despite this Rule 23, the Trustees may accept any contribution from any contributor unless the Act or Superannuation Conditions do not permit it or if such acceptance would cause the fund to comply with the SIS Act or fail to satisfy the provisions of the SIS Act applicable to self managed funds.

(b) Sub-paragraphs 23.5 to 23.9 (inclusive) cease to apply on and from 1 July 2007 and are subject to the SIS Act and SIS Regulations.

(c) Sub-paragraph 23.9A applies on and from 1 July 2007 subject to the SIS Act and SIS Regulations.

23.5 **Conditions for accepting contributions:**
Subject to the SIS Regulations and sub-paragraphs 23.4 and 23.9 the Trustees may accept contributions that are made in respect of a Member who:

(a) is under age 65.

(b) was 64 between 10 May 2006 and 5 September 2006 whether or not gainfully employed on at least a part time basis and the contributions are in respect of the period 10 May 2006 to 30 June 2007.

(c) was 74 between 10 May 2006 and 5 September 2006 if the member was gainfully employed on at least a part time basis in either the 2005/2006 or 2006/2007 financial year and the contributions are in respect of the period 10 May 2006 to 30 June 2007.

23.6 **Contributions by Members aged 65-70:**
Subject to sub-paragraphs 23.4 and 23.9, the Trustees may accept contributions that are made in respect of a Member who has reached age 65 but not age 70 (age 75 on and from 1 July 2007) only if:

(a) the contributions are mandated employer contributions; or

(b) the Member has been gainfully employed on at least a part-time basis during the financial year in which the contributions are made.

23.7 **Contributions by Members aged 70-75:**
This provision does not apply on and from 1 July 2007.

Subject to sub-paragraphs 23.4 and 23.9, the Trustees may accept contributions that are made in respect of a Member who has reached age 70 but not age 75 only if:

(a) the contributions are mandated employer contributions; or

(b) the contributions are made by the Member in respect of the Member and the Member has been gainfully employed on at least a part-time basis during the financial year in which contributions are made.

23.8 **Contributions by Members aged over 75:**
Subject to sub-paragraphs 23.4 and 23.9, the Trustees may accept contributions that are made in respect of a Member who has reached age 75 only if the contributions are mandated employer contributions.

23.9 **Contributions made after relevant period:**

The Trustees may accept contributions if permitted by the SIS Regulations in respect of a Member if the Trustees are reasonably satisfied that the contribution is in respect of the relevant period during which, the fund may accept the contribution in respect of that Member, even though the contribution is actually made after that period.

23.9A **Acceptance of contributions — on and from 1 July 2007 (see paragraph 23.4(c))**

(1) The Trustees may subject to paragraph 23.4(a) accept contributions that are made in respect of a member in accordance with the following table and regulations (2), (3) and (7) of SIS Regulation 7.04.

Item	If the member ...	the fund may accept contributions that are made in respect of the member if ...
1	is under 65	contributions that are made in respect of a member.
2	is not under 65, but is under 70	contributions that are made in respect of a member that are (a) mandated employer contributions; or (b) if the member has been gainfully employed on at least a part-time basis during the financial year in which the contributions are made: (i) employer contributions (except mandated employer contributions); or (ii) member contributions
3	is not under 70, but is under 75	contributions that are made in respect of the member that are: (a) mandated employer contributions; or (b) if the member has been gainfully employed on at least a part-time basis during the financial year in which the contributions are made - contributions received on or before the day that is 28 days after the end of the month in which the member turns 75 that are: (i) employer contributions (except mandated employer contributions); or (ii) member contributions made by the member.
4	is not under 75	mandated employer contributions

(2) In addition to paragraph 23.9A (1) (SIS Regulation 7.04(1)), the Trustees must not accept any member contributions if the member has not quoted (for superannuation purposes) his or her tax file number to the fund.

(3) In addition to paragraph 23.9A(1) (SIS Regulation 7.04(1)), the Trustees must not accept any fund-capped contributions in a financial year in respect of a member that exceed:

(a) if the member is 64 or less on 1 July of the financial year – three times the amount of the non-concessional contributions cap (as defined in the SIS Regulations); or

(b) if the member is 65 but less than 75 on 1 July of the financial year – the non-concessional contributions cap (as defined in the SIS Regulations).

(4) If the Trustees receive an amount in a manner that is inconsistent with sub-paragraph (1), (2) or (3):

(a) the fund must return the amount to the member within 30 days of becoming aware that the amount was received in a manner that is inconsistent with sub-paragraph (1) or (2); and

(b) the Trustees may, and are empowered to comply with the provisions of SIS Regulation 7.04(4)(b).

(5) If the Trustees comply with SIS Regulation 7.04(4) (See paragraph 23.9A (4)), the fund is taken not to have contravened the Act or the SIS Regulations in relation to the acceptance of the amount or in relation to the return of the money to the member.

(6) The Trustees may accept contributions in respect of a member if the Trustee is reasonably satisfied that the contribution is in respect of a period during which, under an item in the table above (SIS Regulation 7.04(i)), the fund may accept the contribution in respect of that member, even though the contribution is actually made after that period.

(7) In this provision 23.9A:
non-concessional contributions cap means the amount mentioned in subsection 292-85 (2) of the *Income Tax Assessment Act 1997*.
quoted (for superannuation purposes) has the same meaning as in the *Income Tax Assessment Act 1997*.
tax file number has the meaning given by section 299W of the SIS Act.

23.10 **Child Contributions**
The Trustee may accept child contributions in respect of a child if permitted by the Act.

23.11 **E.T.P.:**
The Trustees may receive such eligible termination payments as the Trustees accept from time to time provided that such payment would not result in the fund:-

(i) no longer complying with the conditions applicable to self managed superannuation funds; or

(ii) no longer complying with the Superannuation Conditions

and further provided that the Trustees may in any event refuse to accept such payment or contribution.

23.12 **Entries & Membership:**
Subject to the Superannuation Conditions, in respect of any receipt:-

(a) the Trustees may make such relevant entries in the accounts of the fund as they deem appropriate; and

(b) despite other provisions of this Deed may admit to membership of the fund as necessary in the Trustees' opinion such persons as may be entitled to such contributions or eligible termination payments.

23.13 (a) **Contributions in Cash or Assets:**
Any contribution made by a Member or an Associated Employer must be made to the Trustees within the period in respect of which it is paid either in cash or by transfer of an asset or assets provided that the assets transferred must be investments permitted by this Deed. Any such transfer of an asset must be made upon the terms and conditions required by the Superannuation Conditions, and must not be made if the Trustees or an agent or delegate of the Trustees is prohibited by the Superannuation Conditions from acquiring the asset.

(b) **No Obligation to Contribute:**
In the absence of any agreement to the contrary neither a Member nor an Employer are under any obligation to make a contribution to the Fund and a Member may remain a Member of the Fund notwithstanding a contribution is not made in respect of that Member in respect of any year.

(c) **Ineligible Contributions:**
If the Trustees at any time ascertain that any contribution has been accepted in breach of the provision of the Act, the Trustees must refund such contribution within any time period which may be required by the Act, less any:

(i) charge which an insurer may have made in respect of any extra cover which it has provided in relation to those contributions; and

(ii) reasonable administration charges, and reduce the benefits held for the Member in the Fund to those which would have been held if such contribution had not been received.

23.14 **Allocation of Contributions**
Within 28 days (or within a longer period that is reasonable in the circumstances if within 28 days it is not reasonably practicable to so allocate or such other period as the Commissioner permits) of the end of the month of receipt of a contribution the Trustee must allocate the contribution to a Member of the fund.

Spouse contributions – splitting amounts

23.15 **Application to roll over, transfer or allot an amount of contributions**

(1) Subject to the SIS Regulations and in particular Division 6.7, a Member may, in a financial year, apply to the trustee to roll over, transfer or allot an amount of benefits, for the benefit of the Member's spouse, that is equal to an amount of the splittable contributions made by, for, or on behalf of the Member in:
(a) the last financial year that ended before the application; or
(b) the financial year in which the application is made – where the Member's entire benefit is to be rolled over or transferred in that year.

(2) The applicant must specify, in the application, the amount of the benefit from the following:
(a) the Member's taxed splittable contributions;
(b) the Member's untaxed splittable contributions;
that the Member seeks to split for the benefit of the Member's spouse.

23.16 **Decision on application**

(1) The Trustee may accept an application only if it is made in accordance with the SIS Regulations.

(2) If the Trustee accepts an application in accordance with this provision the Trustee must, subject to the Regulations, and in any case within the period prescribed by the SIS Regulations, roll over, transfer or allot the amount of benefits for the benefit of the receiving spouse.

(3) The Trustee is permitted to do all such things as may be necessary to give effect to these provisions and words in these provisions have the same meaning as contained in Division 6.7 of the SIS Regulations.

Benefits

24.1 **Maximum Benefits:**
Unless the Trustees, otherwise and subject to the Superannuation Conditions unanimously resolve the liability (if any) of the Trustees to make payments to or for any Member, Dependant, Personal Representative or Beneficiary must not in any event exceed the lesser of:-

(a) the benefits provided under the Deed in respect of such Member, Dependant, Personal Representative or Beneficiary; and

(b) the total balances of the relevant Member Accounts and any insurance proceeds received by the Trustees in respect of the Member.

24.2 **Additions:**
Despite any provision in the Deed and subject to the Superannuation Conditions, the Trustees, may from time to time or at any time commence to provide or add to:-

(a) the vesting in or for Members within any Employer Contribution Accounts held for their benefit; or

(b) any death, ill health or disability insurance policies upon the life of any Member.

24.3 **Vesting:**
There vests in each Member:

(a) the amounts required to be vested by the Superannuation Conditions;

(b) the amounts, if any, already vested in that Member pursuant to any rules of the Fund applicable prior to the date of this Deed;

(c) any amount not otherwise vested which the Trustees with the consent of the Member's Employer (if any) agree is to be vested including any benefits or amounts transferred to the Fund as a vested benefit from another superannuation fund.

24.4 **Application of benefits:**
The benefits payable to or in respect of Members, Dependants and Personal Representatives in accordance with the Deed must be paid or applied to or for the benefit of such one or more of

those Beneficiaries in the form of lump sums, pensions or annuities as provided in the Rules and in such manner as the Trustees may in their absolute discretion decide provided that such payments do not cause the Fund to fail to satisfy the Superannuation Conditions, nor conflict with paragraph 3.2 and is subject to any valid notice given to the Trustees by a Member pursuant to paragraph 24.6.

24.5 **Members request:**
Subject to the Superannuation Conditions and paragraph 3.2 and despite the Rules, when a benefit is payable as a pension the Member may by written notice to the Trustees request payment of such benefit as an immediate or deferred lump sum and while the Trustees will take due consideration of a request the Trustees decision with respect to the form of any benefit payment will be final. If the Trustees at the relevant time are individuals then the Trustees must comply with the Member's request despite this paragraph 24.5 and despite the Rules.

24.6 **Binding Nominations:**

(a) Subject to the Superannuation Conditions, the Trustees consent to the ability of a Member to make a binding nomination to pay benefits to a designated Dependant and the Trustees agree to give effect to such notice.

(b) The purpose of the following sub-paragraph is explanatory and it applies subject to the provisions of the SIS Act. If the Trustees are unable to lawfully act upon the Member's notice referred to below then the Trustees may pay the relevant benefit to the Member's legal personal representative or to the Member's Dependants or any one or more of them and in such proportions as the Trustees in their absolute discretion determine, not being inconsistent with the SIS Act.

(c) Subject to sub-paragraph 24.6(i) a Member may require the Trustees to provide any benefits in respect of that Member, on or after the death of that Member, to the legal personal representative or a Dependant of the Member if the Trustees give the Member information under sub-paragraph 24.6(d).

