



**TAX EXEMPT INCOME ACTUARIAL CERTIFICATE REQUIRED BY  
SECTION 295-390 OF INCOME TAX ASSESSMENT ACT 1997  
PREPARED FOR  
KILINDINI SUPERANNUATION FUND  
COVERING THE 2021/22 FINANCIAL YEAR**

**SUMMARY:** The proportion of exempt investment income during  
the financial year ending 30/06/2022 is 7.117%

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Prepared by:

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Consulting Actuary/Director

Date of Certification: 30/09/2022



**CONFIDENTIAL**

30<sup>th</sup> September 2022

The Trustee  
Kilindini Superannuation Fund  
38 Hawkstone Street  
**COTTESLOE WA 6011**

By Email Only: [simon.storm@dorado.com.au](mailto:simon.storm@dorado.com.au)

Dear Trustee,

**RE: SECTION 295-390 ACTUARY'S CERTIFICATE OF EXEMPT INCOME  
FOR THE 2021/22 FINANCIAL YEAR**

This actuarial certificate has been prepared at the request of the Trustees of the Kilindini Superannuation Fund to certify the tax-exempt current pension income proportion as required by Section 295-390 of the Income Tax Assessment Act 1997.

**1. INTRODUCTION AND PURPOSE OF REPORT**

There are two methods for calculating Exempt Current Pension Income (ECPI) – segregated and unsegregated. These are used to work out how much of the ordinary and statutory income (i.e. income other than assessable contributions and non-arm's length income) is exempt from tax when a fund is paying a pension. Where a self-managed superannuation fund has unsegregated assets covering both retirement phase income streams and other entitlements, an actuarial certificate is needed each year to certify the tax-exempt income proportion. Since your SMSF consists only of account-based benefits, aspects that apply to defined benefits, APRA regulated funds, partially funded public-sector schemes etc. do not need to be considered.

For the 2021/22 year where part year deemed segregation applies, the trustees have a choice between two different ECPI methods. The default is the current mixture of segregated and balance on a proportional/unsegregated method. The optional alternative is to apply the proportional/unsegregated method for the full year. Funds with disregarded small fund assets can't use the segregated method for ECPI, neither elected nor deemed segregation. The full year proportional/unsegregated method must be used.

In this case, the full year proportional approach applies.

The primary purpose of this report is to provide the information and certification needed to work out the tax due on the Fund's assessable income. It is not necessary for this actuarial certificate required under section 295-390 of the ITAA 1997 to accompany the Fund's annual tax return. However, it is still necessary to have this certificate before the lodgement of that return.

## 2. PROFESSIONAL STANDARDS CERTIFICATION STATEMENT

This actuarial certificate has been prepared by BRIAN BENDZULLA, BSc UED, Fellow of the Institute of Actuaries of Australia in his capacity as a consulting actuary and director of NetActuary Pty Ltd ABN 94 108 585 164. My contact details are set out on this letterhead.

I confirm that this actuarial certificate and values of liabilities set out below have been prepared in accordance with the Institute of Actuaries of Australia's Professional Standard 406 and other relevant professional standards and guidance notes. Legislation relevant to this report include the Income Tax Assessment Act 1997 and Regulations, together with the Superannuation Industry (Supervision) Act 1993 and Regulations.

## 3. FUND IDENTIFICATION AND DETAILS

Details of the complying SMSF covered by this certificate are:

<b>Name of SMSF:</b>	<b>KILINDINI SUPERANNUATION FUND</b>
<b>ABN:</b>	13 943 031 017
<b>Fund Type:</b>	ATO Regulated Self-Managed Super Fund
<b>Trustee:</b>	Kilindini Super Pty Ltd

The information from which this certificate was prepared was provided by the Trustee. This includes details of the current members and the value of benefits held by each member. The data has been reviewed for consistency, but its accuracy has not been independently verified.

## 4. METHODOLOGY AND ASSUMPTIONS

The tax-exempt proportion for the unsegregated pool of assets in the Fund (i.e. excluding segregated and non-current pension liabilities) is calculated in accordance with Section 295-390(3) of the Income Tax Assessment Act 1997 as:

$$\frac{\text{Average value of current pension liabilities}}{\text{Average value of superannuation liabilities}}$$

The proportion is applied to the normal assessable income of those unsegregated liabilities to determine the exempt amount.

Transactions unless otherwise stated are assumed to occur at the start of the relevant day.

