

authorising the Trustee, subject to direction by the Regulator, to pay a Superannuation Lump Sum to Members based on Compassionate Grounds.

Complying SMSF means a superannuation fund which meets both the definition of a SMSF and the conditions of a complying superannuation fund under the Superannuation Laws or as otherwise determined by the Regulator.

Concessional Contributions are those Contributions and allocations defined as Concessional Contributions in the Superannuation Laws.

Conditional Pensions are income streams to be paid in accordance with Rules 25.7 of the Rules of the Fund.

Condition of Release includes those conditions of release of Superannuation Benefits in the Superannuation Laws and in particular Schedule 1 of the SISA.

Contract of Life Insurance includes any policy as defined under the Superannuation Laws and in addition a policy for the Temporary Incapacity, Permanent Incapacity, Death, Trauma or any other event dependent upon the life of a Member of the Fund.

Contribution includes a payment, distribution or transfer of Cash or an Asset to the Fund or payment in kind on behalf of a Member of the Fund or the Trustee of the Fund that the Trustee or Regulator is of the opinion is a Contribution but does not include an allocation from a Reserve Account on behalf of a Member.

Contribution In Kind includes a deemed Contribution as declared or notified by the Trustee or the Regulator and would include a person meeting an expense or other legal obligation of the Trustee of the Fund including the forgiveness of a loan.

Contributions Reserve includes a Reserve of the Fund where unvested Contributions are made on behalf of a Member or a specific group of Members. Any allocation to a Contribution Reserve is required to be allocated to a Member within 28 days after the month in which the contribution is placed into the Contributions Reserve.

Contributions Splitting Notice is, subject to the Superannuation Laws and the Fund retaining its Complying SMSF status, a Notice provided to the Trustee by a Member requesting an amount to be Allotted, Rolled Over or transferred as a Transfer Superannuation Interest to a Member's Spouse from benefits in the Fund where a Member has applied to the Trustee and the Trustee has accepted to Allot, Rollover or transfer the amount as requested.

Court includes any properly constituted Court situate in Australia whether at a Federal or State level including both criminal and civil courts, tribunals and administrative forums vested with authority to decide a matter.

Corporate Trustee is any Trustee of the Fund who is a constitutional corporation, including a company constituted for the purposes of acting as a Trustee of a SMSF under the Superannuation Laws.

Custodian includes a person or entity which holds an Asset or Cash on behalf of the Trustee as bare trustee.

Death Benefit includes, subject to the Superannuation Laws and the Fund retaining its Complying SMSF status, a payment, including by way of in-specie asset transfer, of a Superannuation Lump Sum or Superannuation Income Stream to a Dependant, the Legal Estate of the deceased Member of the Fund or any other person however excludes any on-going pension or income stream payment to a Reversionary Pension Beneficiary under an Auto-Reversionary Pension

Dependant includes, subject to the Superannuation Laws and the Fund retaining its Complying SMSF status, a Spouse of or a Child of a Member of the Fund, a person in an Inter-Dependent Relationship with a Member of the Fund, any financial dependant of a Member of the Fund irrespective of age and any other person the Trustee is of the opinion is a Dependant of the Member of the Fund at the relevant time.

Death Benefit Rule is a Special Rule of the Fund agreed between a Member and the Trustee in respect to the payment of the Member's Superannuation Interest(s) as a Death

Benefit on terms contained in an instrument in writing, signed by the Member and approved by the Trustee, in respect thereto and may only be revoked on terms contained therein and shall not be invalidated or revoked by an updating of the Governing Rules by auto-upgrade or subsequent instrument updating the Governing Rules except if resolved and recorded in writing by Trustee and relevant Member(s).

Delivery or delivered includes any reasonable means of providing communication by parties on a matter, and includes, but is not limited to the provision of email direction, hand delivery, delivery to an address of a party, and dispatch as authorised under Division 3 of the *Electronic Transactions Act 1999 (Cth)* ("ETA").

Earnings is the amount determined by the Trustee as Earnings of the Fund, Earnings of a specific Member Superannuation Interest or group of Members' Superannuation Interests, a Reserve Account or any other account, whatever the case may be for a period of time.

Eligible Entity, subject to the Superannuation Laws and the Fund retaining its Complying SMSF status, includes any Superannuation Fund, Life Insurance Company or other entity that may accept a Rollover of a Superannuation Benefit or transfer of a Transfer Superannuation Interest from a SMSF including a Foreign Superannuation Fund where the Superannuation Laws allow.

Eligible Rollover Fund is a Superannuation Fund that is an Eligible Rollover Fund as defined under the Superannuation Laws.

Employer Sponsor is an employer who has agreed to make Authorised Contributions to the Fund on behalf of an employee of the Employer Sponsor or their associate under an agreement.

Employer Rollover Superannuation Benefit includes, subject to the Superannuation Laws and the Fund retaining its Complying SMSF status, a Rollover of a Superannuation Lump Sum to the Fund for benefit of the Member as a consequence of the Member terminating their employment with the employer.

Estate includes Legal Estate.

Excess Contributions Tax includes an amount assessed by the Regulator for a period as being excessive in terms of Non-Concessional Contributions and/or Concessional Contributions in relation to a Member of the Fund under the Superannuation Laws.

Excess Contributions Tax Release Authority is an authority issued by the Regulator under the Superannuation Laws for the payment of Excess Concessional Contributions Tax and/or Excess Non-Concessional Contributions Tax.

Explanatory Memorandum is a document attached to the Rules of the Fund for the purpose of providing the Trustee of the Fund, its advisers, the Courts, the Regulators and the Fund's auditor with guidance on the meaning of a specific or general Rule of the Fund.

Family Law Payment Splitting Notice is a notice issued to the Trustee of the Fund under the Superannuation Laws requiring the Trustee to split a Member's Superannuation Interest with the Member's Spouse or ex-Spouse.

Foreign Superannuation Fund means a Superannuation Fund that is not an Australian Superannuation Fund for the purposes of the Superannuation Laws.

Fund means this Fund established and maintained as a Complying SMSF, which Fund may be settled by deed or other instrument having the effect of a deed, and includes a trust, fund, scheme or such other arrangement as allowed under the Superannuation Laws.

Gainfully Employed means employed or self-employed for gain or reward in any business, trade, profession, vocation, calling, occupation or employment.

General Expenses include expenses incurred by the Trustee of the Fund in relation to the day-to-day operations of the Fund as well as those expenses the Trustee declares are General Expenses.

Government includes the Australian Federal Government, the various State and Territory

Governments of the States and Territories of Australia, Local Councils and any other legally convened Government, including, but not limited to a foreign government.

Incapacity includes Temporary and Permanent Incapacity and Terminal Illness as well as those conditions under the Superannuation Laws that amount to incapacity.

Incapacity Superannuation Benefits include those Superannuation Benefits authorised under the Superannuation Laws or the Regulator to be paid to a Member, their Dependants, Legal Estate or other person in the event of a Member's Incapacity or for some other reason.

Income Stream Benefit includes any Pension, income stream or Member's benefit which is not an Accumulation Superannuation Interest.

Income Year is any year commencing 1 July and ending 30 June unless otherwise allowed by the Regulator.