(d) The Trustees must give to the Member information that the Trustees reasonably believe the Member reasonably needs for the purpose of understanding the right of that Member to require the Trustees to provide the benefits.

(e) Subject to sub-paragraph 24.6(i) the Trustees must pay a benefit in respect of the Member, on or after the death of that Member, to the person or persons mentioned in a notice given to the Trustees by that Member if:

(i) the person, or each of the persons, mentioned in the notice is the legal personal representative or a Dependant of that Member; and

(ii) the proportion of the benefit that will be paid to that person, or to each of those persons, is certain or readily ascertainable from the notice; and

(iii) the notice is in accordance with sub-paragraph 24.6(g); and

(iv) the notice is in effect.

(f) A Member who gives notice under sub-paragraph 24.6(e), may:-

(i) confirm the notice by giving to the Trustees a written notice, signed and dated by the Member to that effect; or

(ii) amend or revoke the notice by giving to the Trustees notice, in accordance with sub-paragraph 24.6(g) of the amendment or revocation.

(g) For the purposes of sub-paragraphs 24.6(e)(iii) and 24.6(f)(ii), the notice:-

(i) must be in writing; and

(ii) must be signed and dated by the Member in the presence of 2 witnesses, being persons:-

i. each of whom has turned 18; and

ii. neither of whom is a person mentioned in the notice; and

(iii) must contain a declaration signed and dated by the witnesses stating that the notice was signed by the Member in their presence.

(h) Unless sooner revoked by the Member, a notice under sub-paragraph 24.6(e) ceases to have effect at the end of the period of 3 years after the day it was first signed or last confirmed or amended by the Members.

(i) If an item of information given by a Member in a notice under sub-paragraph 24.6(e) is not sufficiently clear to allow the Trustees to pay the benefit, the Trustees must seek from the Member a written statement to clarify the item as soon as practicable after the Trustees receive the notice.

24.7 **Preserved Benefits:**

(a) Any benefit which is subject to preservation or has been preserved under the Superannuation Conditions, an agreement made by the Trustees or this Deed and the Rules, must not be paid to or in respect of the Member at a date earlier than allowed from time to time under the Superannuation Conditions.

(b) The Trustees may transfer any preserved benefit to another superannuation fund nominated by the Member, an approved deposit fund nominated by the Member, a deferred annuity nominated by the Member or such other superannuation entity as the Superannuation Conditions allow.

(c) If the Fund holds benefits that were not the subject of preservation prior to the date of or the date of adoption or application of this Deed then nothing in this Deed operates in a way that has the effect of preserving those benefits unless the Superannuation Conditions require it.

24.8 **Member otherwise has no interest:**

Except as provided in this Deed and subject to the Superannuation Conditions, a Member, Dependant or Personal Representative have no right to or interest in the Fund.

24.9 **Trustees to determine amount to pay benefits:**
Upon the happening of an event as the result of which there arises an absolute or contingent right to the payment of a benefit in accordance with this Deed to or in respect of a Member, Dependant or Personal Representative either immediately or at some future date the Trustees must determine the amount required to meet that liability and any balance of the Member Accounts in excess of that amount must be transferred to the Forfeited Benefits Account unless the Trustees otherwise resolve.

24.10 **Member to provide evidence of entitlement:**
The payment of any benefit must be subject to the person claiming the same producing such evidence, doing such acts and executing such documents as the Trustees may reasonably require and the Trustees may postpone the payment of any benefit until the requirements of this paragraph have been met.

24.11 **Trustees may transfer assets in specie:**
Subject to the Superannuation Conditions, the Trustees may, with the agreement of the Member or Beneficiary to whom a benefit is payable, transfer investments of the Fund of equivalent value to such benefit in lieu of payment of the same in money. The Trustees may take into account such associated costs, taxes or other expenses of such transfer as they think fit and make adjustments accordingly.

24.12 **Unclaimed monies:**
If the Trustees cannot find a person entitled to a benefit then that benefit or part of that benefit may be paid or otherwise dealt with by the Trustees in such manner as the Superannuation Conditions permit.

24.13 **Unpaid benefits:**
In the circumstances prescribed by the Superannuation Conditions the Trustees may pay an unpaid benefit to an eligible rollover fund, or to the Commissioner or other body prescribed by the Superannuation Conditions.

Forfeited Benefits Account

25.1 **Forfeited benefits account to be kept:**
The Trustees must keep an account for the receipt of amounts forfeited from Member Accounts and any other credit balances that cannot be otherwise allocated under the provisions of the Deed. The account is to be known as the Forfeited Benefits Account.

25.2 **Application of forfeited benefits:**
The Trustees may in their absolute discretion apply amounts held in the Forfeited Benefits Account in the manner and to the purposes permitted by the Superannuation Conditions and, if permitted, these may include:

(a) welfare benefits to assist in events of financial hardship, sickness, accident or other misfortune causing hardship;

(b) supplementary benefits for retired Members;

(c) additional benefits for current Members on an equal basis, or on a pro rata basis among all Members or, among Members on the basis of economic needs;

(d) payment of administrative expenses of the Fund;

(e) payment of a Member's own contribution to relieve hardship;

(f) payment to an Employer in recompense for loss or damage as the consequence of employee misconduct;

(g) payment to an Employer in the form of assessable income.

Provided that the Trustees, if the Superannuation Conditions require it, may not apply any amount so held which is attributable to the contributions of an Employer to the provision of any benefit or advantage for any Member who is not its Employee without the consent of that Employer and where the Trustees have given notice of not less than twenty one (21) days to an Employer of the Trustees intention to so apply any amount and the Employer has not responded the Employer is deemed to have consented to that application.

25.3 **Equalisation Account:**

(a) The Trustee may at any time establish an Equalisation Account of the Fund and may transfer to the credit of that account any forfeited benefits or any amounts from an income account in the Fund.

(b) Any monies held in the Equalisation Account do not form part of any Member Account and any income derived by the Fund on the monies held in the Equalisation Account is to be credited to the Equalisation Account.

(c) The Equalisation Account is to be used by the Trustee in accordance with any applicable investment strategy relating to reserves to stabilise the investment earnings of the Fund and to provide for such contingencies as the Trustees consider appropriate.

(d) This Rule 25.3 is subject to the Superannuation Conditions.

Benefits charged with payments due to Employer

26.1 The following provisions are subject to the Superannuation Conditions and apply to the extent to which they are not inconsistent with it.

26.2 **Charge:**

Subject to the Superannuation Conditions, the benefit payable in respect of a Member is to be charged with the payment to the Principal Employer of that Member of -

(a) all amounts owing by him or her to the Principal Employer;

(b) any loss incurred by the Principal Employer in consequence of the Member's fraud, dishonesty or misconduct; and

(c) the costs of all proceedings civil or criminal incurred by the Principal Employer in recovering any amount owing by him or her to the Principal Employer or in respect of the Member's fraud, dishonesty or misconduct.

26.3 **Evidence:**

A statement in writing signed by the Principal Employer or by the directors (if a company) or by two partners (if a firm) of that Employer stating the amount charged and requesting that the same be paid to the Principal Employer is sufficient authority to the Trustees to pay such amount to the Principal Employer.

26.4 **Lien:**

Despite any other provision contained in this Deed to the contrary, though subject to the Superannuation Conditions, the Trustees have at the date of payment of a benefit to a Member a lien over that benefit in respect of:-

(a) all amounts owed by the Member to the Fund; and

(b) any loss or expense incurred by the Trustees in consequence of the Member's fraud, dishonesty, misappropriation or other misconduct in respect of the Fund including the costs to the Trustees of recovering the same where the loss, expense or costs have been quantified and constituted a debt owing by the Member to the Trustees in their capacity as Trustees.

26.5 **Certificate:**

A certificate signed by the Trustees stating the amount of the lien over the Member's benefit claimed by the Trustees is prima facie evidence in the hands of the Trustees against all claimants of the amount owing to the Fund under the preceding sub-paragraph and is sufficient authority to the Trustees to retain in the Fund out of the amount of benefit to which the Member would otherwise be entitled the amount of such lien and the balance, if any, of the benefit which is not so retained in the Fund must be paid to or in respect of the Member.

Application of Benefits in Certain Cases

27.1 **Member's insanity and other events:**

This provision applies separately to vested and non-vested benefits and only if the Superannuation Conditions do not prohibit it. If a Beneficiary in the Trustee's opinion:-

(a) who assigns or charges or attempts to assign or charge any benefit;

(b) whose interest in any benefit, whether by the Member's or Beneficiary's own act, operation of law, an order of any Court or otherwise becomes payable to or vested in any other person, company, government or other public authority;

(c) who is insolvent or who commits or has committed an act of bankruptcy;

(d) who for any reason is unable personally to receive or enjoy the whole or any portion of a benefit or who, in the opinion of the Trustees is incapable of managing the person's affairs: or

(e) who in the opinion of the Trustees commits any fraud or is guilty of dishonesty or defalcation.

the Member ceases to be presently or presumptively entitled to his or her benefit or such part of that benefit as the Trustees in their absolute discretion determine provided however that this sub-paragraph only applies to the extent that it is not limited by or inoperative under the Act or the

Bankruptcy Act provided further that the Trustees will only recognise an assignment or charge of a benefit where it is acceptable under the Act.

27.2 **Payments:**
In any of the events mentioned in the preceding sub-paragraph and if the Superannuation Conditions do not prohibit it, the Trustees may pay to the Dependent of the Member:

(a) the whole or such part of the benefit, or

(b) any vested benefit

as the Trustees, in their absolute discretion, determine and may apply the balance of such benefits then remaining in the hands of the Trustees for the maintenance and support of such Member or Dependant as the Trustees in their absolute discretion may determine provided that any such payment or application by the Trustees for the maintenance and support of a Member while such Member continues to be employed is to be made only for the purposes of and in such circumstances as warrant the relief of hardship as may be permitted by the Superannuation Conditions. Any amounts not applied under this paragraph may be transferred to the Forfeited Benefits Account by the Trustees.

27.3 **Discharge:**
The payment or application of any monies pursuant to the preceding sub-paragraph is a complete discharge to the Trustees therefor.

Transfer of Benefits

28.1 **Trustees to make arrangements with prior employer and Trustee:**

(a) Subject to the Superannuation Conditions the Trustees may at the request of an Employee or Member and with the consent of his or her Employer, if any, make such arrangements as they think proper with that previous Employer or the Trustee of any other superannuation fund or entity for the payment or transfer to the Fund of monies or assets and other rights and benefits of and arising in relation to the membership by such person in such other superannuation fund or entity.

(b) The Trustees may make arrangements about any matter in relation to such payment or transfer which in their opinion is necessary and may also make such arrangements as are necessary to enable such Employee to be admitted to membership of the Fund, if that person is not a Member.

(c) A payment or transfer may be made to the Trustees of a successor fund without the consent of the relevant Member if permitted by the SIS Act.

28.2 The Trustees must hold any monies or assets so paid or transferred to them from another superannuation fund according to the terms and conditions of this Deed subject to paragraph 21.2.

28.3 **Application of transferred amounts:**
On any such payment or transfer of monies or assets -

(a) the amount of the entitlement of the Member concerned is to be credited to his or her Member Account in the manner resolved between the Member, the Trustees and the Trustees of the Fund from which the Member is transferring provided that any such monies or assets which represent a benefit which has vested in the Member is to be credited to his or her account as a vested benefit;

(b) the amount which by the terms and rules of such other superannuation fund is required to be preserved is to be identified and held by the Trustees as a Preserved Portion under this Deed.

(c) except to the extent required by the Superannuation Conditions, the money or assets so transferred must not be subject to preservation. Where the Fund holds benefits that were not the subject of preservation in a prior Fund then nothing in this Deed is to have the effect of preserving those benefits unless the Superannuation Conditions require it.