The average values have been determined by a daily weighted average calculation of the opening balances and the size and timing of each transaction. Tax including contribution tax is taken to be an end of year item.

#### 5. FUND MEMBERSHIP AND BENEFIT INFORMATION

The benefits of this Self-Managed Fund are only accumulation accounts, allocated pensions, transition to retirement account-based income streams, account-based pensions and market linked pensions. There are no reserve accounts or legacy defined pensions. In summary, the following have been the benefits provided in the 2021/22 financial year:

<b>Member</b>	<b>Entitlements in 2021/22</b>
Simon Storm	Simon started the year with a non-retirement phase account but moved \$1.7m on 02/05/2022 to retirement phase.
Sheena Storm	Sheena has a non-retirement phase accumulation account.
Emma, Jane and Kate Storm	Each have a non-retirement phase accumulation account.

Where relevant, segregated liabilities have been excluded.

#### 6. OPERATING STATEMENT

The operating statement in aggregate and excluding segregated current pension assets and segregated non-current assets/liabilities is as follows:

ITEM	Simon	Sheena	Emma/Jane/Kate	Totals
Non-Retirement Phase Entitlements	2,787,722	1,061,845	19,624	3,869,191
Retirement Phase Entitlements	0	0	0	0
<b>OPENING BALANCES</b>	<b>2,787,722</b>	<b>1,061,845</b>	<b>19,624</b>	<b>3,869,191</b>
+ Contributions/Roll Ins	0	357,500	20,459	377,959
- Insurance Premiums	0	0	0	0
- Non-Retirement Phase Payments	0	0	0	0
- Retirement Phase Payments	5,667	0	0	5,667
		Net Earnings to be allocated		302,691
<b>CLOSING BALANCE AT 30/06/2022 BEFORE YEAR END ITEMS</b>				<b>4,544,174</b>

The above amounts are from unaudited accounts. Any material difference found at the audit stage should be referred back to us for a revised report to be issued. Since all benefits are account-based, current pension and non-pension liabilities and assets at the particular time shown above – in the absence of unusual terms or guarantees – have been taken to be the balance of the account.

## 7. CALCULATION OF RESULTS

For the Kilindini Superannuation Fund the tax-exempt percentage presented below applies to assessable investment income and assessable realised gains derived from the assets described in this certificate.

The proportion of exempt investment income (not including income in respect of any segregated current pension assets or non-current assets) during the financial year-ending 30/06/2022 is:

$$\frac{\text{Average Unsegregated Current Pension Liabilities}}{\text{Average Unsegregated Superannuation Liabilities}} = \frac{\$289,742}{\$4,071,111} = 7.117\%$$

Provided the Trust Deed and legislation permits, the Trustees have discretion about how income and expenses are allocated at member level. However, the above asset/time weighted allocations are clearly fair and equitable.

## 8. TAX EXEMPTION CERTIFICATE FOR 2021/22 FINANCIAL YEAR

This certificate is required where a complying superannuation fund wishes to claim a portion of the fund's income as "exempt current pension income". It excludes any segregated part of the fund.

**The following statement is made in satisfaction of ITAA 1997 s295-390(3):**

*I, Brian Bendzulla, FIAA certify that 7.117% of the net ordinary assessable income and assessable capital gains earned on the unsegregated assets of the Kilindini Superannuation Fund for the year ended 30/06/2022 should be exempt from tax.*

**The following statement is made in satisfaction of ITAA 1997 s295-390(4):**

*I, Brian Bendzulla, certify that the amount of the assets at 30/06/2022, if accumulated after that time at the rate I expect will be the rate of the Fund's earnings on those assets together with future contributions in respect of the non-pension liabilities, will provide the amount required to discharge in full the liabilities as they fall due.*

Since this SMSF consists of accumulation and account-based pensions only, no assumption is needed or made regarding rates of return; pension increases or discount rates. No rate of pension increase has been assumed other than that it will comply with SIS Regulations for the relevant type of account-based income stream including the required minimum pension payment amount.

I have relied upon the trustees/auditor checking that the requirements to be considered a retirement phase superannuation income stream under the Act in the year of income have been met. If the required standards have not been met, the income stream may not be eligible for an exemption from income tax and the tax-exempt proportion calculated above may not be applicable.

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Please do not hesitate to contact me should you wish to discuss any aspect of this actuarial certificate.

Yours sincerely,



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