Ineligible Death Benefits Beneficiary means a Person who is not eligible as a consequence of the Superannuation Laws to receive the payment of a Member's Death Benefit from the Trustee of the Fund on or after the Member's death.

In-House Assets Test is the requirement under the Superannuation Laws that limits the percentage of Assets a Trustee of a Fund may hold in Related Party and Related Trust investments and loans by the Trustee of the Fund.

Initial Trustee is the first Trustee or Trustees of the Fund.

Inter-Dependant Relationship is any relationship that meets the conditions of an inter-dependant relationship under the Superannuation Laws.

Insurance Strategy includes a plan established by the Trustee of the Fund to provide insurance cover for the Trustee in the event of any Member's death or Temporary Incapacity, Permanent Incapacity or for any other reason. An Insurance Strategy forms part of the Fund's Investment Strategy.

Investment Reserve includes a Reserve which may be established by the Trustee for the purposes of smoothing investment returns amongst Member Superannuation Interests, allocating investment returns to specific Member Superannuation Interests and allocating to other Reserves of the Fund where the Superannuation Laws allow.

Investment Strategy includes, subject to the Superannuation Laws and the Fund retaining its Complying SMSF status, a written document formulating the investment objectives and includes the Insurance Strategy and a plan for investing the monies and Assets of the Fund or Superannuation Interest as required which has regard to all of the circumstances surrounding the Fund including, but not limited to:

- a) The risk involved in making, retaining and realising Fund investments. Such decisions are determined by the prospective return from the Fund's or Member's investments having regard to the investment objectives of the Fund and the expected cash flow requirements of the Trustee;
- b) The composition of the Fund's investments as a whole including the extent to which the investments are diverse or involve the Fund being exposed to risks from inadequate diversification;
- c) The liquidity of the Fund's investments considering its expected cash flow requirements; and
- d) The ability of the Fund to discharge its existing and future liabilities.

Legal Estate includes, subject to the Superannuation Laws and the Fund retaining its Complying SMSF status, a trust established or created under a trust deed, will, bare trust, Enduring Power of Attorney, by way of Court order or in any other way for the purpose of holding a Member's Assets, in the event that a Member lacks legal capacity or dies.

Legal Personal Representative means:

- a) The person, persons, entity or entities, or any combination thereof, appointed as

Executor of a deceased Member's Estate;

- b) The person, persons, entity or entities, or any combination thereof, appointed as Administrator of a deceased Member's Estate;
- c) The person, persons, entity or entities, or any combination thereof, appointed as Attorney (under a duly executed General Power of Attorney, made in accordance with the laws of the State of residence of the Member at the date of making) for a mentally competent Member;
- d) The person, persons, entity or entities, or any combination thereof, appointed as Attorney (under a duly executed Enduring Power of Attorney, made in accordance with the laws of the State of residence of the Member at the date of making) for a Mentally Incapacitated Member;
- e) The person, persons, entity or entities, or any combination thereof, appointed as Legal Personal Representative by a Member, and subject to the conditions, in accordance with SISA, section 17A, by notice signed in writing by the Member and delivered to the Trustee; and
- f) Such other person, persons, entity or entities, or any combination thereof, the Superannuation Laws prescribe to be a Member's Legal Personal Representative.

Member is a person who has applied for Membership or been automatically appointed as a Member under the Rules of the Fund and has been accepted by the Trustee of the Fund as a Member and has become a Trustee or director of a Corporate Trustee, unless the Member is able to appoint a Replacement Trustee or Additional Trustee under the Rules of the Fund and the Superannuation Laws. There is no requirement for the Member of the Fund to have a balance in their Member Accumulation Account. For the sake of clarity, a Member also incorporates a Member's Legal Personal Representative, acting in the position of Legal Personal Representative of a Mentally Incapacitated or deceased Member.

Member Income Stream Superannuation Interest includes, subject to the Superannuation Laws and the Fund retaining its Complying SMSF status, a Superannuation Interest established by the Trustee under the Fund Rules for the purpose of paying a Superannuation Income Stream or Pension, including a Superannuation Income Stream currently payable or to be commenced at some time in the future. A Member Income Stream Superannuation Interest remains in force provided that there is an Account balance of \$1 or more.

Member Income Stream Superannuation Interest Roll Back means the commutation in whole or part of a Member Income Stream Superannuation Interest in the Fund and the subsequent transfer to a Member Lump Sum Superannuation Interest in the Fund.

Member Lump Sum Superannuation Interest includes, subject to the Superannuation Laws and the Fund retaining its Complying SMSF status, a Superannuation Interest established by the Trustee under the NowInfinity Rules for the purposes of paying a Lump Sum to a Member or some other person.

Member Meeting is a meeting of the Members as required by the Rules of the Fund and the Superannuation Laws, conducted by any reasonable method (including but not limited to in person, by internet (including, but not limited to, Skype, Zoom or such other conferencing platforms available on the internet) and/or telephone) in which matters regarding the Fund are discussed.

Member SMSF Living Will includes a formal or informal set of directions made by the Member or the Trustee under these Rules to benefit a Member, their Dependants or Legal Estate where the Member suffers Temporary Incapacity, Permanent Incapacity, Mental Incapacitation or terminal illness, which directions may be made in writing signed by the Member and delivered to the Trustee.

Member SMSF Will includes a formal or informal set of directions made under these Rules by a Member dealing with their SMSF Legal Estate to benefit a Member's Dependants or a Member's Legal Estate in the event of the Member's death, by way of

the payment of Death Benefits, which directions shall be given by instrument in writing, signed by the Member and delivered to the Trustee.

Mentally Incapacitated means a state of mental health whereby a Member lacks sufficient mental capacity to understand the nature and effect of the Member's decisions in respect to a matter.

Non-Binding Death Benefit Nomination is a nomination made by a Member in relation to the distribution of the Member's Superannuation Interests in the event of Member's death, which is not a Binding Death Benefit Nomination or a Death Benefit Rule.

Non-Concessional Contributions are those Contributions defined as Non-Concessional Contributions in the Superannuation Laws.

Non-Lapsing Binding Death Benefit Nomination is a Binding Death Benefit Nomination which has a Lapsing Event (in other words, the nomination expires after a term of years or on an event prescribed by the Member in the nomination).

No Tax File Number Contributions are those Contributions where the Member has not supplied the Trustee with a valid Tax File Number or as defined as a No Tax File Number Contribution in the Superannuation Laws.

Overseas Pension or Revenue Authority includes any non-Australian tax, revenue, pension, superannuation, retirement or other government or semi-government authority that has powers, either directly, indirectly or by delegation in setting, maintaining or establishing rules, terms or conditions in relation to the transfer and payment of any pension, retirement or superannuation or their equivalent benefits to this Fund including QROPs benefits.

Pay includes credit, distribute, set-off or where a person receives an Asset or benefit in kind.

Pension includes a Superannuation Income Stream Benefit under these Rules or a pension under the Superannuation Laws.

Pension Reserve includes a Reserve established by the Trustee for the following purposes:

- a) To pay any Income Stream or Pension liability of the Trustee of the Fund whether by way of a payment of an amount or asset to a Member's Income Stream Superannuation Interest or directly to a Member with an Income Stream Superannuation Interest, such payment in satisfaction in whole or part of the Trustee's Income Stream liabilities in respect of that Member Income Stream Superannuation Interest;
- b) To be used to commence a new Income Stream where an Income Stream Superannuation Member has commuted an Income Stream;
- c) To pay a Death Benefit where a Member holding an Income Stream Superannuation Interest has died;
- d) Such other payments as the Superannuation Laws allow in respect of Superannuation Income Streams.