28.4 **Application of benefits on Member leaving Fund:**
The money and assets comprising any benefit payable to a Member on leaving the Fund may with the approval of such Member be paid or transferred to or invested in (as the case may be):-

(a) another superannuation fund nominated by the Member of which such Member is or intends to become a Member and which satisfies the Superannuation Fund Conditions; or

(b) an approved deposit fund nominated by the Member which satisfies the Approved Deposit Fund Conditions set out in the Superannuation Conditions; or

(c) a deferred annuity nominated by the Member which does not pay benefits except in circumstances in which by the Superannuation Conditions or by this Deed benefits are payable to that person;

(d) such other superannuation entity as the Superannuation Conditions permit.

The receipt of the Trustee of that other fund or scheme or the corporation issuing the policy is a complete discharge to the Trustees in respect of any money or assets so paid or transferred.

28.5 **Application of preserved benefits:**
The money and assets comprising any Preserved Portion of a benefit payable to a Member at a date after his or her leaving the Fund may be:

(a) retained in the Fund; or

(b) transferred to a superannuation entity provided that such transfer is not inconsistent with the Superannuation Conditions.

The receipt of the Trustees of that other fund or scheme or the corporation issuing the policy is a complete discharge to the Trustees in respect of any money or assets so paid or transferred.

Disclosure of Information

29. The Trustees must provide such information, reports or otherwise to such persons, superannuation entities or otherwise as may be necessary to comply with the Superannuation Conditions.

Notices

30. Notices may be given by the Trustees to Members and Dependents either personally or by sending the same by pre-paid letter posted to the address last known to the Trustees or the address last known to the Employer.

Principal and Associated Employers

31.1 **Approval of Associated Employers:**
Subject to the Superannuation Conditions the Trustees with the approval of the Principal Employer, if any, may permit any company, person or firm as an Associated Employer to contribute to the Fund. Unless inconsistent with the Superannuation Conditions, an Associated Employer is deemed to be bound by the Deed and the Rules on such payment of a contribution. The Trustees may require the Associated Employer to make application to join in a form approved by the Trustees.

31.2 **Cessation:**
Subject to the Superannuation Conditions an Employer ceases to be an Associated Employer on:-

(a) The Employer ceasing to be an Employer of any Member; or

(b) The Employer determining to cease contributing to the Fund; or

(c) The Employer's becoming bankrupt or being placed into liquidation or receivership or ceasing to carry on a business.

(d) The Employer giving written notice of ceasing to be an Associated Employer to the Trustees and to each Member who is employed by that Employer.

(e) The Trustees giving written notice of cessation to the Associated Employer.

31.3 A Member who is an employee of an Employer that has ceased to be an Associated Employer does not by reason of that event cease to be a Member.

31.4 **Appointment and cessation of Principal Employer:**

(a) Subject to the Superannuation Conditions, a Principal Employer of the Fund may cease to occupy that role by giving written notice to the Trustees of that fact and that cessation takes effect from the date that notice is so given.

(b) Another entity may become the Principal Employer by written agreement of the Trustees and the Members with the consent of any then current Principal Employer.

Employers Rights Not Restricted

32.1 **Employer's rights unaffected:**
Nothing herein contained in any way restrict the rights of an Employer to determine the employment of a Member (or remove from office any director who is a Member) at any time and the fact that such Member is a Member is not to be taken as a guarantee of their employment, or continuance in office.

32.2 **Damages:**
The benefits to which a Member might claim to be entitled hereunder are to be disregarded in assessing damages in any action which may be instituted by such Member against the Employer in respect of their dismissal.

32.3 **Workers compensation:**
Nothing contained in this Deed is to affect the right of a Member or their Personal Representative or other person to claim damages or compensation at Common Law or under Workers' Compensation Acts or any other Statute in force governing compensation to a Member injured or dying from any accident arising out of and in the course of their employment with the Employer and any benefits payable hereunder are not to be reduced by reason of any payment that may be made in respect of such damages or compensation.

Winding up of Fund

33.1 **Winding up:**
Subject to the Superannuation Conditions and if so required, with the Trustees' consent, the Fund is to be wound up by the Trustees as at a date determined by them on the occurrence of any of the following events:-

(a) if there are no assets of the Fund; or

(b) if there are no Beneficiaries of the Fund and no Associated Employers and no Principal Employers; or

(c) if in respect of each Associated Employer and Principal Employer, if any, an order is made or a resolution is passed for the winding up of such Employers and there are no Beneficiaries.

(d) if the Trustees (with the consent of the Principal Employer, if any,) resolve to wind up the Fund.

(e) if the Fund has a Principal Employer who is the only contributing employer and gives written notice requesting that the Fund be wound up to the Trustees and each Member.

33.2 **Priorities:**
Subject to the Superannuation Conditions and if so required, with the Trustees' approval, the assets of the Fund on its winding up are to be applied in the following order of priority and for the following purposes to the extent to which those assets will allow:-

(a) firstly, in the payment of liabilities in respect of the administration and other costs associated with the winding-up proceedings;

(b) secondly, in the discharge of all liabilities other than liabilities in respect of benefits payable to or in respect of Beneficiaries;

(c) thirdly, in securing the minimum guaranteed benefits of Members;

(d) fourthly, in securing for each Member the amounts standing to the credit of -

(i) their Member Contribution Accounts;

(ii) the Vested Portion of their Employer Contribution Accounts; and

(iii) any Preserved Portion of their Member Accounts in excess of the amount secured under (i) and (ii) above; and

(e) lastly, in the distribution of any remaining balance to such of the Beneficiaries, and to any of the Employers in such proportions as in the opinion of the Trustees is appropriate in the circumstances and in accordance with the Superannuation Conditions.

33.3 **Subject to vesting and preservation:**
Subject to the Superannuation Conditions and in so far as it is within the power of the Trustees to so do, in dealing with the benefit of any Member in a winding up of the Fund the Trustees must observe all the provisions of this Deed relating to the vesting, transfer, payment and preservation of benefits and must not act otherwise than as permitted by those provisions.

Complaints

34. **Establishment of complaints procedure:**
If required by the Superannuation Conditions, the Trustees will establish such reasonable procedures under which enquiries and complaints may be dealt with.

Schedule

The Rules

Interpretation

1.1 **Matters covered by Rules:**
These Rules relate to the following matters concerning the Fund:-

(a) membership of the Fund;

(b) the kinds of benefit provided by the Fund;

(c) the circumstances of payment of benefits;

1.2 **Superannuation Conditions:**
These Rules are subject to the SIS Act.

Membership

2.1 **Eligibility:**
Any Eligible Person may make application in writing to the Trustees in a form approved by the Trustees from time to time to join the Fund however if a proposed Member is employed by a Principal Employer then the Principal Employer's consent to membership must be obtained by the Trustees before admission of a Member, subject to the Act and the Superannuation Conditions.

2.2 **Trustees may refuse:**
The Trustees may accept or refuse any application for membership in the Trustees absolute discretion and is not required to assign any reason for any refusal.

2.3 **Trustees to give notice:**
A person becomes a Member when the Trustees give notice in writing to that person that such application has been approved and accepted, however notice to the Members named in the reference schedule is not required.

2.4 **Member bound by Deed:**
A person upon becoming a Member is deemed to have consented to and to be bound by the provisions of the Deed and Rules.

2.5 **Cessation of membership:**
Subject to the Superannuation Conditions a person ceases to be a Member on the happening of the first of the following:-

(a) death;

(b) when the total of all amounts payable under this Deed and Rules in respect of the Member's membership has been paid;

(c) when under this Deed and Rules any benefit payable to the Member or any person on the Member's account ceases to be payable; or

(d) when the Trustees so resolve, subject however to the Superannuation Conditions and the SIS Act.

2.6 **Minors:**

(a) A minor may be a Member of the fund subject to the Act;

(b) the minor's parent or guardian must make the application for the minor to become a Member in a form approved by the Trustee;

(c) decisions in relation to the minor's membership must be made by the minor's parent or guardian until the minor is 18 years or after the minor is 16 years provided that the parent or guardian notifies the fund that the minor will be making decisions in relation to the minor's membership;

(d) when the minor is 18 years the minor becomes a director of the Trustee of the fund (or a Trustee) provided that the Trustee has done everything necessary to appoint the minor as a director of the Trustee (or as a Trustee).

Payment of Benefits

3.1 **Compulsory Payment of Benefits**

The following provisions are subject to the SIS Act and Regulation and any terms defined herein have the same meaning as in subdivision 6.3.1 of the Regulations to the SIS Act:

(1) (i) Subject to subparagraph (3) (and to the extent, if any, that SIS Regulation 6.21(1A) applies after 1 July 2007), a Member's benefits in the Fund (other than the Member's post-65 employer-financed benefits) must be paid as soon as practicable after the occurrence of any of the following events:

(a) the Member:

(i) has attained age 65 but not age 75; and

(ii) is not gainfully employed to at least a part-time equivalent level;

(b) the Member:

(i) had, on 30 June 2004, reached age 75; and

(ii) has not, since 1 July 2004, continued to be gainfully employed for at least 30 hours a week;

(c) the Member has reached age 75, and the Member's 75th birthday occurs on or after 1 July 2004;

(d) the Member dies.

(ii) This provision 3.1(1)(ii) applies on and from 1 July 2007. Subject to subparagraph (3) a member's benefits must be cashed as soon as practicable after the member dies.

(1A) Subject to subparagraph (3) (and to the extent, if any, that SIS Regulation 6.21(1A) applies after 1 July 2007), a Member's post-65 employer-financed benefits in the Fund must be paid as soon as practicable after the occurrence of any of the following events:

(a) where:

(i) the Member has reached age 65 but not age 75; and

(ii) the Member is not gainfully employed to at least a part-time equivalent level; and

(iii) mandated employer contributions have ceased to be made, and are not liable to be made, in respect of the Member to:

(A) the fund; or

(B) another regulated superannuation fund; or

(C) an RSA; or

(D) an EPSSS;

(b) where:

(i) the Member has attained age 75; and

(ii) mandated employer contributions have ceased to be made, and are not liable to be made, in respect of the Member to:

(A) the fund; or

(B) another regulated superannuation fund; or

(C) an RSA; or

(D) an EPSSS;

(c) where the Member dies.

(1B) During the period 10 May 2006 to 30 June 2007 a member's benefit (other than post-65 employer-financed benefits) are not required to be cashed in accordance with SIS Regulations 6.21(1)(a), 6.21(1)(b) or 6.21(1)(c); and a members post-65 employer financed benefits are not required to be cashed in accordance with SIS Regulations 6.21(1A) or 6.21(1A)(b).

(1C) The cashing of a member's benefits (including the member's post-65 employer-financed benefits) by the Trustee during the period 10 May 2006 to 30 June 2007 is not a breach of SIS Regulation 6.21.

(2) The form in which benefits may be paid under this paragraph is any one or more of the following forms:

(a) in respect of each person to whom benefits are paid:

(i) a single lump sum; or

(ii) an interim lump sum (not exceeding the amount of the benefits ascertained at the date of an event mentioned in subparagraph (1) (or (1A) before 1 July 2007) and a final lump sum (not exceeding the balance of the benefits as finally ascertained in relation to the event).

(b) a pension or 2 or more pensions (one or more pensions post 30 June 2007);

(c) the purchase of an annuity or 2 or more annuities (one or more annuities after 30 June 2007).

(2A) If a member dies on or after 1 July 2007, subparagraphs (2) (b) (i) and (ii) apply to an entitled recipient only if, at the time of the member's death, the entitled recipient:

(a) is a dependant of the member; and

(b) in the case of a child of the member:

(i) is less than 18 years of age; or

(ii) being 18 or more years of age:

(A) is financially dependent on the member and less than 25 years of age; or

(B) has a disability of the kind described in subsection 8 (1) of the *Disability Services Act 1986*.

