

SUMMARY OF SELF MANAGED SUPERANNUATION FUNDS

INTRODUCTION

This summary outlines the structure, benefits and taxation aspects of an accumulation lump sum / pension fund approved under the Income Tax Assessment Act 1936 and operating in accordance with the Superannuation Industry (Supervision) Act 1993 and Associated Regulations - (SISA).

THE BASIC PLAN

The Founder establishes a superannuation fund with Trustees of its choice. However the selection of Trustees and their appointment must accord with the requirements of the relevant authorities. Super Concepts Pty Ltd can provide advice in this regard.

The purpose and objectives of the Fund will be to generate retirement, death and disablement benefits for members at such levels as determined from time to time by the Members and the Trustees. The Trustees have the power to invest the funds and effect insurance on the lives of the members.

BENEFITS

Normal Retirement: (Males 65, Females 65)

Upon a Member:

- retiring from Gainful Employment, at or after a Member's Normal Retirement Age; or
- reaching the age of 65 years; or
- fulfilling the relevant requirements of the Act for the payment of benefits upon retirement notwithstanding that the Member may otherwise continue in Gainful Employment;

the Member shall be entitled to be paid from the Fund a retirement benefit equivalent to the amount standing to the credit of the Member's Accumulation Account as at the date upon which payment is made and as advised to the Member by the Trustee.

Death or Total and Permanent Disablement:

Upon the death of a Member the Trustee shall pay a death benefit equal to the amount standing to the credit of that Member's Accumulation Account as at the date upon which payment is made and the proceeds of any policy of insurance effected on behalf of the Member in accordance with the Trust Deed.

Pre-Retirement Benefits:

Upon a Member ceasing to be in Gainful Employment with an Employer (who has made contributions to the Fund in relation to that Member) before the Member's Normal Retirement Age and the Member is not otherwise entitled to any other benefit from the Fund, the Member shall be entitled to receive from the Fund, subject to the conditions of preservation as required by the Act, a benefit equal to:

- the amount standing to the credit of the Member's Accumulation Account which amount represents the Member Contributions (if any) made by the Member accumulated with interest compounded at the Determined Interest Rate up to the date on which the Member ceased to be in Gainful Employment with that Employer; and
- such additional amount (if any) as the Fund shall be required to provide for the Member such that the total benefit to which that Member is entitled is not less than the minimum benefit requirements specified in the Act; and
- such additional amount as the Trustee may determine having regard to the circumstances of the Member's cessation of Gainful Employment PROVIDED THAT the total benefit payable pursuant to this clause shall not exceed the amount then standing to the credit of the Member's Accumulation Account.

Preservation of Benefits:

In the case of a Member who ceases to be in Gainful Employment prior to Age 55 the Trustees will need to ensure that any part of the entitlement that is required to be preserved until Age 55 is dealt with in the appropriate manner. Super Concepts Pty Ltd is able to provide the Trustees with assistance in this regard.

CONTRIBUTIONS

Contributions will fall into two categories.

Deductible contributions - These are contributions for which someone has received a tax deduction. Taxation laws set maximum levels for which a deduction is allowed.

Undeducted contributions - These are contributions for which no tax deduction is obtained and subject to other planning considerations there is no limit on the amount of undeducted contributions that can be made.

**Extra care should be taken with regard to acceptance of contributions
from members aged 65 or more.**

Super Concepts Pty Ltd or your Professional Adviser can provide you with more details regarding this matter.

INVESTMENTS

The Trustees are free to choose whatever investment portfolio they consider appropriate having due regard to the provisions of the Deed and the requirements for Trustees to adopt a "prudent person" approach to the Fund investment strategy. **ALL** regulated superannuation funds need to document an investment strategy and you should consult a Professional Adviser if you need assistance with this requirement.

FOUNDER

The role of the Founder is outlined later in these notes.

TRUSTEES

A summary of the Duties, Powers and Responsibilities of a Superannuation Fund Trustee is included later in these notes.

TAXATION AND OPERATIONAL STANDARDS

At present there are valuable tax concessions available to Superannuation Fund Trustees and members in relation to deductibility of contributions, taxation treatment of investment income of the Fund and benefits received by members. The Income Tax Assessment Act 1936 and Superannuation Industry (Supervision) Act 1993 provide the Legislation which determines the granting or otherwise of these concessions. SISA provides for a self-assessing method of supervision and under this system Trustees seeking Taxation concessions for a particular year of income are required to submit an annual return together with a prescribed fee to the responsible authority. (see separate notes "Becoming a Regulated Superannuation Fund") Super Concepts Pty Ltd is in regular contact with both the Australian Taxation Office and APRA and able to provide information and advice regarding these matters.