Permanent Incapacity is, subject to the Superannuation Laws and the Fund retaining its Complying SMSF status, any condition that the Trustee determines amounts to Permanent Incapacity including in relation to a Member, ill-health (whether physical or mental) which the Trustee is reasonably satisfied that the Member is unlikely, because of the ill-health, to engage in gainful employment for which the Member is reasonably qualified by education, training or experience.

Person means any natural person, body corporate, government entity or other legal structure or entity of any kind.

Preservation Age is the age specified under the Superannuation Laws according to when the Member is born. The preservation age for a Member is:

- a) For a person born before 1 July 1960 – 55 years;

- b) For a person born during the year 1 July 1960 to 30 June 1961 – 56 years;
- c) For a person born during the year 1 July 1961 to 30 June 1962 – 57 years;
- d) For a person born during the year 1 July 1962 to 30 June 1963 – 58 years;
- e) For a person born during the year 1 July 1963 to 30 June 1964 – 59 years;
- f) For a person born after 30 June 1964 – 60 years.

Product Disclosure Statement includes, subject to the Superannuation Laws, any statement by the Trustee or provided by another person for the benefit of the Trustee, that provides Members, prospective Members or any other person, material to enable them to understand the operations of the Fund, the Superannuation Interests available to Members, what Superannuation Benefits are payable by the Trustee and any other information required under the Superannuation Laws.

Professional includes a person authorised and if required licensed under the Superannuation Laws to provide advice, audit services, administration services or any other services to the Trustee of a SMSF, including a lawyer, accountant, financial planner or a SMSF Professional.

Related Party means a person defined as a related party under the Superannuation Laws.

Related Trust means a trust defined as a related trust under the Superannuation Laws.

Relative includes, in relation to an individual, the following:

- a) A parent, grandparent, brother, sister, uncle, aunt, nephew, niece, lineal descendant or adopted child of that individual or of his or her spouse; and
- b) Spouse of an individual or of any other individual specified in the preceding subpart.

Regulated Superannuation Fund is a superannuation fund, including a SMSF which has elected to become a Regulated Superannuation Fund under the Superannuation Laws.

Regulator is the Commissioner of Taxation, APRA, the Australian Securities Investment Commission or any other governmental body that has jurisdiction for regulating the Superannuation Laws as it applies to circumstances of the Fund.

Replacement Trustee is a person who has been appointed as Trustee of the Fund on behalf of a competent Member, a Mentally Incapacitated Member or deceased Member, including the Legal Personal Representative the Member.

Reserve Account includes, subject to the Superannuation Laws and the Fund retaining its Complying SMSF status, an account created by the Trustee of the Fund with surplus Assets or from Earnings of the Fund and specifically includes amongst others: an Anti-Detriment Reserve, a Contributions Reserve, a Pensions Reserve, a Self-Insurance Reserve and an Investment Reserve.

Reserve Benefits are benefits including Superannuation Benefits paid or payable directly by the Trustee of the Fund from a Reserve Account to a Member, former Member, their Legal Estate, a Deceased Member's Dependant or any other person or entity allowed under the Superannuation Laws.

Responsible Officer, in relation to a body corporate means:

- a) A director of the company;
- b) A secretary of the company; or
- c) An executive officer of the company.

Retirement and Retired includes, subject to the Superannuation Laws and the Fund retaining its Complying SMSF status, where a Member of the Fund who has reached preservation age and no longer intends to work again, including further:

- a) Where a Member of the Fund is over preservation age and the Trustee is satisfied that the Member will never again be engaged in part-time or full-time gainful employment;
- b) Where a Member is over age 60 years of age and an arrangement under which the Member is gainfully employed has come to an end on or after that age or the Trustee is satisfied that the Member will never again be engaged in part-time or full-time gainful employment; and
- c) Such other occasion allowed under the Superannuation Laws.

Reversionary Beneficiary is a person nominated to as beneficiary of an Income Stream on the death of the Member to which the Income Stream is payable.

Rollback includes the transfer of part or all of a Member's Income Stream Superannuation Interest to a Lump Sum Superannuation Interest in the Fund established for the Rollback Member's benefit.

Rollover means paid as a Superannuation Lump Sum (other than by way of being transferred) between Superannuation Funds within the superannuation system including an Employer Rollover Superannuation Benefits where the Superannuation Laws allow.

Rollover Superannuation Benefit includes the payment of a Superannuation Lump Sum, a Superannuation Income Stream or any other Superannuation Benefits or Superannuation Interests between Superannuation Funds allowed under the Superannuation Laws.

RSE Licensee is a Trustee or other party that has been issued a license by the regulator of non- SMSFs under the Superannuation Laws.

Rules of the Fund include the Rules herein and include any addition, variation, change or amendment provided the addition, variation, change or amendment meets the relevant Rule requirements, and includes a Special Rule. Rules of the Fund also include any written or unwritten rules applied by the Trustee of the Fund in relation to the operation and management of the Fund.

Self-Managed Superannuation Fund and SMSF is a superannuation fund which meets all of the terms and conditions of a self-managed superannuation fund as the term is defined under the Superannuation Laws.

Severe Financial Hardship is financial hardship that the Trustee is of the opinion is severe and includes conditions as described under the Superannuation Laws for Severe Financial Hardship.

Self Insurance Reserve Account includes, subject to the Superannuation Laws and the Fund retaining its Complying SMSF status, a Reserve Account established by the Trustee under the Rules of the Fund to provide Superannuation Benefits for Members in the event of their Temporary Incapacity, Permanent Incapacity or for any other reason as well as the payment of Superannuation Benefits to Dependants or the Legal Estate of a deceased Member. For SMSFs that do not have self-insurance in place at 30 June 2014 the Trustee of the Fund cannot offer self-insurance.

SISA is the *Superannuation Industry (Supervision) Act 1993*.

SISR is the *Superannuation Industry (Supervision) Regulations 1994*.

Signed or Signature means the giving of a person's intention in respect to information communicated by any reasonable means, including a mark, wet mark or by electronic communication (including digital signature) as described in section 10 of the ETA.

SMSF Adviser is a person who is recognised by a professional association, educational institution or the Regulator as a specialist in providing advice to Trustees or other professionals on the Superannuation Laws as they apply to a SMSF.

SMSF Legal Estate means the whole of the Superannuation Interests of the Member at a time determined by the Trustee including any allocation from a Reserve of the Fund to a Member Superannuation Interest.

SMSF Will includes any instrument in writing signed by the Member dealing with the transfer of a Member's Superannuation Benefits, including any Reserve Benefits in the event of a Member's death, and is made as a non-lapsing nomination by the Member in respect thereof.

Special Rule is a Rule created by the Trustee including a SMSF Will, Reserve and/or a Pension that forms part of the Rules of the Fund and is declared by the Trustee as a Special Rule of the Fund. Pursuant to Rule 1.9, a Special Rule cannot be varied except with the specific consent of the Trustee and Member concerned. A Special Rule may be incorporated as a Schedule to the Rules of this Fund, or by any other written instrument capable of being held with the records of the Fund.