(2B) If benefits in relation to a deceased member are being paid to a child of the deceased member in the form of a pension or annuity in accordance with SIS Regulation 6.21 (2A) (see paragraph 3.21(2A) of these rules), the benefits must be cashed as a lump sum on the earlier of

(a) the day on which the annuity or pension is commuted, or the term of the annuity or pension expires (unless the benefit is rolled over to commence a new annuity or pension; and

(b) the day on which the child attains the age of 25;

unless the child has a disability of the kind described in subsection 8(1) of the *Disability Services Act 1986* on the day that would otherwise be applicable under SIS Regulation 6.21 (2B)(a) or (b).

(3) For the purposes of subparagraphs (1) (and (1A) before 1 July 2007), it is sufficient if, instead of being paid, the benefits are rolled over as soon as practicable for immediate cashing.

(3A) Subject to SIS Regulations 6.22B, 7A.13, 7A.17 and 7A.18, a member's benefits must not be cashed in favour of a person other than a member or the member's legal personal representative:

(a) unless:

(i) the member has died; and

(ii) the conditions of SIS Regulation 6.22 (2) or (3) are satisfied; or

(b) (post 30 June 2007) unless the conditions of SIS regulation 6.22(4) are satisfied.

(3B) The conditions of SIS Regulation 6.22 are satisfied if the benefits are cashed in favour of either or both of the following:

(a) the member's legal personal representative;

(b) one or more of the member's dependants.

(3C) The conditions of SIS Regulation 6.2 are satisfied if:

(a) the Trustee has received a release authority under section 292-410 of the *Income Tax Assessment Act 1997* in respect of the member; and

(b) the benefits are cashed in favour of the Commissioner of Taxation in accordance with the authority.

(3D) A member's benefit may be cashed in favour of a person other than the member if:

(a) the cashing is expressly permitted by the Regulator in a written approval for the purposes of Section 62(1)(b)(v) of the Act; and

(b) the benefits are cashed only to the extent of that approval.

(4) Benefits that were post-65 employer-financed benefits in the source from which they were received continue to be post-65 employer-financed benefits in the fund.

(5) Post-65 employer-financed benefits, in relation to a Member of a regulated superannuation fund as at a particular date, means the sum of:

(a) the amount of the mandated employer contributions made to the fund in respect of the Member in respect of the period commencing when the Member reached age 65 and ending on that date; and

(b) the amount of the mandated employer contributions made to another regulated superannuation fund or to an EPSSS or an RSA in respect of the Member in respect of that period, if the benefits arising in respect of those contributions were transferred or rolled over to the fund during that period; and

(c) the amount of the investment earnings on those amounts during that period;

less the costs applicable to those amounts during that period.

(6) For the purpose of the above Rule, a person is gainfully employed at a part-time equivalent level if the person was gainfully employed for at least 240 hours during the financial year that ended on the last occurring 30 June

3.2 **Payment on retirement or at age 65:**

To the extent only permitted by the Act, the Member's benefit may be paid to a Member who has not reached the Member's preservation age if the Trustees so determine.

3.3 **Payment of benefit by pension**

(a) The benefit payable under this Rule 3 may, in the discretion of the Trustees, be paid by way of a pension in accordance with these rules, however, (subject to any permitted commutations by Members and beneficiaries to lump sums under rule 3.4) if the Trustee is not, at the time the benefit becomes payable, a constitutional corporation then payment of the benefit is subject to paragraph 3.2 of the Deed.

(b) Paragraph 3.2 of the Deed does not require the Trustees to commence a pension before providing a benefit in the form of a lump sum only if such lump sum may be paid instead of a pension in accordance with the Commissioner's rulings, determinations or opinions in relation to section 19 of the SIS Act.

3.4 **Conditions of Commutation**

Subject to the Act and to paragraph 3.2 of the Deed and despite any other provision of the Rules if so required by the Act, on the written application of a Member, Pensioner or Reversionary Beneficiary, the Trustees must commute to a lump sum benefit the whole or any part of a pension payable from the Fund to such person provided that:-

(a) the commutation of the pension is permitted by the Act;

(b) the amount of the commuted benefit including the value of any remaining pension payable is subject to the provisions of paragraph 24 of the Deed.

3.5 **Payment of Lump Sum Benefit:**

The Trustees may pay the amount of the lump sum benefit in respect of the pension being commuted under rule 3.4 to the Pensioner or the Reversionary Beneficiary who applied for the commutation but subject to paragraph 3.2 of the Deed and to any other applicable provisions of this Deed and to the Superannuation Conditions.

3.6 **Adjustment of Pension following Commutation:**

Following the commutation of a part of a pension under rule 3.4, the Trustees must reduce the total amount of the instalments of any pension payable to the Pensioner by such amount as the Trustees consider appropriate and subject to the Act and SIS Regulations.

Benefit Payable on Death

4.1 **Benefit payable on death:**

(a) If a Member dies before payment or commencement of payment of a benefit under rule 3, the amount of the Member's Benefit will be held by the Trustees on trust, subject to this Rule 4 and the SIS Act, for the benefit of one or more of the Member's Dependants in the shares and proportions as the Trustees, in their absolute discretion, determine.

(b) The Trustees will take account of any nomination of beneficiaries made by the Member, but will not be bound by it unless it is a binding nomination under paragraph 24 of the Deed and subject to that paragraph 24 and to the SIS Act, in the discretion of the Trustees, the benefit payable will be paid by lump sum or pension or a combination of both.

4.2 **Payment to legal personal representative:**
If the Trustees are unable to establish within 6 months after the Member's death, or such other period as may be permitted by the Act, that there are any Dependants, the Member's benefit will be paid to the Member's legal personal representative.

4.3 **Payment other than to Dependant or legal personal representative:**
If, after making inquiries that the Trustees regard as reasonable, the Trustees are unable to establish that there are any Dependants or a legal personal representative of the deceased Member, the Trustees may, if permitted by the Act, pay the benefit to a person or persons selected by the Trustees.

4.4 **Forfeited benefits:**
Subject to sub-rule 4.3, if a grant of probate or letters of administration is not made in respect of the estate of the Member within 3 years after the Member's death (or any longer period the Trustees determine), the benefit payable under this Deed will be treated as a forfeited benefit, and will be applied in the manner provided for in the Act or, in the absence of any provision, will be applied by the Trustees as a forfeited benefit.

4.5 Subject to the SIS Act the Member's benefit or any part of it as the Trustees determine, may be paid to a reserve account in the Fund.

Benefit Payable on Disablement

5.1. **Benefit payable on total disablement:**
Subject to the Act provisions of these rules, if, before a benefit is paid or commences to be paid under rule 3, the employment of an employer sponsored Member is terminated as a result of the Member being totally permanently disabled or if a non-employer sponsored Member becomes totally permanently disabled, the Member's Benefit will be paid to the Member or, if the Member is unable to manage his or her own affairs, to any of the Member's Dependants, and in any proportions as the Trustees, in their absolute discretion, determine.

5.2 **Proceeds of temporary total disablement insurance policy:**
Subject to the Superannuation Conditions and paragraph 24 of the Deed, if, before a benefit becomes payable under sub-rule 5.1, the proceeds of a temporary total disablement insurance policy on the life of the Member becomes payable, the proceeds of the policy will be paid to the Member or, if the Member is unable to manage his or her own affairs, to any of the Member's dependants, and in any proportions, as the Trustees, in their absolute discretion, determine. If the

SIS Act permits it and if the Trustees so determine part of the Member's benefit may be paid to a Member in accordance with the SIS Act and not otherwise.

6. **Benefit payable on dismissal**

If an employer sponsored Member is dismissed from the employment of the Principal Employer for misconduct involving fraud or dishonesty, the benefit payable to that Member, subject to the Act, will be the amount of the Member's contribution account (if any) plus the amount of the Member's vested Employer's contribution account (if any) plus any other vested benefit plus the additional part (if any) of the Employer's contribution account which the Trustees, in their absolute discretion, determine. Any preserved benefit will be paid on the terms and conditions set out in rule 8 in relation to that benefit.

7. **Benefit payable to an Employer Sponsored Member on termination of employment before retiring age:**

Subject to the Superannuation Conditions, if the employment by the employer of an employer sponsored Member is terminated before the retiring age otherwise than in the circumstances referred to in rules 4, 5 or 6:

(a) the amount of the Member's contribution account; plus

(b) that part (if any) of the amount of the Member's Employer's contribution determined by the Trustees; plus

(c) such part (if any) of the amount of the Member's Employer's contribution account which the Trustees, in their absolute discretion, determine, (with the balance of that account to be applied as a forfeited benefit); plus

(d) the amount of the Member's vested Employer's contribution account; plus

(e) any other vested benefit not otherwise payable under this Deed, will, if the Member has attained the age prescribed on the Act as being the preservation age for that Member and is retiring from the workforce, be paid to the Member. If the Member has not attained the age prescribed in the Act as being the preservation age for that Member or, having attained that age, has not retired from the workforce, the Trustees will pay or commence to pay the Member only that part of the benefit payable which is not a preserved benefit.

8. **Payment of preserved benefit:**

Subject to the SIS Act, if any part of the benefit payable under rules 6 or 7 is a preserved benefit and if the Member has not attained the age prescribed in the Act as being the preservation age for that Member or, having attained that age, has not retired from the workforce, the Trustees will either:

(a) retain the Member's preserved benefit in the fund and pay the benefit plus earnings on it to the Member after the Member retires from the workforce and attains the age prescribed by the Act as being the preservation age for that Member) and requests that the benefit be paid to him or her. The Trustees must pay or commence to pay the preserved benefit in accordance with the SIS Act;

(b) if the Member requests that their preserved benefit be transferred to another superannuation fund or to an approved deposit fund, transfer the benefit in accordance with paragraph 28 of the Deed;

(c) in its discretion, pay the preserved benefit to the Member by a non-commutable pension or annuity for the life of the Member; or

(d) if the Member so requests, apply the preserved benefit to purchase a deferred annuity to be held by the Trustees until the Member attains the age prescribed in the SIS Act as being the preservation age for that Member; and

(i) under which the first annuity payment is not to be made until on or after the Member attains the age prescribed in the Act as being the preservation age for that Member provided that payment of the annuity instalments will commence no later than the attainment by the Member of the age of 65 years or in any other circumstances as are permitted by the Act; and

(ii) which cannot be surrendered or assigned (except to make a payment in accordance with paragraph 28 of the Deed) until the Member attains the age prescribed in the Act as being the preservation age for that Member; and

(iii) which cannot be mortgaged or encumbered in any manner.

Subject to the Act, if the amount of the Member's preserved benefit does not exceed the amount that is prescribed under the Act, it may be paid to the Member on termination of his or her employment and paragraphs (a), (b), (c) and (d) of this rule 8 will not apply to the benefit.

9. **Deferment of payment of benefit**
Subject to the Superannuation Conditions, the payment of any benefit payable under rules 6 or 7 which is not a preserved benefit or payable under rules 3.1 or 5.1 may, at the request of the Member and with the consent of the Trustees, be deferred until the Member requests payment of the benefit. However, the deferred benefit will be paid to the Member in accordance with rules 4 or 5 if the Member dies, or becomes permanently disabled, or attains age 65, or in accordance with rule 3, or in accordance with the requirements of the Act. Earnings of the fund will be allocated to the deferred benefit in accordance with these Rules, subject to the SIS Act.

10. **Payment of benefits to minors**
Subject to the Superannuation Conditions, where a person to whom benefits are payable is a minor, the Trustees may pay the benefit to any other person for application on behalf of that minor and the receipt of the person to whom the benefit is so paid will be a complete discharge to the Trustees in respect of that benefit.