Specific Expenses include expenses incurred by the Trustee of the Fund that the Trustee is of the view relate directly to a Member Superannuation Interest as well as those expenses the Trustee declares to be a Specific Expense.

Spouse in relation to a person includes another person who, although not legally married to the person, lives with the person on a genuine domestic basis as a couple and also includes, where the Superannuation Laws allow, Members of the same sex or any other relationship between two persons.

Superannuation Benefit includes a payment, the transfer of an Asset or a payment in kind, whether by way of a Superannuation Lump Sum or a Superannuation Income Stream from the Fund to a Member or other person or Legal Estate on behalf of a Member or deceased Member, provided the Superannuation Laws allow.

Superannuation Fund includes a provident, retirement, welfare or benefit fund both within and outside Australia and for the sake of removing any doubt - the Fund.

Superannuation Income Stream includes, subject to the Superannuation Laws and the Fund retaining its Complying SMSF status, a series of periodical payments made by the Trustee for the benefit of a Member or any other person and shall include conditions relating to the term of the Income Stream or pension, the quantum of payments, any indexation or other factors to be applied to the periodical payments and when or whether the Income Stream is commutable to a lump sum, has an automatic reversion or is capable of being transferred upon the death of the Member including a Conditional Reversionary Pension or a pension that has a residual capital value. A Superannuation Income Stream also includes, amongst other periodical payments, the following (subject to the terms and conditions of a Trustee of a SMSF offering the following Income Streams under the Superannuation Laws) which may or may not have an auto-reversionary:

- a) Any pension or income stream whose terms and conditions comply with SISR 1.06(1) including the requirement that the pension or income stream cannot be added to by way of capital;
- b) A lifetime complying pension [SISR 1.06(2)];
- c) An Accounts Based Pension;
- d) An allocated pension [SISR 1.06(4)];
- e) A market-linked pension [SISR 1.06(8)];
- f) A fixed-term complying pension [SISR 1.06(7)];
- g) A non-commutable life pension [SISR Schedule 1 – Item 108];
- h) A non-commutable allocated pension [SISR 6.01(2)];
- i) A Transition to Retirement Income Stream [SISR 6.01(2)];
- j) A non-commutable pension [SISR 6.01(2)];
- k) A Temporary Incapacity Superannuation Income Stream – non-commutable income stream [SISR 6.01(2)];
- l) An Assets Test Exempt Pension within the meaning of that term under the *Social Security Act 1991* including, but not limited to sections 9A, 9B and 9BA; and

- m) Any other pension or Superannuation Income Stream under the Superannuation Laws.
- a) Any pension or income stream whose terms and conditions comply with SISR 1.06(1) including the requirement that the pension or income stream cannot be added to by way of capital;
- b) A lifetime complying pension [SISR 1.06(2)];
- c) An Accounts Based Pension;
- d) An allocated pension [SISR 1.06(4)];
- e) A market-linked pension [SISR 1.06(8)];
- f) A fixed-term complying pension [SISR 1.06(7)];
- g) A non-commutable life pension [SISR Schedule 1 – Item 108];
- h) A non-commutable allocated pension [SISR 6.01(2)];
- i) A Transition to Retirement Income Stream [SISR 6.01(2)];
- j) A non-commutable pension [SISR 6.01(2)];
- k) A Temporary Incapacity Superannuation Income Stream – non-commutable income stream [SISR 6.01(2)];
- l) An Assets Test Exempt Pension within the meaning of that term under the *Social Security Act 1991* including, but not limited to sections 9A, 9B and 9BA; and
- m) Any other pension or Superannuation Income Stream under the Superannuation Laws.

Superannuation Interest is any interest in a Superannuation Fund created under the Superannuation Laws and the Rules of the Fund including but not limited to a Member Lump Sum Superannuation Interest, a Member Income Stream Superannuation Interest and a Reserve Account.

Superannuation Interest Entitlement is the amount determined by the Trustee, subject to the Superannuation Laws and the Fund retaining its Complying SMSF status, at any particular time that is the amount, which if paid in either cash or Assets of the Fund, would discharge the Trustee's liability in relation to the particular Superannuation Interest.

Superannuation Laws mean the *Commonwealth of Australia Constitution Act 1900*, *Superannuation Industry (Supervision) Act 1993*, the *Superannuation Industry (Supervision) Regulations (1994)*, the *Income Tax Assessment Act 1936*, the *Income Tax Assessment Act 1997*, the *Income Tax Regulations*, the *Corporations Act 2001*, the *Corporations Regulations*, the *Social Security Act 1991 (C'th)*, the *Social Security Regulations*, the *Veterans Entitlement Act 1986 (C'th)*, the *Veterans Entitlement Regulations*, the *Family Law Act 1975*, the *Family Law Regulations*, the *Bankruptcy Act 1966*, *Superannuation (Departing Australia Superannuation Payments Tax) Act 2006*, *Superannuation (Excess Concessional Contributions Tax) Act 2006*, *Superannuation (Self Managed Superannuation Funds) Supervisory Levy Amendment Act 2006* and any other law or direction provided by the Regulator addressing, describing, detailing, explaining or in any other way addressing the obligations and requirements of operation of a complying superannuation fund, as amended from time to time.

Superannuation Income Stream Reserve Account includes a Pension Reserve created by the Trustee, with or without the advice of an actuary to ensure that there are sufficient Assets held by the Trustee to enable the Trustee to meet its current and future Superannuation Income Stream liabilities as and when they fall due.

Superannuation Lump Sum is a Superannuation Benefit that is not a Superannuation Income Stream and includes, subject to the Superannuation Laws and the Fund retaining its Complying SMSF status, an amount paid out, an Asset transferred from the Fund or a payment in kind according to the Rules of the Fund to a person entitled to be paid a

Superannuation Lump Sum or the payment of a Lump Sum upon the commutation of a Member Superannuation Income Stream.

Taxes include any impost assessed by a Government to the Trustee of the Fund.

Tax Adjustment Payment is where the Trustee declares that, as a consequence of the use by the Fund or a Superannuation Interest ("the User") of a tax benefit including, but not limited to a franking credit, foreign tax credit, capital loss, income tax loss (as those terms are commonly known) or any other tax benefit sourced from a particular Superannuation Interest ("the Supplier"), the Trustee is of the opinion that the User of the tax benefit should make a Tax Adjustment Payment to the Supplier of the tax benefit for the period of the benefit.

Tax Free Component is that part of a Superannuation Benefit that is a Tax-Free component as determined under the Superannuation Laws.

Taxable Component is that part of a Superannuation Benefit that is not a Tax-Free component.

Temporary Incapacity is, subject to the Superannuation Laws and the Fund retaining its Complying SMSF status, any condition that the Trustee determines to be Temporary Incapacity for the purpose of these Rules and includes where a Member has ceased to be Gainfully Employed (including a Member who has ceased temporarily to receive any gain or reward under a continuing arrangement for the Member to be Gainfully Employed) due to ill-health (whether physical or mental) which causes the Member to cease to be Gainfully Employed but does not extend to Permanent Incapacity.

Temporary Incapacity Superannuation Income Stream is a Superannuation Income Stream payable by the Trustee of the Fund under the Superannuation Laws for a Member that is Temporarily Incapacitated and includes a Superannuation Income Stream that:

- a) Cannot be commuted or turned into a Superannuation Lump Sum;
- b) Is paid at least monthly;
- c) Does not have a residual capital value; and
- d) Is such that the total amount paid each month is fixed or may be indexed provided that the indexation component, during any 12 month period, does not exceed the greater of 5% per annum or the Consumer Price Index for the previous 12 months.

Terminal Illness includes where:

- a) Two registered medical practitioners have certified, jointly or separately, that the person suffers from an illness, or has incurred an injury, that is likely to result in the death of the Member within a period (the certification period) that ends not more than 24 months after the date of the certification;
- b) At least one of the registered medical practitioners is a specialist practicing in an area related to the illness or injury suffered by the person; and
- c) For each of the certificates, the certification period has not ended.

Transfer Superannuation Interest includes, subject to the Superannuation Laws and the Fund retaining its Complying SMSF status, the transfer of part or all of one or more of a Member's Superannuation Interests from a Superannuation Fund (including a Foreign Superannuation Fund and the Fund itself) to a Superannuation Interest of a Member, their Spouse or any other person in the Fund or another Superannuation Fund.

Transition to Retirement Income Stream means an Income Stream Superannuation Interest that meets the terms and conditions of a Transition to Retirement Income Stream and a non-commutable Allocated Pension or non-commutable pension under the Superannuation Laws.

Trustee is the Trustee of the Fund and includes a Replacement Trustee appointed for a Member or an Additional Trustee where the Member is the only Member and Trustee of the Fund.

Trustee Law means whichever of the *Trustee Act 1925 (NSW)*, the *Trustee Act 1958 (Vic)*, the *Trustee Act 1936 (SA)*, the *Trustees Act 1962 (WA)*, the *Trusts Act 1973 (QLD)*, the *Trustee Act 1898 (Tas)*, the *Trustee Act 1957 (ACT)* and the *Trustee Act 1907 (NT)* applies and any other Commonwealth, State or Territory legislation that relates to the duties, role and investment powers of a Trustee of a trust including a trust that is a SMSF or Superannuation Fund.

Trustee Meeting is a meeting of the Trustee(s) (if there be more than one) as required by the Rules of the Fund and the Superannuation Laws, conducted by any reasonable method (including but not limited to in person, by internet (including, but not limited to, Skype, Zoom or such other conferencing platforms available on the internet) and/or telephone) in which matters regarding the Fund are discussed.

Value of Assets of the Fund is the value of any Asset of the Fund as determined by the Trustee of the Fund, subject to the Superannuation Laws, Audit Standards and any direction by the Regulator, which may include the Asset's historical cost, the replacement cost of the Asset, the market value of the Asset as at last accounting balance date or the current market value of the Asset. The Trustee may change valuation principles applicable to different Assets of the Fund unless the Superannuation Laws provide otherwise. However, from 1 July 2012, the Trustee is to use market value for all valuations of the Assets of the Fund.

Value of a Member's Superannuation Interest is the value the Trustee determines in respect of a Member Superannuation Lump Sum Superannuation Interest or Member Superannuation Income Stream Superannuation Interest and if there is no such determination by the Trustee it is the value of the Member's particular Superannuation Interest at the time of the last audit of the Fund plus any additions made to the Superannuation Interest less any deductions to the Superannuation Interest up to the time of the determined value of the Member's Superannuation Interest. However where the Superannuation Laws require a specified valuation or provide a formula the Trustee is to apply that valuation or formula to the calculation of the value of a Member's Superannuation Interest.

Written or Writing includes a delivery of information by any reasonable means, and expressly includes a writing as defined under section 9 of the ETA, which expression is adopted as authority for the Member, Trustee, SMSF Professionals, advisors and parties dealing with the Fund to conduct matters by any reasonable means, including but not limited to electronic transactions and the storage of such records by any means available for electronic communications.

NOWINFINITY SMSF TRUST DEED GUIDE

Explanatory Memorandum

The NowInfinity SMSF Trust Deed has been created to take advantage of the taxation and superannuation changes introduced by the government over the past few years including amongst other things:

- *No tax on income, or lump sums* taken from a complying superannuation fund post age 60.
- When a person who is 60 or older has all, or a significant majority, of their income producing investments in a superannuation fund, and their taxable income is less than \$18,000 per annum, *they do not need to lodge an income tax return.*
- A Member of a fund who is age 55 and born before 1 July 1960 can access their super benefits as a low-taxed transition to retirement income stream, *even while working full or part time.* There is a 10% maximum limit on the amount of income the working Member can take each year while working. Once they retire there is no limit on the amount of withdrawals.
- No tax penalties or limits on the amount of super benefits that can be withdrawn by Members or their dependants and/or legal estate in the event of the Member's death.
- Warehousing of super fund investments for the benefit of the next generation with the abolition of the requirement for superannuation benefits to be taken as a lump sum or pension at age 65.
- Relaxation of the assets test thresholds for social security purposes so that a home owning couple may be able to access a part pension while holding a significant parcel of superannuation assets.
- Insurance premiums in the fund for death, permanent and temporary disability of fund Members are tax deductible.
- Death, terminal illness and permanent disability benefits paid out during the working life of a Member are proportionally tax deductible to the fund.
- Taking an accounts based pension means lower income levels while allowing unlimited withdrawals for retirees, those over age 65 or who are permanently incapacitated in addition to the terminally ill.

This Explanatory Memorandum to the NowInfinity SMSF Trust Deed is for the purpose of providing the Trustee of the Fund, its advisers, the Courts, the Regulators and the Fund's auditor with guidance on the meaning of a specific or general Rule of the Fund. The Explanatory Memorandum does **not** form part of the Rules of the Fund or the Fund's Trust Deed.

Part One – Rules to Establish the Fund

Purpose

The NowInfinity SMSF Trust Deed and Rules are designed for simplicity of understanding and use by Trustees, Members and advisers to the Trustee. They are unique and have been purpose-built for SMSF's. The Rules describe in a simple format the processes and requirements for both the Trustee and Members of the Fund to establish the Fund, accept Members and Contributions, how to run Trustee meetings, make investments, establish Member Superannuation Interests and pay out Superannuation Benefits. These Rules need to be read in conjunction with the Fund's Product Disclosure Statement. *However the Rules are not simply limited to new SMSF's but can also apply to existing regulated SMSF's seeking to upgrade their Fund Rules.*

❖ For New SMSF's

Once the first Trustee is appointed and the NowInfinity SMSF Trust Deed executed, there are mandatory requirements that the Trustee must perform in order to make the Fund compliant and operative. These include but are not limited to becoming a regulated superannuation fund, establishing the Fund's complying status with the Regulator, accepting Members, accepting Authorised Contributions, paying Superannuation Benefits, accepting Rollovers of and/or Transfers of Superannuation Interests on behalf of Members, creating Member Superannuation Interests, establishing a Reserve Account, creating a formal written Investment Strategy and making Investments according to the Fund's Investment Strategy. Part One of the Deed qualifies the Rules regarding these essential steps to establishing a Complying SMSF. Additionally, Part One of the Deed is elaborated upon in this Explanatory Memorandum which includes definitive and separate NowInfinity Guides to make comprehension of the Rules simple. These Strategy Guides are not part of the Rules but are to simply provide guidance and understanding on the meaning of a Rule to the Trustee and Member of the Fund as well as the Fund's advisers or in the event of litigation or action by the Regulator.