11. **Deduction of income tax**
The Trustees may deduct from any benefit payable the amount of any tax that is calculated by the Trustee to be payable in respect of that benefit and will remit any amount deducted as may be required by law.

Mode of Payment of Benefits

12. **Lump sum or pension**
Benefits payable under rules 3, 5, 6 or 7 will be paid in a lump sum or by way of pension, in the discretion of the Trustee, unless any part of the benefit is required by the Act to be paid by way of lump sum or pension and subject to paragraph 3.2 of the Deed.

Pension Conditions

13.1 **Trustee's discretion**
Subject to rules 12 and 16, where a benefit is payable under rules 3, 5, 6 or 7 by way of pension, the Trustees will, in their absolute discretion, determine the amount of the pension and the manner in which and the period for which it is paid. The pension must be paid at least annually. The annual amount of the pension cannot be greater than any maximum nor less than any minimum amount stated in the Act. The pension must be paid on a basis that complies with the requirements of the Act.

13.2 **Cessation of payments**
When the Member's benefit is reduced to nil, the pension payable under these rules ceases to be payable and the person who was receiving the pension ceases to be entitled to any further benefits and, if a Member, ceases to be a Member.

13.3 **Commutation of pension**
Subject to the Act, the recipient of a pension under these rules may commute the whole or part of a pension to a lump sum payment, by applying in writing to the trustee. The commutation must comply with the requirements of the Act.

13.4 **Benefit payable to spouse on death of Member**

(a) If a Member to whom a pension is being paid and who is survived by a spouse dies, the Trustees may determine to pay to the spouse until the spouse's death or, until the Member's benefit is reduced to nil (if that occurs before the spouse's death) a pension of the amount as the deceased Member's spouse and the Trustees agree on from time to time or, if there is no agreement, of any amount and on terms and conditions as the Trustees determine. If however the pension has to be paid on some other basis for the fund to comply with the Act, it must be paid on that basis. The annual amount of the pension will not be greater than any maximum nor less than any minimum amount stated in the Act.

(b) A pension payable to a Member's spouse pursuant to this sub-rule 4 will commence on the date of the Member's death.

13.5 **Payment to Member's dependants**

(a) If a Member in receipt of a pension who does not have a spouse, or to whose spouse a pension is not paid under sub-rule 4 dies, or if a Member's spouse to whom a pension was payable under sub-rule 4 dies, the balance of the Member's benefit (if any) will be paid in a lump sum to such of the Member's Dependants as the Trustees, in their absolute discretion, determine.

(b) If payment of part or all of the benefit does not comply with the requirements of the Act, the proportion of the benefit that does not so comply will be treated as a forfeited benefit and will be applied in the manner stated in paragraph (d) of this rule.

(c) If the Trustees are unable to establish within the time required by the SIS Act after the death of a Member or the Member's spouse (if a pension was being paid to the Member's spouse) that there are any Dependants, the benefit payable under this sub-rule 5 will be paid to the Member's or the Member's spouse's legal personal representative in the discretion of the Trustees. If a grant of probate or letters of administration in respect of the estate of the deceased Member or the deceased Member's spouse is not made within 3 years of his or her death (or any longer period as the Trustees determine as the SIS Act provides), the benefit payable under this rule will be treated as a forfeited benefit and applied in the manner stated in paragraph (d) of this rule, subject however to the SIS Act.

(d) A forfeited benefit will be applied in the manner provided for in the Act or, if there is no provision, will be applied by the Trustees as a forfeited benefit.

13.6 **No assignment or encumbrance**

(a) Pensions payable from the fund cannot be assigned or otherwise transferred by the person receiving the pension (except to the extent provided for in sub-rule 4) and cannot be mortgaged or encumbered in any manner.

(b) Neither the capital value (if any) of any pension payable from the fund nor any income from it, may be used as a security for a borrowing.

13.7 **Annuities**

The Trustees may, in their absolute discretion (including where an old-age pension is required to be paid), provide pensions payable under these rules by applying a Member's benefit to the purchase of an annuity that meets the requirements of the Act.

13.8 **Imputation credits**

Subject to the Superannuation Conditions, the Trustees may, in their absolute discretion, debit amounts to the accounts of Members to whom current pensions are not being paid and credit corresponding amounts to the accounts of Members to whom current pensions are being paid to compensate the latter for not obtaining the benefit of dividend imputation credits on investments in the form of shares in companies.

14. **Benefit payable on the grounds of financial hardship**

Subject to the Superannuation Conditions, the Trustees may, in the their absolute discretion, pay part or all of the Member's benefit to a Member who is not entitled to be paid a benefit under the balance of these rules, if the Trustees are satisfied that the Member would suffer financial hardship if part or the whole of his or her benefit is not paid to the Member. If the Act so requires, payment must first be approved by the Commissioner.

15. **Benefit payable in other circumstances**

The Trustees may, but only if consistent with the SIS Act as it applies to the Fund, pay part or all of a Member's benefit to a Member, or such other person as may be entitled to that benefit, despite these rules.

Complying Pensions

16.1 **Interpretation:**

(a) The Trustees may by resolution determine to pay the following types of pensions and in accordance with the following provisions however they are subject to the Superannuation Conditions and to the SIS Act.

(b) The Trustees are not bound to pay the pensions referred to in this rule however if they do so resolve then the Trustees must comply with the applicable provisions and those provisions apply despite the provisions of any other rule, unless the Trustees otherwise determine.

(c) Where a provision of the following rules refers to "rules" and where these governing rules do not specify or do not sufficiently specify the matter to which the provision refers, the Trustees may, subject to the SIS Act, determine that matter by resolution, whether or not the matter refers to the size of the payments of a benefit in a year being fixed, variations to allow payments under a payment split, the amount of any reversionary benefit or determination as to who is entitled to a reversionary benefit or reversionary pension or the amount of same or anything else. Any such resolution of Trustees shall be deemed to be part of and included in these rules.

(d) If the SIS Act prohibits the payment of a particular pension (for example, some defined benefit pensions cannot be paid in some circumstances by funds with less than 50 members) then the following provisions do not permit the payment of any such prohibited pension unless permitted by the SIS Act.

(e) To the extent that the provisions in this rule are inconsistent with the SIS Act, they are varied and are deemed to be included in these rules. Subject to the SIS Act the Trustees may pay any other pension that is not prohibited by the SIS Act and the Superannuation Conditions.

(f) In this Rule 16, paragraphs and subparagraphs may be referred to as regulations and subregulations.

(g) The Trustees may declare in writing a rule specifying the terms of a pension paid in accordance with the SIS Regulations and such rule shall apply to that pension and the member's consent must be obtained if required by the SIS Regulations.

16.2 **Pensions:**

(1) A benefit may be paid as a pension if:

(a) it meets the standards of SIS Regulation 1.06(1)(9A) (see paragraph 16.2(9A) of these Rules: and

(b) in the case of rules to which paragraph (9A)(a) applies (see paragraph 16.2(9A)(a) of these Rules) — the rules also meet the standards of SIS Regulation 1.07D (see paragraph 16.3D of these Rules); and

(c) in the case to which Regulation 9A(b) applies – the rules also meet the standards of SIS Regulation 1.07B (see paragraph 16.3B of these Rules).

16.2 This provision 16.2 applies on and from 1 July 2007, subject to the SIS Regulations.

(1A) A benefit that is commended to be paid before 20 September 2007 may be paid as a pension if:

(a) it is provided under these rules in accordance with Regulation 1.06 (2), (4), (6), (7) or (8) (see paragraph 16.2(2), (4), (6), (7) and (8) of these Rules); and

(b) where the primary beneficiary became entitled to the benefit on or after 20 September 1998 under these rules that meets the provisions of subregulation (7), the commencement day is to be the day when the primary beneficiary became entitled to the pension; and;

(c) for a benefit that is provided under these rules that meet the provisions of Regulation 1.06 (4) — the rules also meet the standards of regulation 1.07A (see paragraph 16.3A of these Rules); and

(d) for a benefit that is provided under these rules that meet the provisions of Regulation 1.06 (2), (6) or (7) (see paragraphs 16.2(2) (6) and (7)) — the rules also meet the provisions of regulation 1.07B (see paragraph 16.3(B) of these Rules); and

(e) for a benefit that is provided under the rules that meet the provisions of Regulation 10.6 (8), and has a commencement day on or after 20 September 2004 — the rules also meet the provisions of regulation 1.07C (see paragraph 16.3C of these Rules).

(1B) A benefit may be paid as a pension if it commenced to be paid on or after 20 September 2007 and:

(a) the benefit meets the standards of:

(i) Regulation 1.06 (7) or (8) (see paragraph 16.2(7) and (8)); and

(ii) Regulation 1.06 (9A) (see paragraph 16.2 (9A)); and

(b) the benefit was purchased with a rollover superannuation benefit that resulted from the commutation of:

(i) an annuity provided under a contract that meets the standards of SIS Regulation 1.05 (2), (9) or (10); or

(ii) a pension provided under rules that meet the standards of SIS Regulation 1.06 (2), (7) or (8) (see paragraph 16.2 (2), (7) and (8)); or

(iii) a pension provided under terms and conditions that meet the standards of SIS Regulation 1.07 (3A) of the RSA Regulations; and

(c) for a benefit that arises under rules that meet the standards of Regulation 1.06 (7) — the rules also meets the standards of regulation 1.07B (see paragraph 16.2); and

(d) for a benefit that arises under rules that meet the standards of Regulation (8) — the rules also meets the standards of regulation 1.07C (see paragraph 16.3(C)).

Lifetime Pensions

(2) This type of pension is called a lifetime pension:

(a) the pension must be paid at least annually throughout the life of the primary beneficiary in accordance with paragraphs (b) and (c) and, if there is a reversionary beneficiary:

(i) throughout the reversionary beneficiary's life; or

(ii) if he or she is a child of the primary beneficiary or of a former reversionary beneficiary under the pension — at least until his or her 16th birthday; or

(iii) if the person referred to in subparagraph (ii) is a full-time student at age 16 — at least until the end of his or her full-time studies or until his or her 25th birthday (whichever occurs sooner); and

(b) the size of payments of benefit in a year is fixed by the Trustees, allowing for variation only:

(i) as the Trustee determines in its discretion; or

(ii) to allow commutation to pay a superannuation contributions surcharge; or

(iii) to allow an amount to be paid under a payment split and reasonable fees in respect of the payment split to be charged; and

(c) unless the Regulator otherwise approves, the sum payable as benefit in each year to the primary beneficiary or to the reversionary beneficiary, as the case may be, is:

(i) if CPI_c is not less than CPI_p — not less than SP_p; or

(ii) if CPI_c is less than CPI_p — not less than:

$$\frac{CPI_c}{CPI_p} \times SP_p$$

where:

CPI_c means the quarterly CPI first published by the Australian Statistician for the second-last quarter before the day on which payment is to be made.

CPI_p means the quarterly CPI first published by the Australian Statistician for the same quarter in the immediately preceding year.

SP_p means the sum payable in the immediately preceding year;
and

(d) the pension does not have a residual capital value; and

(e) the pension cannot be commuted except:

(i) if the pension is not funded from the commutation of:

(A) an annuity that meets the standards of subregulation 1.05(2), (3), (9) or (10) of the SIS Regulations; or

(B) another pension that meets the standards of this subregulation or subregulation (3), (7) or (8); or

(C) a pension that meets the standards of subregulation 1.07(3A) of the RSA Regulations

and the commutation is made within 6 months after the commencement day of the pension; or

(ii) if the commutation is made to the benefit of a reversionary beneficiary on the death of the primary beneficiary — within one of the following periods after the commencement day of the pension:

(A) if the primary beneficiary's life expectancy on the commencement day, rounded up to the next whole number, is a period less than 20 years — that period;

(B) in any other case — 20 years; or

(iii) if the Superannuation lump sum resulting from the commutation is transferred directly for the purpose of purchasing another benefit provided under:

(A) rules that meet the provisions of this subregulation or subregulation (3), (7) or (8); or

(B) a contract that meets the provisions of subregulation 1.05 (2), (3), (9) or (10) of the SIS Regulations; or

(C) terms and conditions that meet the standards of subregulation 1.07(3A) of the RSA Regulations; or

(iv) to pay a superannuation contributions surcharge; or

(v) to give effect to an entitlement of a non-member spouse under a payment split; or

(vi) to pay an amount to give effect to a release authority under S292-415 or S292-80C of the Tax Act (1997), in respect of the primary beneficiary; and

(f) if the pension reverts or is commuted, it does not have a reversionary component greater than 100% of the benefit that was payable before the reversion or the commutation; and

(g) the pension is not able to be transferred to a person other than a reversionary beneficiary on the death of the primary beneficiary or of another reversionary beneficiary; and

(h) the capital value of the pension and the income from it, cannot be used as security for a borrowing.

(3) For the purpose of determining whether rules meet the provisions in subregulation (2), it is immaterial that:

(a) if the primary beneficiary dies within the period used for subparagraph (2) (e) (ii), a surviving reversionary beneficiary may obtain a payment equal to the total payments that the primary beneficiary would have received, if the primary beneficiary had not died, from the day of the death until the end of the period; and

(b) if the primary beneficiary dies within the period used for subparagraph (2) (e) (ii) and there is no surviving reversionary beneficiary, an amount, not exceeding the difference between the sum of the amounts paid to the primary beneficiary and the sum of the amounts that would have been so payable in the period, is payable to the primary beneficiary's estate; and

(c) if the primary beneficiary dies within the period used for subparagraph (2) (e) (ii) and there is a surviving reversionary beneficiary who also dies within that period, there is payable to the reversionary beneficiary's estate an amount determined as described in paragraph (b) as if that paragraph applied to the reversionary beneficiary.

Allocated Pensions

(4) (a) This type of pension is called an allocated pension;

(b) the size of payment of benefits in a year is not fixed;

(c) the provisions of paragraphs 16.2 (2) (g) and (h) are met; and

(d) payments must be made at least annually; and

(e) for a pension that has a commencement day on and after 22 December 1992 and before 1 January 2006 — the payments in a year (excluding payments by way of commutation but including payments made under a payment split) are not larger or smaller in total than, respectively, the maximum and minimum limits calculated in accordance with Schedule 1A of the SIS Regulations; and

(f) for a pension that has a commencement day on or after 1 January 2006 – the payments in a year (excluding payments by way of commutation but including payments made under a payment split) are not larger or smaller in total than the following:

(i) for payments made during the period starting on 1 January 2006 and ending on 30 June 2006 – the respective maximum and minimum limits for the year calculated in accordance with 1 of the following Schedules:

(A) Schedule 1A;

(B) Schedule 1AAB;

(ii) for payments made on or after 1 July 2006 – the respective maximum and minimum limits for the year calculated in accordance with Schedule 1AAB.

(5) For the purpose of determining whether rules meet the provisions of subregulation (4), it is immaterial that:

(a) (i) the commencement day of the pension occurs on or after 1 June in a financial year; and

(ii) these rules do not provide for the payment of an amount in that financial year that meets the standard for the minimum amount in that subregulation; or

(b) these rules do not ensure that the payments in the year in which the pension is to end meet the standard for the minimum amount in that subregulation.

Defined Pensions

(6) (a) This type of pension is called a defined pension:

(b) the size of the payments of benefit in a year is fixed, allowing for variation only as specified in the rules or to allow payments to be made under a payment split; and

(c) the commencement day is on or after 1 July 1994;

(d) the provisions of paragraphs 16.2 (2) (f), (g) and (h) must be met; and

(e) except in relation to payments, by way of commutation for superannuation contributions surcharge, variation in payments from year to year does not exceed, in any year, the average rate of increase of the CPI in the preceding 3 years; and

(f) payments in accordance with the contracted size are to be made at least annually; and

(g) the pension can be commuted — except if conversion is in relation to a commutation to pay a superannuation contributions surcharge, the conversion to a lump sum is limited to a sum that is not greater than the sum determined by applying the appropriate pension valuation factor under Schedule 1B of the SIS Regulations to the pension as if the commencement day were the day on which the commutation occurs.

Life Expectancy Pensions:

(7) This type of pension is called a life expectancy pension:

(a) for a pension that has a commencement day before 20 September 2004:

(i) if the life expectancy of the primary beneficiary on the commencement day is less than 15 years — the pension is to be paid at least annually to the primary beneficiary or to a reversionary beneficiary throughout a period equal to the primary beneficiary's life expectancy on the commencement day, rounded up, at the primary beneficiary's option, to the next whole number if the primary beneficiary's life expectancy does not consist of a whole number of years; or

(ii) if the life expectancy of the primary beneficiary on the commencement day is 15 years or more — the pension is to be paid at least annually to the primary beneficiary or to a reversionary beneficiary throughout a period that is not less than 15 years but not more than the primary beneficiary's life expectancy on the commencement day, rounded up, at the primary beneficiary's option, to the next whole number if the primary beneficiary's life expectancy does not consist of a whole number of years; and

(b) for a pension that has a commencement day on or after 20 September 2004:

(i) the pension is to be paid at least annually to the primary beneficiary or to a reversionary beneficiary throughout a period equal to the primary beneficiary's life expectancy on the commencement day, rounded up to the next whole number if the primary beneficiary's life expectancy does not consist of a whole number of years; or

(ii) the pension is to be paid at least annually to the primary beneficiary or to a reversionary beneficiary throughout a period equal to the primary beneficiary's life expectancy mentioned in subparagraph (i) calculated, at the option of the primary beneficiary, as if the primary beneficiary were up to 5 years younger on the commencement day; or

(iia) if the pension has a commencement day on or after 1 January 2006 – the pension is paid at least annually to the primary beneficiary or reversionary beneficiary throughout a period that is not less than the period available under subparagraph 16.2 (7)(b)(ii), and not more than the greater of the following periods:

(A) the maximum period available under subparagraph 16.2 (7)(b)(ii);

(B) the period of years equal to the number that is the difference between the age attained by the primary beneficiary at his or her most recent birthday before the commencement day, and 100; or

(iii) if:

(A) the pension is a pension that reverts to a surviving spouse on the death of the primary beneficiary; and

(B) the life expectancy of the primary beneficiary's spouse is greater than the life expectancy of the primary beneficiary; and

(C) the primary beneficiary has not chosen to make an arrangement mentioned in subparagraph (i), (ii) or (iia) for the pension;

the pension is paid at least annually to the primary beneficiary or to a reversionary beneficiary throughout a period equal to:

(D) the life expectancy of the spouse on the commencement day; or

(E) the life expectancy of the spouse calculated, at the option of the primary beneficiary, as if the spouse were up to 5 years younger on the commencement day;

(F) if the pension has a commencement day on or after 1 January 2006 – a period not less than the period available under sub-subparagraph 16.2 (7)(b)(iii)(D), and not more than the greater of the following periods:

(I) the maximum period available under sub-subparagraph 16.2 (7)(b)(iii)(E);

(II) the period of years equal to the number that is the difference between the age attained by the spouse at his or her most recent birthday before the commencement day, and 100;

at the option of the primary beneficiary, and rounded up to the next whole number if the life expectancy of the spouse does not consist of a whole number of years; and

(c) the total amount of the payment, or payments, to be made in the first year after the commencement day (not taking commuted amounts into account) is fixed and that payment, or the first of those payments, relates to the period commencing on the day the primary beneficiary became entitled to the pension; and

(d) the total amount of the payments to be made in a year other than the first year after the commencement day (not taking commuted amounts into account) does not fall below the total amount of the payments made in the immediately preceding year (the ***previous total***), and does not exceed the previous total:

(i) if CPI_c is less than or equal to 4% — by more than 5% of the previous total; or

(ii) if CPI_c is more than 4% — by more than CPI_c + 1%;

where:

CPI_c is the change (if any), expressed as a percentage, determined by comparing the quarterly CPI first published by the Australian Statistician for the second-last quarter before the day on which the first of those payments is to be made and the quarterly CPI first published by the Australian Statistician for the same quarter in the immediately preceding year;

and

(e) the total amount of the payments to be made in a year in accordance with paragraph (c) or (d) may be varied only:

(i) to allow commutation to pay a superannuation contributions surcharge; or

(ii) to allow an amount to be paid under a payment split and reasonable fees in respect of the payment split to be charged; and

(f) the pension does not have a residual capital value; and

(g) the pension cannot be commuted except:

(i) if the pension is not funded from the commutation of:

(A) an annuity that meets the standards of subregulation 1.05(2), (3), (9) or (10) of the SIS Regulations; or

(B) a pension that meets the standards of this subregulation or subregulation (2), (3) or (8); or

(C) a pension that meets the standards of subregulation 1.07(3A) of the RSA Regulations;

and the commutation is made within 6 months after the commencement day of the pension; or

(ii) subject to subparagraph (iv), by payment, on the death of the primary beneficiary, to the benefit of a reversionary beneficiary or, if there is no reversionary beneficiary, to the estate of the primary beneficiary; or

(iii) subject to subparagraph (iv), by payment, on the death of a reversionary beneficiary, to the benefit of another reversionary beneficiary, or, if there is no other reversionary beneficiary, to the estate of the reversionary beneficiary; or

(iv) for subparagraphs (ii) and (iii), if the primary beneficiary has opted, under subparagraph (b) (iii), for a period worked out in relation to the life expectancy of the primary beneficiary's spouse — the pension cannot be commuted until the death of both the primary beneficiary and the spouse; or

(v) if the Superannuation lump sum resulting from the commutation is transferred directly to the purchase of another benefit that is:

(A) an annuity provided under a contract that meets the provisions of subregulation (2), (3) (9) or (10); or

(B) a pension that is provided under rules that meet the provisions of subregulation 16.2 (2), (3) or (8) or this subregulation; or

(C) a pension that is provided under terms and conditions that meet the provisions of subregulation 1.07 (3A) of the RSA Regulations; or

(vi) to pay a superannuation contributions surcharge; or

(vii) to give effect to an entitlement of a non-member spouse under a payment split; or

(viii) to pay an amount to give effect to a release authority under S292-415 or S292-80C of the Tax Act (1997), in respect of the primary beneficiary; and

(h) if the pension reverts, it does not have a reversionary component greater than 100% of the benefit that was payable before the reversion; and

(i) if the pension is commuted, the commuted amount cannot exceed the benefit that was payable immediately before the commutation; and

(j) the pension cannot be transferred to a person except:

(i) on the death of the primary beneficiary, to a reversionary beneficiary or, if there is no reversionary beneficiary, to the estate of the primary beneficiary; or

(ii) on the death of a reversionary beneficiary, to another reversionary beneficiary or, if there is no other reversionary beneficiary, to the estate of the reversionary beneficiary; and

(k) the capital value of the pension, and the income from it, cannot be used as security for a borrowing.