❖ For Existing SMSF's

For Trustees of existing SMSF's that intend adopting the NowInfinity SMSF Trust Deed and Rules, the requirements to establish and maintain a Complying SMSF also apply to the on-going operation of the Fund. These include but are not limited to accepting Members, accepting Authorised Contributions, paying Superannuation Benefits, accepting Rollovers of and/or Transfers of Superannuation Interests on behalf of Members, creating Member Superannuation Interests, establishing a Reserve Account, creating a formal written Investment Strategy and making Investments according to the Fund's Investment Strategy.

NowInfinity Guide – Rule 1 – Introduction

To make the Rules of the Fund simple to understand we have written the NowInfinity SMSF Trust Deed and Rules in uncomplicated terms. Additionally, we also provide a "**NowInfinity Guide**" in this Explanatory Memorandum to assist Trustees, Members, superannuation professionals, lawyers and the Courts to interpret the Rules. The NowInfinity Guides do not form part of the Rules. They are ancillary to the Rules. They are designed to provide clarity of application of the Rules in all situations and transactions relating to the Fund.

When applying the Rules, singular means plural so the word Trustee can mean Trustees, he can mean she and when referring to a company, trust or other entity it includes all those persons responsible for the entity's actions. The Rules of the Fund are to be governed by the law where the Trustee lives unless there is more than one Trustee and they live in different States or the Trustee lives overseas. In these instances the Trustee is to choose the governing law of the Fund and if there is no choice made by the Trustee, the governing law of the Fund is Victoria.

The Rules of the Fund are for a superannuation fund that has chosen to be a "Self-Managed

Superannuation Fund". That term has been abbreviated to "SMSF" for the purposes of these Rules.

If there is conflict between the Rules and the Superannuation Laws, the Superannuation Laws are to prevail unless the breach of the Superannuation Laws does not result in a fine, penalty or non-compliance notice for the Fund, Trustee or Member. However these Rules contain several provisions not provided for within the Superannuation Laws. If this be the case the Rules are to be read and applied exclusively.

There is also discretion in accordance with some of the Rules for the Trustee to add to, change, create, add or amend these Rules where appropriate. The addition, change or amendment to any Rule is to be seen as a Rule in itself and may become a Special Rule whereby it automatically applies to any future Rule changes unless the Trustee and the Member agree otherwise.

The Fund is guided by the Sole Purpose Test in section 62 of the SISA which ensures that benefits are only paid from the fund on the occasion of a Member dying, retiring, becoming incapacitated or for such other purpose as allowed under the Superannuation Laws.

NowInfinity Guide- Rule 2 -Trusteeship

Trusteeship: The Rules of the Fund are designed specifically for a Complying SMSF. This means that firstly the Fund must have a Trustee continuously in place at all times. The Trustee may be a Corporate Trustee and/or Individual Trustees. The Trustee may even be a mix of both Corporate and Individual Trustees. Secondly, to be a Complying SMSF, all of the Members of the Fund must be Trustees of the Fund or directors of the Corporate Trustee. Where the Trustees are individuals, the sole or primary purpose of the Fund is to pay old age pensions. In contrast where the Trustee of the Fund is a Corporate Trustee then the Fund may pay income streams, pensions, lump sums and use the Fund for estate planning purposes.

Disqualified Persons: The Trustee of the Fund must not be a Disqualified Person unless the Regulator otherwise allows. There are serious penalties of up to two years imprisonment for persons acting as Trustees where they are Disqualified Persons under the Superannuation Laws. If the Trustee is a natural person they must not be bankrupt or have been charged with an offence of dishonest conduct. If the Trustee is a Corporate Trustee then the Trustee must not be in liquidation or under administration and the Trustee must also ensure that there are no Responsible Officers of the company, including Member directors and company secretary, who are Disqualified Persons. A Disqualified Person may apply to the Regulator for an exemption under the Trustee Rules.

SMSF Trustee Conditions: The Rules of the Fund are for a Complying SMSF and a regulated superannuation fund. Under the Superannuation Laws all Members must be a Trustee or director of a Corporate Trustee. However, the Superannuation Laws provide that the Trustee of a SMSF is allowed to appoint a non-Member as Trustee of the Fund or director on the board of Trustees ("the Replacement Trustee"), in circumstances where:

1. If the Fund has one Member, the Fund may appoint an Additional Trustee (in addition to the mandatory Member as Trustee) being another person provided that the other Trustee is not an employee of the Member, unless the person is a Relative of the Member at the time of employment.
2. If the Fund has a Corporate Trustee, the Corporate Trustee may appoint as a director (in addition to the mandatory Member as director) another person provided that the other director is not an employee of the Member, unless the person is a Relative of the Member at the time of employment.
3. If a Member has died, the Legal Personal Representative of the Member is authorised to become a Replacement Trustee of the Fund or director of the Corporate Trustee subject to the Memorandum and Articles of Association of the Trustee company for the period beginning on the day the Member died until the day a Death Benefit becomes payable from the Fund.

4. If a Member of the Fund is under a legal disability, the Legal Personal Representative of the Member may become the Trustee of the Fund or take the Member's place as director of the body Corporate. If the Member is a child under the age of 18, the parent or guardian of the Member may also take the child's place as Trustee or director of the Corporate Trustee where there is no Legal Personal Representative.
5. The Legal Personal Representative of the Member has an Enduring Power of Attorney in force in respect of that Member except where the Member is a Disqualified Person. This includes where a non-resident of Australia is a Member of the Fund.
6. The Regulator has appointed a Replacement Trustee under the Superannuation Laws.

A Trustee or director of a Corporate Trustee must resign or be removed as Trustee if they become a Disqualified Person or relinquish Membership of the Fund. Subject to the Superannuation Laws and the Fund retaining its Complying SMSF status where a Member or Trustee becomes legally incompetent a Replacement Trustee may be appointed.

When a Member dies their Legal Personal Representative replaces the deceased Member as a Member of the Fund. They will have exclusive voting rights as to the payment of the deceased Member's Death Benefits. Immediately the deceased Member's Death Benefits commence to be payable they must resign instantly.

As a SMSF, the Trustee is required to notify the ATO of any changes in Membership, Trusteeship, name change and other such things within a period of 21 days from the change. The ATO may also require a Trustee or Member to make a declaration to the Commissioner regarding their knowledge of the Superannuation Laws, their agreement to keep up to date with the Superannuation Laws and maintaining a current set of Rules of the Fund. The Trustee or Member is required to complete any such declaration.