Market Linked Pensions

(8) (a) This type of pension is called a market linked pension:

(i) it is to be paid at least annually to the primary beneficiary or to a reversionary beneficiary throughout a period equal to the primary beneficiary's life expectancy on the commencement day of the pension, rounded up to the next whole number if the primary beneficiary's life expectancy does not consist of a whole number of years; or

(ii) it is to be paid at least annually to the primary beneficiary or to a reversionary beneficiary throughout a period equal to the primary beneficiary's life expectancy mentioned in subparagraph (i) calculated, at the option of the primary beneficiary, as if the primary beneficiary were up to 5 years younger on the commencement day; or

(iia) if the pension has a commencement day on or after 1 January 2006 – the pension is paid at least annually to the primary beneficiary or reversionary beneficiary throughout a period that is not less than the period available under subparagraph 16.2 (8)(a)(i), and not more than the greater of the following periods:

(A) the maximum period available under subparagraph 16.2 (8)(a)(ii);

(B) the period of years equal to the number that is the difference between the age attained by the primary beneficiary at his or her most recent birthday before the commencement day, and 100; or

(iii) if:

(A) the pension reverts to a surviving spouse on the death of the primary beneficiary; and

(B) the life expectancy of the primary beneficiary's spouse is greater than the life expectancy of the primary beneficiary; and

(C) the primary beneficiary has not chosen to make an arrangement mentioned in subparagraph (i), (ii) or (iia) for the pension;

the pension is to be paid at least annually to the primary beneficiary or to a reversionary beneficiary throughout a period equal to:

(D) the life expectancy of the spouse on the commencement day; or

(E) the life expectancy of the spouse calculated, at the option of the primary beneficiary, as if the spouse were up to 5 years younger on the commencement day;

(F) if the pension has a commencement day on or after 1 January 2006 – a period not less than the period available under sub-subparagraph 16.2 (8)(a)(iii)(D), and not more than the greater of the following periods:

(I) the maximum period available under sub-subparagraph 16.2 (8)(a)(iii)(E);

(II) the period of years equal to the number that is the difference between the age attained by the spouse at his or her most recent birthday before the commencement day, and 100;

at the option of the primary beneficiary, and rounded up to the next whole number if the life expectancy of the spouse does not consist of a whole number of years; and

(b) the total amount of the payments to be made in a year (excluding payments by way of commutation but including payments made under a payment split) is determined in accordance with Schedule 6 of the SIS Regulations; and

(c) the market linked pension does not have a residual capital value; and

(d) the market linked pension cannot be commuted except:

(i) if the pension:

(A) is not funded from the commutation of:

(I) an annuity that is provided under a contract that meets the standards of subregulation 1.05 (2), (3), (9) or (10) of the SIS Regulations; or

(II) another pension that is provided under rules that meet the standards of this subregulation, or subregulation 16.2 (2), (3) or (7); or

(III) another pension that is provided under terms and conditions that meet the standards of subregulation 1.07 (3A) of the RSA Regulations; and

(B) the commutation is made within 6 months after the commencement day of the pension; or

(ii) subject to subparagraph (iii), on the death of the primary beneficiary or reversionary beneficiary, by payment of:

(A) a lump sum or a new pension to one or more dependants of either the primary beneficiary or reversionary beneficiary; or

(B) a lump sum to the legal personal representative of either the primary beneficiary or reversionary beneficiary; or

(C) if, after making reasonable enquiries, the provider of the pension is unable to find a person mentioned in sub-subparagraph (A) or (B) — a lump sum to another individual; or

(iii) for subparagraph (ii), if the primary beneficiary has opted, under subparagraph (a) (iii), for a period worked out in relation to the life expectancy of the primary beneficiary's spouse — the market linked pension cannot be commuted until the death of both the primary beneficiary and the spouse; or

(iv) if the Superannuation lump sum resulting from the commutation is transferred directly to the purchase of another benefit that is:

(A) an annuity provided under a contract that meets the standards of subregulation 1.05 (2), (3), (9) or (10) of the SIS Regulations; or

(B) a pension that is provided under rules that meet the standards of this subregulation, or subregulation 16.2 (2), (3) or (7); or

(C) a pension that is provided under terms and conditions that meet the standards of subregulation 1.07 (3A) of the RSA Regulations; or

(v) to pay a superannuation contributions surcharge; or

(vi) to give effect to an entitlement of a non-member spouse under a payment split; or

(vii) to pay an amount to give effect to a release authority under S292-415 or S292-80C of the Tax Act (1997), in respect of the primary beneficiary; and

(e) if the market linked pension reverts — it does not have a reversionary component greater than 100% of the account balance immediately before the reversion; and

(f) if the market linked pension is commuted — the commutation amount cannot exceed the account balance immediately before the commutation; and

(g) the market linked pension can be transferred only:

(i) on the death of the primary beneficiary:

(A) to 1 of the Dependants of the primary beneficiary; or

(B) to the legal personal representative of the primary beneficiary; or

(ii) on the death of the reversionary beneficiary:

(A) to 1 of the Dependants of the reversionary beneficiary; or

(B) to the legal personal representative of the reversionary beneficiary; and

(h) the capital value of the market linked pension, and the income from it, cannot be used as security for a borrowing.

(9) Rules mentioned in subregulation (8) of regulation 1.06 are not prevented from meeting the standards of that subregulation by reason only that the rules provide that, if the commencement day of the pension is on or after 1 June in a financial year, no payment is required to be made for that financial year.

Simple Super Pensions – with effect from 1 July 2007

(9A) Rules for the provision of a benefit ***(the pension)*** meet the standards of this subregulation if the rules ensure that payment of the pension is made at least annually, and also ensure that:

(a) for a pension in relation to which there is an account balance attributable to the beneficiary — the total of payments in any year (including under a splitting order) is at least the amount calculated under clause 1 of Schedule 7 of the SIS Regulations; and

(b) for a pension that is not described in paragraph (a):

(i) both of the following apply:

(A) the rules; and

(B) the total of payments in any year (including under a splitting order) is at least the amount calculated under clause 2 of Schedule 7 of the SIS Regulation; or

(ii) each of the following applies:

(A) the pension is payable throughout the life or for a fixed term of years that is no greater than the difference between the beneficiary's age on the commencement day and the age of 100;

(B) there is no arrangement for an amount (or percentage of the purchase price) to be returned to the recipient when the payment of the pension ends;

(C) the total payments from the pension in the first year (including under a payment split) is at least the amount calculated under clause 2 of Schedule 7;

(D) the total of payments from the pension in a subsequent year cannot vary from the total of payments in the previous year unless the variation is as a result of an indexation arrangement or the transfer of the pension to another person;

(E) if the pension is commuted, the commutation amount cannot exceed the benefit that was payable immediately before the commutation; or

(iii) the rules meet the standards of regulation 1.06(2); and

(c) the pension is transferable to another person only on the death of the beneficiary (primary or reversionary, as the case may be); and

(d) the capital value of the pension and the income from it cannot be used as a security for a borrowing.

(9B) Rules for the provision of a benefit do not meet the standards of any of regulations 1.06(2) to (9A) if, in relation to the death of the beneficiary on or after 1 July 2007, the pension is transferred to a person who would not be eligible to be paid a benefit in the form of a pension under subregulation 6.21 (2A).

(10) Despite subregulation 9 of the *Income Tax Regulations 1936*, for a pension that has a commencement day on or after 20 September 2004 and on or before 31 December 2004, one of the following life tables are to be used in ascertaining the life expectancy of a person under this regulation:

(a) the most recently published Australian Life Tables;

(b) the *1995-97 Australian Life Tables*.

(11) In this regulation:

indexation arrangement, in relation to a pension, means an arrangement specified in the rules for the provision of the pension that:

(a) either:

(i) results in the total amount of pension payments in each year increasing by the same percentage factor; or

(ii) results in the total amount of pension payments in each year being adjusted in line with movements in:

(A) the Consumer Price Index; or

(B) an index of average weekly earnings published by the Australian Statistician; and

(b) ensures that, unless APRA otherwise approves, an adjustment is made at least annually to the amount of the pension payments.

Non-Commutable pensions

(12) (a) This type of pension is a called a non-commutable pension:

(i) it meets the standards of regulation 1.06 (2), (7) or (8) (see paragraph 16.2(2), (7) and (8) of these Rules); and

(ii) if the pension is commuted under paragraph 1.06 (2)(e)(i), (7)(g)(i) or (8)(d)(i) (see paragraphs 16.2(e)(i), (7)(g)(i) and (8)(d)(i) of these Rules), the resulting Superannuation lump sum cannot be cashed unless:

(A) the purpose of the commutation is to cash an unrestricted non-preserved benefit; or

(B) before commutation, the pensioner has satisfied a condition of release in respect of which the cashing restriction for preserved benefits and restricted preserved benefits is "Nil".

Non-Commutable allocated pensions

(b) This type of pension is called a non-commutable allocated pension where:

(i) the provisions of regulation 1.06 (4) are met (see paragraph 16.2(4) of these Rules); and

(ii) if the pension is commuted, the resulting Superannuation lump sum cannot be cashed unless:

(A) the purpose of the commutation is:

(I) to cash an unrestricted non-preserved benefit; or

(II) to pay a superannuation contributions surcharge; or

(III) to give effect to an entitlement of a non-member spouse under a payment split; or

(IV) to ensure that a payment may be made to give effect to a release authority under S292-14 or S292-80C Tax Act (1997); or

(B) before commutation, the pensioner has satisfied a condition of release in respect of which the cashing restriction for preserved benefits and restricted preserved benefits is "Nil".

16.2B Transition to Retirement Income Streams

This is a pension the rules of which:

(i) are rules

(A) to which regulation 1.06 (9A) applies (see paragraph 16.2(9A) of these Rules); and

(B) that meet the standards of regulation 1.06 (9A); and

(ii) allow total payments (including payments under a payment split) made in any financial year to amount to no more than 10% of the pension account balance.

(A) on 1 July in the financial year in which the payment is made; or

(B) if that year is the year in which the pension commences – on the commencement day; and

(iii) comply with paragraph (b) of the definition of ***non-commutable allocated pension*** (see paragraph 16.12(b) of these Rules), as if it were such a pension.

16.3 Periods when beneficiary may not receive benefits

A benefit is not taken not to meet the provisions of 16.2 of these rules by reason only that payments of benefit to the beneficiary have been properly suspended during a period when the beneficiary is the holder of a paid public office.

16.3A Commutation of allocated annuities and pensions

(1) This regulation applies in relation to the rules in paragraph 16.2 (1) (c) for a benefit (in this regulation called the *pension*).

(2) The pension cannot be commuted, in whole or in part, unless:

(a) the commutation results from the death of an annuitant or pensioner or a reversionary annuitant or reversionary pensioner; or

(b) the sole purpose of the commutation is:

(i) to pay a superannuation contributions surcharge; or

(ii) to give effect to an entitlement of a non-member spouse under a payment split; or

(iii) to meet the rights of a client to return a financial product under Division 5 of Part 7.9 of the *Corporations Act 2001*; or

(c) the pension has paid, in the financial year in which the commutation is to take place, at least the minimum amount under subregulation (3).

(3) For paragraph (2) (c), the minimum amount is calculated using the formula:

$$\text{Minimum annual amount} \times \frac{\text{Days in payment period}}{\text{Days in financial year}}$$

where:

Days in payment period means the number of days in the period that:

(a) begins on:

(i) if the annuity or pension commenced in the financial year in which the commutation is to take place — the commencement day; or

(ii) otherwise — 1 July in that financial year; and

(b) ends on the day on which the commutation is to take place.

Days in financial year means the number of days in the financial year in which the commutation is to take place (365 or 366).

Minimum annual amount for the financial year means:

(a) for an annuity mentioned in paragraph (1) (b) — the minimum limit worked out in accordance with clause 2 of Schedule 1A or 1AAB of the SIS Regulations as the case may be as if the annuity account balance was the amount of the annuity account that is allocated by the annuity provider to make payments whose size is not fixed, in accordance with subparagraph 1.05 (8) (c) (ii) of the SIS Regulations; and

(b) otherwise — the minimum limit worked out in accordance with clause 2 of Schedule 1A or 1AAB as the case may be of the SIS Regulations;

rounded to the nearest 10 whole dollars.

16.3B Commutation of other annuities and pensions

(1) This regulation applies subject to the SIS Regulations in relation to the rules mentioned in paragraph 16.2 (1) (d) for a benefit (in this regulation called the ***pension***).

(1A) This regulation applies, subject to the SIS Regulation from 1 July 2007 in relation to rules of a superannuation fund mentioned in regulation 1.06 (1) (c) (see paragraph 16.2(1)(c) of these rules) or paragraph 1.06 (1A) (d) for a benefit (in this regulation called the ***pension***).

(2) For this regulation, other than for subregulation (5), the ***payment year*** for an annuity or pension means the period of 12 months that begins on the day after:

(a) the commencement day; or

(b) the anniversary of the commencement day.

(3) The pension cannot be commuted, in whole or in part, unless:

(a) the commutation results from the death of an annuitant or pensioner or a reversionary annuitant or reversionary pensioner; or

(b) the sole purpose of the commutation is:

(i) to pay a superannuation contributions surcharge; or

(ii) to give effect to an entitlement of a non-member spouse under a payment split; or

(iii) to meet the rights of a client to return a financial product under Division 5 of Part 7.9 of the *Corporations Act 2001*; or

(c) the annuity or pension has paid, in the payment year in which the commutation is to take place, at least the minimum amount under subregulation (4).

(4) For paragraph (3) (c), the minimum amount is calculated using the formula:

$$\text{Minimum annual amount} \times \frac{\text{Days in payment period}}{\text{Days in payment year}}$$

where:

Days in payment period means:

(a) the number of days in the period that:

(i) begins on:

(A) the day after the anniversary of the commencement day that occurs before the day on which the commutation is to take place; or

(B) if the annuity or pension commenced on the day before the start of the payment year in which the commutation is to take place — the day after the commencement day; and

(ii) ends on the day on which the commutation is to take place; or

(b) if subregulation (5) applies — 1 day.

Days in payment year means the number of days in the payment year in which the commutation is to take place (365 or 366).

Minimum annual amount means:

(a) for an annuity mentioned in paragraph (1) (b) — the minimum amount that the annuity would pay as fixed-size payments in the payment year if the annuity were not commuted; and

(b) otherwise — the minimum amount that the annuity or pension would pay in the payment year if the annuity or pension were not commuted.

(5) If the commencement day for an annuity or a pension is the day on which the commutation of the annuity or pension is to take place:

(a) the payment year is taken to commence on the commencement day and end on the day before the anniversary of the commencement day; and

(b) there is taken to be 1 day in the payment period.

(6) If, to calculate the minimum annual amount, it is necessary to use a future unknown value of the CPI, that value is taken to be equal to the CPI for the last known quarter.

16.3C Commutation of market linked income stream

(1) This regulation applies in relation to the following:

(a) a contract mentioned in paragraph 1.05 (1) (g) of the SIS Regulations for a market linked annuity;

(b) rules mentioned in paragraph 16.2 (1) (e) for a market linked pension.

(2) The pension cannot be commuted, in whole or in part, unless:

(a) the commutation results from the death of an annuitant or pensioner or a reversionary annuitant or reversionary pensioner; or

(b) the sole purpose of the commutation is:

(i) to pay a superannuation contributions surcharge; or

(ii) to give effect to an entitlement of a non-member spouse under a payment split; or

(iii) to meet the rights of a client to return a financial product under Division 5 of Part 7.9 of the *Corporations Act 2001*; or

(ba) for a commutation in part – the account balance of the annuity or pension, immediately after the commutation in part, would be equal to or would exceed the total payment amount calculated in accordance with Schedule 6 of the SIS Regulations, as reduced by the amount of income payments already made in the financial year in which the commutation in part would occur; or

(c) the annuity or pension has paid, in the financial year in which the commutation is to take place, at least the minimum amount under subregulation (3).

(3) For paragraph (2) (c), the minimum amount is calculated using the formula:

$$\text{annual amount} \times \frac{\text{Days in payment period}}{\text{Days in financial year}}$$

where:

annual amount for the financial year means the amount worked out in accordance with Schedule 6 for the annuity or pension, rounded to the nearest 10 whole dollars.

days in payment period means the number of days in the period that:

(a) starts on:

(i) if the annuity or pension commenced in the financial year in which the commutation is to take place — the commencement day; or

(ii) in any other case — 1 July in that financial year; and

(b) ends at the end of the day on which the commutation is to take place.

days in financial year means the number of days in the financial year in which the commutation is to take place.

16.3D Commutation of superannuation income stream

(1) For regulation 1.06 (1) (b) (see paragraph 16.2 of these Rules), a benefit meets the standards of this regulation if, under the applicable rules, the pension cannot be commuted, in whole or in part, except in the following circumstances:

(a) the commutation results from the death of the annuitant or pensioner or a reversionary annuitant or reversionary pensioner; or

(b) the sole purpose of the commutation is:

(i) to pay a superannuation contributions surcharge; or

(ii) to give effect to an entitlement of a non-member spouse under a payment split; or

(iii) to meet the rights of a client to return a financial product under Division 5 of Part 7.9 of the *Corporations Act 2001*; or

(c) for a commutation in part — the account balance of the pension, immediately after the commutation, is equal to or greater than the minimum payment amount calculated in accordance with Schedule 7 of the SIS Regulations, as reduced by the amount of income payments, if any, already made in the financial year in which the commutation occurs; or

(d) the pension has paid, in the financial year in which the commutation takes place, at least the minimum amount prescribed by subregulation (2) (see paragraph 16.3D(2) below).

(2) For paragraph (1) (d), the minimum amount is the amount calculated using the formula:

$$\text{Minimum annual amount} \times \frac{\text{Days in payment period}}{\text{Days in financial year}}$$

where:

Days in payment period means the number of days in the period that:

(a) begins on:

(i) if the pension commenced in the financial year in which the commutation is to take place — the commencement day; or

(ii) otherwise — 1 July in that financial year; and

(b) ends on the day on which the commutation is to take place.

Days in financial year means the number of days in the financial year (365 or 366) in which the commutation takes place.

Minimum annual amount means the minimum amount payable under the annuity or pension, in the financial year, calculated in accordance with Schedule 7.

17. Pension Reserves

Subject to the Act, where it considers it appropriate the Trustee may:

(a) obtain the advice of an actuary regarding the amount of pension payments, any variation to the amount of those payments, commutations, the establishment, monitoring or treatment of pension reserves in accordance with this Rule 17, or any other relevant matter;

(b) establish pension reserves in relation to the funding of pension obligations relating to particular beneficiaries;

(c) where a pension benefit liability to which a pension reserve relates no longer exists, or the amount of the pension reserve exceeds the expected liability, arrange for any assets or excess assets in the pension reserve to be applied in any manner whatsoever that the Trustee considers fair and reasonable, including for the general purposes of the Fund, but having special regard to the interests of the beneficiary to whom the pension benefit related and that Beneficiary's dependants.

18. Death benefits:

(a) This Rule applies if the terms of a particular pension do not provide for the consequences for payment of the pension on the death of the pension recipient.

(b) Where this Rule applies, then unless the Trustee otherwise determines and subject to the Act, if any amount is payable in respect of the pension recipient on the pension recipient's death, it will be dealt with in accordance with any binding nomination or if there is no binding nomination, as the Trustees determine.

Provision of defined benefit pensions

19.1 In this rule 19:

Defined benefit pension means a pension under section 10 of the SIS Act, other than:

(a) a pension wholly determined by reference to policies of life assurance purchased or obtained by the Trustee of a regulated superannuation fund solely for the purposes of providing benefits to Members of that fund; or
(b) an allocated pension; or
(c) a market linked pension.

19.2 The fund may provide a defined benefit pension only:

(a) to a person:
  (i) who, on 11 May 2004, was a Member of the fund; and
  (ii) who, before 31 December 2005:
    (A) retires (within the meaning of subregulation 6.01 (7) of the SIS Regulations) on or after attaining age 55; or
    (B) attains age 65; and
  (iii) who, after 11 May 2004 and before 31 December 2005, becomes entitled to be paid a defined benefit pension pursuant to these rules; and

(b) if the first pension payment is made within 12 months after the day when the person became entitled to the pension,

unless the SIS Act otherwise permits the payment of a defined pension (for example under SIS Regulation 9.04F).

Deduction for detrimental payments after Member's Death

20. For the purposes of Section 279D of the Tax Act, if a Member dies and a benefit is paid as a consequence, the Trustees may do all such things and make such allowances or payments as may be necessary or desirable to give to the recipient of that benefit, the benefit of any deduction permitted under the Section.

REFERENCE SCHEDULE

Date of this Deed:- 30th MARCH 2007

Prior Governing Rules Dated:- 3RD JUNE 2003

Amending Power (Clause number):- Clause 8

Name of Fund:-

J L AND D M SUPERANNUATION FUND

Parties:-

(a) Trustee(s):-

DRURY John Laurance
108 Quarry Road
Ryde NSW 2112

DRURY Dianne Mary
108 Quarry Road
Ryde NSW 2112

(b) Member(s):-

DRURY John Laurance
108 Quarry Road
Ryde NSW 2112

DRURY Dianne Mary
108 Quarry Road
Ryde NSW 2112

(c) Principal Employer (if any):-

Parties Who Have
Power to Amend:- Trustees With the consent of Principal Employer, if any.

Executed as a deed on the date appearing in the Reference Schedule.

Signed Sealed and Delivered by
DRURY John Laurance
in their capacity as Trustee in the presence of:

Signed Sealed and Delivered by
DRURY Dianne Mary
in their capacity as Trustee in the presence of:

Signed Sealed and Delivered by
DRURY John Laurance
in their capacity as Member in the presence of:

Signed Sealed and Delivered by
DRURY Dianne Mary
in their capacity as Member in the presence of:

Stamp Duty Schedule

N.B. It is your responsibility to attend directly to the payment of any applicable stamp duty on the deed. For information regarding stamping, please contact the relevant authority:

New South Wales	Office of State Revenue. Lang Centre, Cnr Hunter & Marsden Streets, Parramatta NSW 2150 or GPO Box 4042 Sydney NSW 2001. Phone (02) 9689 6200
Victoria	State Revenue Office. Level 2, 121 Exhibition Street, Melbourne VIC 3000 or GPO Box 1641N Melbourne VIC 3001 Phone 132 161
Queensland	Office of State Revenue. Upper Plaza, 33 Charlotte Street, Brisbane QLD 4000 or GPO Box 2593 Brisbane QLD 4001 Phone 1300 300 734
ACT	ACT Revenue Office. Plaza Level, Canberra Nara Centre, Cnr London Circuit and Constitution Ave, Canberra City ACT 2601 or PO Box 293 Civic Square ACT 2608 Phone (02) 6207 0029
Western Australia	Office of State Revenue. Plaza Level, 200 St. Georges Terrace. Perth WA 6000 or GPO Box T1600 Perth WA 6845 Phone (08) 9262 1100
South Australia	RevenueSA. Taxpayer Hall. Ground Floor State Administration Centre, 200 Victoria Square, Adelaide SA 5000 or GPO Box 1353 Adelaide SA 5001 Phone (08) 8226 3750
Tasmania	State Revenue Office. 80 Elizabeth Street, Hobart TAS 7000 or GPO Box 1374 Hobart TAS 7001 Phone (03) 6233 3100
Northern Territory	Territory Revenue Management. 4th Floor Cavenagh House 38 Cavenagh Street, Darwin NT 0800 or GPO Box 154 Darwin NT 0801 Phone (08) 8999 7949 or 1300 305 353

N.B. There are circumstances where duty will alter and you should check with the relevant office.

Particular parties or particular amounts of money paid by parties to the documents may alter the amount of duty payable. Other circumstances may alter the amount of duty payable. Stamp duty is payable on signed duplicate copies. Generally speaking you should ensure that duty is paid within 30 days of the first execution of the documents otherwise penalties may apply. Some Offices permit longer periods. If you are not aware of the position you should seek advice.