On 1 July 2014, a new penalty regime was introduced providing the Regulator with the ability to issue fines for breaches of the SISA and Regulations. The penalties are listed below. The governing rules of the fund provide that they may be indemnified from assets of the Fund or accounts of the Fund including Reserve Accounts, Earnings, Insurances or from any other monies in the Fund provided the Trustee of the Fund does not incur further penalties.

| Section & Rule | Administrative Penalty |
|--|------------------------|
| s.35B – failure to prepare Financial Statements | \$1,700 |
| s.65 – prohibition on lending or providing financial assistance to members & their relatives | \$10,200 |
| s.67 – prohibition on super fund borrowing, except as permitted, eg limited recourse borrowing arrangement | \$10,200 |
| s.84 – contravention of In-House Asset rules | \$10,200 |
| s.103(1) & (2) – failing to keep trustee minutes for at least 10 years | \$1,700 |
| s.103(2A) – failure to maintain a s.71E election, where applicable, in relation to a fund with an investment in a pre 11/8/99 related unit trust | \$1,700 |
| s.104 – failing to keep records of change of trustees for at least 10 years | \$1,700 |
| s.104A – failing to sign Trustee Declaration within 21 days of appointment and keeping for at least 10 years | \$1,700 |
| s.105 – failing to keep member reports for 10 years | \$1,700 |
| s.106 – failing to notify ATO of an event that has significant adverse effect on the fund's financial position | \$10,200 |
| s.106A – failing to notify ATO of change of status of SMSF, eg fund ceasing to be a SMSF | \$3,400 |
| s.124 – where an Investment Manager is appointed, failing to make the appointment in writing | \$850 |
| s.160 – failing to comply with ATO Education directive | \$850 |
| s.254(1) – Failing to provide the Regulator with information on the approved form within the prescribed time upon establishment of the fund | \$850 |
| s.347A(5) – Failing to complete a form with requested information provided by the Regulator as part of the Regulator's Statistical Program | \$850 |

NowInfinity Guide– Rule 3 - Membership

Once formally appointed, the Trustee, in its capacity of Trustee of a complying SMSF, may admit Members to the Fund. As the Fund is to be maintained as a complying SMSF, the Trustee of the Fund must limit the number of Members in the Fund to no more than four Members unless the Superannuation Laws allow or there is a change in the definition of SMSF. Importantly the Simpler Super Rules have been drafted to allow an increase to the number of Members in the Fund should any change in the Superannuation Laws concerning Membership and SMSF's occurs.

When completing an application form for Membership of the Fund the potential Member agrees:

1. To be bound by all of the Rules of the Fund.
2. To be a Trustee of the Fund or director of the Corporate Trustee unless there is a Replacement Trustee for the Member who has been validly appointed under the Superannuation Laws.

3. To provide information to the Trustee where required including medical information, Tax File Number and consent for the Trustee to hold that information despite anything to the contrary in the privacy legislation.
4. To have read and understood the Fund's Product Disclosure Statement.

In this Fund, except for any conditions imposed by the Trustee of the Fund, there are no general limitations on who can be a Member of the Fund. This means that a person may become a Member of the Fund at any age or where they do not have a Member Superannuation Interest balance.

Where the Member elects, the Member's Legal Personal Representative is taken to be the Member of the Fund including where the Member may have died. This allows the Executor of a deceased Member's estate to continue receiving a Superannuation Income Stream from the Fund or receiving Earnings on the Member's Superannuation Interests.

There will be occasions during the longevity of the Fund that for some reason a Member may leave the Fund. For example, a departing Member may leave the Fund by transferring or rolling over their Superannuation Benefits to another Superannuation Fund. This would then require the Trustee to close the Member's Superannuation Interests. Additionally, a Family Law action involving a Fund Member may result in the Trustee being subject to discovery proceedings. In this instance the Trustee may decide to cease a Member's Membership of the Fund to protect the privacy of the Fund and consequently the interests of the remaining Members.

If a Member decides to withdraw their Superannuation Benefits from the Fund pursuant to the Superannuation Laws, the Trustee is to arrange for the payment of the Member's entitlements as soon as possible. The payment of these entitlements may be in cash or in-specie by way of Assets of the Fund. It is compulsory that the Member's Superannuation Benefits must be transferred to the Member within any period required under the Superannuation Laws. If, subsequent to departing the Fund, the Member fails to advise the Trustee as to where their benefits are to be paid or transferred, the Member's Superannuation Benefits are to be transferred to an Eligible Rollover Fund nominated by the Trustee.

For the purposes of a determination of Australian Superannuation Fund status, a Member or the Trustee may declare the Member to be a non-Active Member of the Fund.

NowInfinity Guide- Rule 4 – Becoming an Operating Regulated SMSF

Where the Fund is a new Fund the Trustee must first establish the operations of the Fund. In addition to the Trustee's normal responsibilities in the management of the Fund, the Trustee is required to undertake the following to establish the Fund as operational:

Apply for an Australian Business Number and a Tax File Number for the Fund.

1. Establish one or more cash or cheque accounts for the Fund as a clearing account for Authorised Contributions and monies received and Superannuation Benefits and monies paid. Monies need to be deposited into this account as soon as practicable to cater for the running expenses of the Fund. Until monies are in a cash or cheque account the Fund is non- operational.
2. Appoint an Auditor to the Fund. The Superannuation Laws provide that an Auditor must be appointed to the Fund on a yearly basis to provide an assessment of the Fund's compliance with the Superannuation Laws.
3. Appoint SMSF Professionals where required such as a specialist SMSF adviser, SMSF Auditor, SMSF administrator, SMSF insurance adviser and in certain cases a SMSF investment manager, valuer or actuary.
4. Any other act required by the Trustee of the Fund necessary to enable the Fund to become operational and thus be ratified by the Regulator to be a Fund that is a Complying SMSF.

NowInfinity Guide – Rule 5 – Creating and Transferring Member Superannuation Interests

Superannuation Interests are a new concept in the Superannuation Laws and were introduced with the Simpler Super laws. As a result, the Trustee, on behalf of any Member, may be called upon to establish one or more Member Superannuation Interests. These may include a Member Lump Sum Superannuation Interest and/or a Member Income Stream Superannuation Interest. A Superannuation Interest does not have to have any funds or Assets set aside for it to be a valid Superannuation Interest. A Member may also have more than one Superannuation Interest including two or more Member Income Stream Superannuation Interests provided the Superannuation Laws allow and it does not result in the Fund being treated as a non-Complying SMSF.

Where a Member Rolls Back part or all of their Member Income Stream Superannuation Interest to a Member Lump Sum Superannuation Interest this will add to the Member's Lump Sum Superannuation Interest and not create a new Superannuation Interest unless authorised by the Superannuation Laws and requested by the Member. Where a Member commences a Superannuation Income Stream with a Member Lump Sum Superannuation Interest amount, this may create a new Member Income Stream Superannuation Interest. If there is an existing Member Income Stream Superannuation Interest, the Member has the choice to add to the current Member Income Stream Superannuation Interest which results in a new Superannuation Income Stream or commence a separate Member Income Stream Superannuation Interest.

At any time the Trustee may create one or more Superannuation Interests on behalf of the Fund including a Reserve.

Members should seek advice from a SMSF Professional before adding to an existing Member Superannuation Income Stream Superannuation Interest as this may have unintended taxation and social security results.

The Trustee can also transfer an Asset between Superannuation Interests in the Fund including different Member Superannuation Interests. Any such transfer should be done at a valuation determined by the Trustee or under the Superannuation Laws if required.

NowInfinity Guide – Rule 6 - Accepting Member Contributions, Rollovers and Transfers

Upon establishment of the Fund or at any other time while the Fund remains a Complying SMSF, the Trustee of the Fund may accept cash or Assets deposited into the Fund on behalf of specific Members of the Fund. The cash or Assets may come from one or more of the following sources:

1. An Authorised Contribution made to the Fund on behalf of a Member.
2. A Rollover Superannuation Benefit on behalf of a Member and/or
3. The transfer of a Transfer Superannuation Interest being a Member Lump Sum Superannuation Interest, a Member Income Stream Superannuation Interest and/or a Reserve Account Superannuation Interest from the Fund, another Superannuation Fund or Foreign Superannuation Fund to the Fund on behalf of the Member or for the benefit of another Member or Members.

In each of the above cases, the Trustee must ensure that the Contribution, Rollover Superannuation Benefit or the Transfer Superannuation Interest is in accordance with the Superannuation Laws and where Assets are contributed such Contributions, Rollovers or Transfers are in accordance with the Superannuation Laws in relation to the acquisition of Assets by the Trustee of a Complying SMSF.

An Authorised Contribution is a Contribution made to a Fund on behalf of a Member, including the Member themselves, who:

1. is under age 65;
2. is a spouse of a person and is under age 65;

3. is aged 65 – 69 and is engaged in part-time gainful employment (forty hours of work, business or self-employment over a thirty-day period during an income year);
4. is aged 70 – 75 and is engaged in part-time gainful employment and the Contribution is made by an employer or by the Member; and
5. has a Contribution made by a person after the requisite times and the Superannuation Laws allow.

A Contribution is the transfer of cash or Assets for the benefit of a Member and includes an Employer Rollover Superannuation Benefit but no other Rollover Superannuation Benefit. It does not include an allocation to a Member Superannuation Interest from a Reserve Account nor a distribution or gift to the Trustee of the Fund. The Superannuation Laws and/or the Regulator may require the Trustee of the Fund to ascribe a value to any in-specie Contribution made on behalf of a Member or for the benefit of Members of the Fund. The Trustee is to determine a value for any in-specie Contribution taking into account any regulatory requirements.

The Rules of the Fund allow a Member to transfer their interest in a Foreign Superannuation Fund to the Fund. There may need to be specific amendments to the Rules, dependent upon the laws of the Foreign Superannuation Fund, for overseas transfers of Foreign Superannuation entitlements to occur.

Providing the Fund maintains its Complying SMSF status, when cash or Assets are transferred into the Fund the Trustee has a total unfettered discretion to determine which account the cash or Assets are to be credited to, provided the Member's Superannuation Interest is properly credited for the Contribution. In allocating the cash or Assets to a specific Member's Superannuation Interest, a Reserve Account or the Fund account the Trustee must ensure that the allocation to these accounts does not breach the Investment Strategy for that Superannuation Interest, Reserve Account or the Fund.

The Superannuation Laws provide a limit on Trustees of Complying SMSF's accepting Non-Concessional Contributions on behalf of a Member and where a Tax File Number has not been supplied. The Trustee is not allowed to accept a Contribution where no Tax File Number is supplied. Where the Trustee accepts a Contribution not allowed under the Superannuation Laws, the Trustee is deemed to hold that unacceptable Contribution on trust for the benefit of the contributor. The unacceptable Contribution is to be paid back to the contributor as soon as is reasonable.

The Trustee should seek professional SMSF advice in terms of the Contributions limit to ensure that the Fund retains its complying SMSF status.

NowInfinity Guide – Rule 7 - Creating an Investment Strategy for the Fund and Members

The Superannuation Laws provide that the Trustee of the Fund must formulate and give effect to an investment objective for the Fund and an Investment Strategy to meet that investment objective. The investment objective and Investment Strategy should be in writing and held for inspection at the offices of the Trustee.

Where the Trustee of the Fund runs one Investment Strategy for the whole of the Fund this is called a pooled Investment Strategy and is the default Investment Strategy for the Fund. Alternatively the Trustee of the Fund is authorised under these Rules to provide an Investment Strategy for each Member Superannuation Interest or in respect of a group of Member Superannuation Interests such as Member Lump Sum Superannuation Interests. In addition the Trustee of the Fund may implement an Investment Strategy for all Member Lump Sum Superannuation Interests and separate Investment Strategies for each Member Income Stream Superannuation Interest in the Fund. Where a separate Investment Strategy is used, specific Assets of the Fund must be set aside or segregated to meet the needs of the separate Investment Strategy.

It is compulsory, in accordance with the Superannuation Laws, to implement a Reserve Management Strategy for all Reserve Accounts created by the Trustee of the Fund. The Strategy for any Reserve Account must be prudently managed and the Trustee may apply

one Investment Strategy for all of the Fund's Reserve Accounts or separate Investment Strategies for each Reserve Account.

When formulating an Investment Strategy for the Fund, the Trustee must have regard to the whole of the circumstances surrounding the Fund including, but not limited to:

1. The risk involved in making, retaining and realising Fund investments. Such decisions are determined by the likely return from the Fund's or Member's investments having regard to the investment objectives of the Fund and the expected cash flow requirements of the Trustee;
2. The composition of the Fund's investments as a whole including the extent to which the investments are diverse or involve the Fund being exposed to risks from inadequate diversification;
3. The liquidity of the Fund's investments having regard to its expected cash flow requirements;
4. The ability of the Fund to discharge its existing and future liabilities;
5. Any requirements under the Superannuation Laws or by the Regulator; and
6. Whether the Members of the Fund should be covered by Insurance under Rule 12.

In addition the Trustee may be required under the Superannuation Laws to complete a Risk Management Statement or such other Statement where the Trustee invests in derivatives, options, instalment warrants or other products with underlying borrowings.

The Trustee may seek professional advice in relation to the establishment of any Fund Investment Strategy or Risk Management Strategy. In seeking Investment or Risk Management Strategy advice the Trustee should ensure that the adviser is qualified to provide Investment Strategy advice for a Complying SMSF and is currently licensed and skilled to do so.

NowInfinity Guide – Rule 8 - Making Investments for the Fund and Members Benefit

The Trustee must invest the Assets of the Fund on behalf of Members of the Fund according to the Sole Purpose Test, the acquisition of Assets from Related Parties rule and with regard to the In- House Assets test.

Sole Purpose Test

The Sole Purpose Test provides that the Trustee must maintain the Fund for the sole purpose of providing the following Superannuation Benefits:

1. retirement or age 65 Superannuation Benefits for a Member;
2. permanent and Temporary Incapacity Superannuation Benefits for a Member or their Dependents;
3. death benefits on behalf of a Member's Dependent's and Legal Estate;
4. a Transition to Retirement Superannuation Income Stream;
5. terminal Illness Benefits; and
6. any other Benefit allowed by the Regulator or under the Superannuation Laws.

Although the Trustee has wide discretion in making any investment of the Fund, including investments both domestically and internationally, the Trustee must first have regard to the Fund's Investment Strategy and the Superannuation Laws. The Trustee must also ensure that any investment of the Fund does not provide a benefit of any description to a Member until that Member satisfies a Condition of Release of their Superannuation Interest. This may breach the Sole Purpose Test. Such restrictions may limit a Trustee investing in a Business if a Member or Related Party derives a benefit which does not meet the Sole Purpose Test.